

TOWER FUND

P r o s p e c t u s

June 2016

| Tower Fund is an open-ended investment company (SICAV) with multiple Sub-Funds under Luxembourg law.

PREFACE

Shares in the TOWER FUND (the "Shares") are offered on the basis of information and statements contained in this prospectus (the "Prospectus"). The information given in this Prospectus, the Key Investor Information Documents (the "KIIDs"), the periodic financial reports and any document mentioned in the Prospectus that the general public may consult, comprise all the documentation supplied.

Neither the distribution of this Prospectus nor the offer, issue or purchase of Shares of the TOWER FUND (the "Fund") shall constitute a statement that the information contained in this Prospectus shall at all times be accurate after the date of the Prospectus. The board of directors of the Fund (the "Board of Directors") may at any time resolve to set-up new Sub-Funds and/or create with each Sub-Fund one or more share classes and this Prospectus will be updated accordingly. Consequently, it is recommended that potential investors check with the Investment Manager, the Global Distributor or the Representative in Switzerland as to whether the Fund has published a subsequent Prospectus.

The distribution of this Prospectus and the marketing of Shares may be subject to restrictions in certain jurisdictions. Each person wishing to purchase Shares should ensure that he/she complies with the laws and regulations applicable in the territory involved for the acquisition of Shares, including the obtaining of governmental agreements and other authorisations that may be requested or with any other requirements or formalities that must be observed. The present Prospectus does not constitute an offer in a jurisdiction where such an offer is forbidden, or where the person who makes the offer has no permission to do so, and the Prospectus is not deemed to be presented to a person to whom it appears illegal to propose such offer.

It is recommended that potential investors personally inform themselves of possible legal, economic and tax-related consequences and of any restrictions or exchange measures to which the purchase, holding, redemption, conversion or transfer of Shares may be subject according to the laws in force in their country of origin, residence or domicile.

United States of America

There will be no public offering of Shares in the United States. The Shares will not generally be available to US Persons, unless they are, among other things, "accredited investors" (as defined in Rule 501(a) of Regulation D under the US Securities Act of 1933, as amended (the "1933 Act")) and "qualified purchasers" (as defined in Section 2(a) (51) of the US Investment Company Act of 1940, as amended (the "1940 Act")).

The Shares have not been and will not be registered under the 1933 Act or the securities laws of any of the states of the United States, nor is such registration contemplated. The Shares may not be offered, sold or delivered directly or indirectly in the United States or to or for the account or benefit of any US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and any applicable state laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law.

There is no public market for the Shares in the United States and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the articles of association of the Fund (the "Articles of Association"), the 1933 Act, the 1940 Act and applicable state and federal

securities laws pursuant to registration thereunder or an exemption therefrom. The Shares are being offered outside the United States pursuant to the exemption from registration under Regulation S under the 1933 Act and inside the United States in reliance on Regulation D promulgated under the 1933 Act and/or Section 4(2) of the 1933 Act.

The Fund has not been and will not be registered as an investment company under the 1940 Act pursuant to the exemption provided under Section 3(c)(7) of the 1940 Act. Under Section 3(c)(7), a privately offered fund is excluded from the definition of "investment company" if security holders consist exclusively of "qualified purchasers" and the Shares are not and are not proposed to be offered publicly in the US.

Singapore

This Prospectus has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore, and the Fund is not authorised or recognised by the Monetary Authority of Singapore. Accordingly this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered and sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore unless permitted under any applicable exemption. Moreover, 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. Investors should consider carefully whether the investment is suitable in light of their own personal circumstances.

In this Prospectus, "USD" refers to the United States dollar, "EUR" the euro, "CHF" the Swiss franc and "ILS" the Israeli shekel.

Official language of the prospectus

Investors should note that the official language of the Prospectus is English and that the official language of the Articles of Association is French.

This Prospectus and any supplements thereof may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and supplements. To the extent that there is any inconsistency between the English language Prospectus/supplements and the Prospectus/supplements in another language, the English language Prospectus/supplements will prevail, except to the extent (but only to the extent) required by the law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a Prospectus in a language other than English, the language of the Prospectus/supplement on which such action is based shall prevail.

Potential investors are informed that investment in the Fund is subject to risks. Fund investments are subject to normal risks relating to investment and, in some cases, may be adversely affected by political developments and/or changes in local laws, taxes, exchange controls or exchange rates. Investment in the Fund presents investment risks, including potential capital losses. Please note that the price of the Shares may either decrease or increase.

Shares may be listed on the Luxembourg Stock Exchange.

Data Protection

Pursuant to the data protection law applicable in Luxembourg (including but not limited to the Luxembourg law of 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended from time to time) any personal data that is furnished in connection with an investment in the Fund may be held on computer or other supports and processed by the Fund, Investment Manager, Sub-Investment Manager, Management Company, Global Distributor, Administrative Agent, Depositary, Distributor (each as defined hereafter) or their delegates. Personal data may be processed for the purposes of carrying out the services of the Investment Manager, Management Company, Global Distributor, Distributor, Administrative Agent or Depositary and to comply with legal or regulatory obligations in Luxembourg as well as in other jurisdictions including, but not limited to, legal obligations under applicable company law, anti-money laundering law and regulation and tax laws such as FATCA, CRS (please refer to section "Taxation" below) or similar laws and regulations (e.g. at OECD or EU level). Subject to investor's consent, the personal data may be used in connection with investments in other investment fund(s) managed or administered by the Management Company, the Investment Manager, the Sub-Investment Manager, the Global Distributor and their affiliates. 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 and authorities, auditors, accountants, 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 Investment Manager, the Management Company, Global Distributor, Administrative Agent, Depositary or distributors who may process the personal data for carrying out their services and complying with legal and regulatory requirements as described above.

By subscribing for Shares, investors consent to the processing of their information and the disclosure of their personal data as set out above including to companies situated in countries outside of the European Union which may not offer a similar level of protection as the one deriving from Luxembourg data protection law. Investors acknowledge that the transfer of their personal data to the aforementioned entities may transit via and/or be processed in countries (including the United States of America) which may not have data protection requirements deemed equivalent to those prevailing in the European Economic Union.

Investors acknowledge and accept that failure to provide relevant personal data requested by the Fund, the Management Company and/or the Administrative Agent in the course of their relationship with the Fund may prevent them from maintaining their holdings in the Fund and may be reported by the Fund, the Management Company and/or the Administrative Agent to the relevant Luxembourg authorities.

Investors acknowledge and accept that the Fund, the Management Company or the Administrative Agent will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, CRS at OECD and EU levels or equivalent Luxembourg legislation.

Investors may request access to, rectification of or deletion of any data provided to any of the parties above or stored by any of the parties above in accordance with applicable data protection legislation.

Investors may at any time object, on request and free of charge, to the processing of their personal data for direct marketing purposes. Investors should address such requests to Alon Idan at the address of alon@nutrimenta.com.

Reasonable measures have been taken to ensure confidentiality of the personal data transmitted between the parties mentioned above. However, due to the fact that the personal data is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection law as currently in force in Luxembourg may not be guaranteed while the personal data is kept abroad.

The Fund will accept no liability with respect to any unauthorised third party receiving knowledge of or having access to such personal data, except in the event of gross negligence or wilful misconduct of the Fund.

The Investors have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete.

Personal data shall not be held for longer than necessary with regard to the purpose of data processing, subject always to applicable legal minimum retention periods.

The Management Company, the Investment Manager, the Sub-Investment Manager, the Global Distributor and/or the Administrative Agent may use telephone recording procedures to record any conversation. Investors are deemed to consent to the tape-recording of conversations with the Management Company, the Investment Manager and/or the Administrative Agent and to the use of such tape recordings by the Company, the Management Company and/or the Investment Manager and/or the Administrative Agent in legal proceedings or otherwise at their discretion.

This Prospectus is dated June 2016.

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INTRODUCTION

REGISTERED OFFICE

31 Z.A. Bourmicht
L-8070 Bertrange, Grand Duchy of Luxembourg

BOARD OF DIRECTORS

Chairman of the Board of Directors

Arnaud Dubois

Partner, MDO Services S.A.
Luxembourg, Grand Duchy of Luxembourg

Directors

Daniel Tassan-Din

Nutrimenta Finance & Investments
10 Guillaume-Tell.
Geneva, Switzerland

Hagay Vexelbaum

CFO, Nutrimenta Group
27 Habarzel St, Or Building A
Tel Aviv 69710 - Israel

Asaf Berman

Director, Nutrimenta (Singapore) Pte Ltd
Singapore 078978, Singapore

Alon Idan

CEO, Diamond Capital Israel
27 Habarzel St, Or Building A
Tel Aviv 69710 - Israel

MANAGEMENT COMPANY

MDO MANAGEMENT COMPANY SA

19, rue de Bitbourg
L-1273 Luxembourg, Grand Duchy of Luxembourg

DEPOSITARY, PAYING AGENT, TRANSFER AGENT AND ADMINISTRATIVE AGENT

CITIBANK EUROPE PLC, LUXEMBOURG BRANCH

31 Z.A. Bourmicht
L-8070 Bertrange, Grand Duchy of Luxembourg

AUDITOR FOR THE FUND

ERNST & YOUNG, Société Anonyme

35E avenue John F. Kennedy
L - 1855, Luxembourg, Grand Duchy of Luxembourg

INVESTMENT MANAGER

NUTRIMENTA (SINGAPORE) PTE. LTD

39 Tras Street
Singapore 078978, Singapore

GLOBAL DISTRIBUTOR

NUTRIMENTA (SINGAPORE) PTE. LTD.

39 Tras Street
Singapore 078978, Singapore

SUB-INVESTMENT MANAGER

FOR THE SUB-FUNDS TOWER FUND – INVESTMENT GRADE BOND

AND TOWER FUND – GLOBAL HIGH YIELD BOND

NUTRIMENTA FINANCE & INVESTMENTS LTD

Rue Guillaume-Tell 10
POB 1909
1211 Geneva 11
Switzerland

LEGAL ADVISER

ELVINGER HOSS PRUSSEN

2, place Winston Churchill
L-1340 Luxembourg, Grand Duchy of Luxembourg

GENERAL PROVISIONS

This Prospectus must be accompanied by the latest available annual report, as well as the latest semi-annual report in the event that the latter is more recent. These reports form an integral part of this Prospectus.

1. THE FUND

TOWER FUND was created on 1 September 1994 in the Grand Duchy of Luxembourg as a mutual investment fund governed by Luxembourg law, and named TOWER FUND.

TOWER FUND was transformed into an open-ended investment company (SICAV) subject to Part I of the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment ("Law of 2010") with effect from 9 March 2015.

TOWER FUND was approved under Part I of the Law of 2010 relating to undertakings for collective investment and was qualified as an undertaking for collective investment in transferable securities (hereafter "UCITS") in accordance with the amended Directive 2009/65/EC of 13 July 2009 and is therefore permitted to be marketed in the Member States of the European Union ("EU") (subject to registration in countries other than the Grand Duchy of Luxembourg).

The Fund is registered with the Luxembourg Trade and Companies Register under number B 195 865. Its Articles of Association were filed with the Luxembourg Trade and Companies Register and published in the Mémorial on 9 April 2015. Future changes to the Articles of Association will be published in the Mémorial. The Extraordinary General Meeting of 4 February 2015 approved the Articles of Association.

TOWER FUND has appointed the Management Company (**see below, Chapter 13 – Management Company**) as its management company in compliance with the Law of 2010, under the terms of an agreement signed on 9 March 2015 between the Fund and the Management Company.

The Fund's net assets may not fall below the equivalent in USD of EUR 1,250,000.

2. INVESTMENT OBJECTIVES AND POLICY

The specific investment objective and policy of each Sub-Fund will be set out in **Chapter 4 – Description of the Sub-Funds**, and will be formulated by the Board of Directors at the time of creation of the relevant Sub-Fund. Each Sub-Fund is specific and different from the Fund's other Sub-Funds through its investments in transferable securities and/or other authorised financial assets corresponding to geographical areas, industrial sectors, monetary zones and/or other specific, different investment types.

3. SUB-FUNDS

The Board of Directors may at any time resolve to set-up new Sub-Funds.

Each Sub-Fund is considered, unless expressly stipulated otherwise in the Articles of Association, as a separate entity, with its own assets, liabilities, income, charges, gains and losses. The rights of shareholders ("Shareholders") and creditors in relation to a Sub-Fund or arising from the creation, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund, unless a clause of the Articles of Association states otherwise.

The Fund offers Shares for the following Sub-Funds (referred to individually as a "Sub-Fund" and jointly as "Sub-Funds"):

- TOWER FUND – DEVELOPED MARKETS EQUITY
- TOWER FUND – GLOBAL HIGH YIELD BOND
- TOWER FUND – INVESTMENT GRADE BOND

The Board of Directors may at any time create new Sub-Funds investing in transferable securities and/or other authorised assets or liquidate one or more existing Sub-Funds.

Following such decisions, the Prospectus will be updated and investors will be supplied with all the necessary information.

4. DESCRIPTION OF THE SUB-FUNDS

Investors are advised to read Chapter 10 – Risk Factors before investing in these Sub-Funds. There is no guarantee that the objectives of each Sub-Fund will be achieved.

TOWER FUND – DEVELOPED MARKETS EQUITY

Base currency

The Base Currency shall be the USD.

The USD is not necessarily the investment currency, but rather the base currency used to calculate the Sub-Fund's performance and net assets. The Sub-Fund may invest in assets denominated in other currencies.

Information on Share Classes

The Sub-Fund offers the following share class:

| Name | Distributi on Policy | Currency | Minimum Initial Subscription | Minimum Holding | Minimum Transacti on size |
|-----------------------|---------------------------------|-----------------|---|----------------------------|--|
| USD (CAP) Class | Accumula ting | USD | USD 5,000 | USD 5,000 | USD 5,000 |

Typical investor profile

Investment in the Sub-fund is suitable for investors who are seeking long-term capital appreciation, have a long-term investment horizon, are willing to accept a high level of volatility and are willing to invest for the long term.

Investment objective

The objective of this Sub-Fund is to achieve long-term capital appreciation by principally, but not solely, investing in a diversified portfolio of equity securities listed on the stock exchanges of developed countries.

Investment policy

To achieve its investment objective, the Sub-Fund may use financial derivative instruments, traded over-the-counter and/or on stock markets, such as futures, contracts for difference and equity swaps, in order to achieve this objective. These derivative instruments may be used for (i) hedging, (ii) efficient portfolio management, and/or (iii) investment, subject to the conditions and within the limits prescribed from time to time by the CSSF.

The portfolio is constructed using various quantitative models that take into account several indicators aimed at maximising the risk adjusted return of the Sub-Fund. The Investment Manager uses a procedure to determine the available universe of securities on the basis of a series of pre-defined criteria a stock must meet. This universe is used to construct the portfolio on the basis of pre-defined risk parameters that the portfolio may not exceed (such as: expected volatility, maximum exposure to a single sector, maximum exposure to a single security, etc.). The Investment Manager will select the equities on the basis of quantitative

criteria such price movement, volatility, correlation, earnings results, information relating to the balance sheet and any other specific quantitative factor relating to the company and/or the market. The Sub-Fund aims to construct a portfolio with a historic volatility similar to that of the MSCI World Index. The MSCI World Index is composed of 1,633 ordinary shares selected from and listed on 23 developed markets. Nevertheless, the Sub-Fund may construct its portfolio from a universe of shares much broader than the MSCI World Index itself and no guarantees are given that the actual volatility of the portfolio will be similar to the historic volatility of the MSCI World Index.

The Sub-Fund may use equity swaps and contracts for difference to gain exposure to equity securities in which the Sub-Fund may invest directly without owning the shares. Given that the equity swaps and contracts for difference are directly linked to the value of the underlying assets, they will fluctuate depending on the market of the assets represented in the contract. Moreover, and contrary to traditional share trading, contracts for difference and equity swaps on some markets are not subject to stamp duty. The Sub-Fund will only use equity swaps and contracts for difference to obtain exposure to assets compliant with the Sub-Fund's investment policy.

Equity swaps are bilateral contracts in which two parties agree to swap future cash flows linked to the performance of a share or a stock market index. One of the cash flows, or one leg, is generally linked to a market interest rate, and the other, to the performance of a share or a stock market index. Contracts for difference offer the same economic features as equity swaps (cash flows stemming from fluctuations in the price of the underlying asset and day-to-day financing costs).

The Sub-Fund may enter into interest rate, currency, or index futures contracts to hedge interest rate, currency, or market fluctuations.

The Sub-Fund may use currency forwards to hedge the Sub-Fund's exposure to the denominated currency of the assets of the portfolio.

The Sub-Fund may use techniques and instruments relating to transferable securities and money market instruments in addition to derivative instruments for the purpose of hedging risks and efficient portfolio management, **as well as within the investment strategy**.

There can be no assurance that the Sub-Fund's investment objective will be achieved or that it will avoid substantial losses.

All of the aforementioned investments shall be conducted in compliance with the limits set out in Chapter 5 – Investment Restrictions.

Risk profile

This equity Sub-Fund mainly invests in a portfolio that consists of worldwide shares.

This equity Sub-Fund exposes investors to stock exchange variations and to the financial performance of the companies that comprise the portfolio. Consequently, investors may observe a daily increase or decrease in their investment's value and may not recover the amount initially invested. Nevertheless, the Sub-Fund's volatility is restricted by its diversification through a wide range of companies and sectors.

The Sub-Fund may use financial derivative instruments to achieve its investment objectives.

Investors are advised to read Chapter 10 – Risk Factors for more detailed information.

Frequency of NAV calculation (Trading Day)

Each banking business day in Luxembourg.

Cut-off time for subscriptions, redemptions, and conversion of shares

Applications for subscriptions, redemptions and conversions must be received by the Transfer Agent no later than 4:00 p.m. on the business day preceding the Trading Day. Payment in respect of subscriptions must be received in cleared funds by the Transfer Agent no later than 4:00 p.m. on the third business day following the Trading Day (exclusive). In case of subscriptions, direct applicants (who do not invest through any financial institution, investment fund (including a pension fund), insurance company) must provide cleared funds to be received by the Transfer Agent no later than the above deadline for receipt of applications.

Calculation of overall exposure in accordance with Circular 11/512

The overall exposure resulting from the use of financial derivatives shall be calculated on the basis of the commitment approach

Fees

| Share Class | Subscription fee | Redemption fee | Conversion fee | Management fee | Performance fee | Management Company fee | Depositary/Paying Agent fee ¹ | Transfer Agent/Administrative Agent fee ¹ |
|-----------------|------------------|----------------|----------------|----------------|-----------------|------------------------|--|--|
| USD (CAP) Class | Maximum 3% | None | None | 1.5% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |

¹ The Depositary/Paying agent fees and the Transfer Agent/Administration fees are subject to minima as agreed from time to time between the parties.

Investors are advised to read Chapter 19 – Fees and Costs for more detailed information.

Investment Manager

Nutrimenta (Singapore) Pte. Ltd.

TOWER FUND – GLOBAL HIGH YIELD BOND

Base currency

The base currency shall be the USD.

The USD is not necessarily the investment currency, but rather the base currency used to calculate the Sub-Fund's performance and net assets. The Sub-Fund may invest in assets denominated in other currencies.

Information on Share Classes

This Sub-Fund offers the five following Share classes:

| Name | Distribution Policy | Currency | Minimum Initial Subscription | Minimum Holding | Minimum Transaction size |
|-------------------------|----------------------------|-----------------|-------------------------------------|------------------------|---------------------------------|
| USD (CAP) Class | Accumulating | USD | USD 5,000 | USD 5,000 | USD 5,000 |
| B USD (CAP) Class | Accumulating | USD | USD 5,000 | USD 5,000 | USD 5,000 |
| USD (DIST) Class | Distributing | USD | USD 5,000 | USD 5,000 | USD 5,000 |
| Euro-Hedged (CAP) Class | Accumulating | EUR | EUR 5,000 | EUR 5,000 | EUR 5,000 |
| ILS-Hedged (CAP) Class | Accumulating | ILS | ILS 20,000 | ILS 20,000 | ILS 20,000 |

The Investment Manager will use the techniques and instruments described in **Chapter 6 – Financial Derivative Instruments** to hedge the currency risk between the non-USD share classes.

Benchmark index

USD 1 month Libor for shares issued in USD, EUR 1 month Libor for shares issued in EUR, and Tel Aviv Interbank Offered Rate 1 Month for shares issued in ILS.

Typical investor profile

This Sub-Fund is suitable for investors that:

- Wish to invest on the worldwide market for high-yield bonds;
- Have a tolerance for medium to high risk;
- Seek a medium-term investment (three to five years).

This Sub-Fund, which invests outside the scope of investment grade securities in bonds qualified as high-yield investments (non-investment-grade), is particularly

suitable for investors wishing to take higher risks with a view to benefiting from higher future returns.

Investors in the Sub-Fund aim to use it in order to complement a core bond portfolio invested in less risky debt securities issued by governments or agencies, with the aim of increasing their diversification via exposure to potentially higher returns, non-investment-grade securities. The Sub-Fund may also be used as a core investment by investors who seek to boost their capital's growth.

Investment objective

The objective of this Sub-Fund is to produce a return higher than that provided by the debt markets worldwide, mainly by investing in worldwide bonds qualified as high yield investments (below investment-grade) and in other debt securities, with the potential to use derivative strategies where appropriate.

Investment policy

The Sub-Fund shall invest mainly in worldwide debt securities at fixed and variable rates known as "high yield". This term covers securities with low or no ratings (rated BB+ or below, or unrated by Standard & Poor's or another reputable rating agency), or which, in the Investment Manager's opinion, are of comparable quality. By comparison with investments in debt securities issued by first-class issuers, high-yield investments may offer a higher-than-average return, but also higher risk in relation to the issuer's solvency.

The Sub-Fund will not invest more than 25% of its total net assets in convertible bonds.

The Sub-Fund may also invest in UCITS and other UCIs.

Investments in currencies other than the base currency are authorised, and may be hedged against currency risks by forward transactions.

The Sub-Fund may use techniques and instruments relating to transferable securities and money market instruments in addition to derivative instruments for the purpose of hedging risks and efficient portfolio management, **as well as within the investment strategy**.

All of the aforementioned investments shall be conducted in compliance with the limits set out in Chapter 5 – Investment Restrictions.

Risk profile

This high-yield bond Sub-Fund mainly invests in debt securities of worldwide companies qualified as high yield investments (below investment-grade).

Due to balance-sheet risks and credit risks, these securities present higher risks than the usual risks for investments in this asset category. However, they also have the potential to boost investors' income and returns.

Consequently, investors must be ready to bear higher volatility compared with an investment in investment grade bonds, as well as higher risk of capital loss, but they may also anticipate a higher return.

The Sub-Fund may use financial derivative instruments to achieve its investment objectives.

The Investment Manager will use hedging instruments to limit the Sub-Fund Shares' currency risk, termed as "hedging". Hedged Share classes are used to

reduce the exchange-rate fluctuations between the Sub-Fund's base currency and the currency of the hedged Share classes.

For further information, please refer to **Chapter 10 – Risk Factors**.

Frequency of NAV calculation (Trading Day)

Each banking business day in Luxembourg.

Cut-off time for subscriptions, redemptions and conversions

Applications for subscriptions, redemptions and conversions must be received by the Transfer Agent no later than 4:00 p.m. on each Trading Day. Payment in respect of subscriptions must be received in cleared funds by the Transfer Agent no later than 4:00 p.m. on the third business day following the Trading Day (exclusive). In case of subscriptions, direct applicants (who do not invest through a financial institution, investment fund (including a pension fund) insurance company) must provide cleared funds to be received by the Transfer Agent no later than the above deadline for receipt of applications.

Calculation of overall exposure in accordance with Circular 11/512

The overall exposure resulting from the use of financial derivatives shall be calculated on the basis of the commitment approach.

Fees

| Share Class | Subscription fee | Redemption fee | Conversion fee | Management fee | Performance fee | Management Company fee | Depositary/Paying Agent fee ¹ | Transfer Agent/Administrative Agent fee ¹ |
|-------------------|------------------|----------------|----------------|----------------|-----------------|------------------------|--|--|
| USD (CAP) | Maximum 3% | None | None | 0.8% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| USD (DIST) | Maximum 3% | None | None | 0.8% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| EURO-HEDGED (CAP) | Maximum 3% | None | None | 0.8% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| ILS-Hedged (CAP) | Maximum 3% | None | None | 0.8% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| B USD (CAP) | Maximum 3% | None | None | 1.25% | None | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |

¹ The Depositary/Paying agent fees and the Transfer Agent/Administration fees are subject to minima as agreed from time to time between the parties.

Investors are advised to read Chapter 19 – Fees and Costs for more detailed information.

Investment Manager

Nutrimenta (Singapore) Pte. Ltd.

Sub-Investment Manager

Nutrimenta Finance & Investments Ltd.

TOWER FUND – INVESTMENT GRADE BOND

Base currency

The Base Currency shall be the USD.

The currency indicated in the name of the Sub-Fund is not necessarily the investment currency, but rather the base currency in which the Sub-Fund's performance and net assets are calculated. The Sub-Fund may invest in assets denominated in other currencies.

Information on Share Classes

This Sub-Fund offers the six following share classes:

| Name | Distribution Policy | Currency | Minimum Initial Subscription | Minimum Holding | Minimum Transaction size |
|--------------------------|----------------------------|-----------------|-------------------------------------|------------------------|---------------------------------|
| USD (CAP) Class | Accumulating | USD | USD 5,000 | USD 5,000 | USD 5,000 |
| B USD (CAP) Class | Accumulating | USD | USD 5,000 | USD 5,000 | USD 5,000 |
| USD (DIST) Class | Distributing | USD | USD 5,000 | USD 5,000 | USD 5,000 |
| Euro-Hedged (CAP) Class | Accumulating | EUR | EUR 5,000 | EUR 5,000 | EUR 5,000 |
| Euro-Hedged (Dist) Class | Distributing | EUR | EUR 5,000 | EUR 5,000 | EUR 5,000 |
| ILS-Hedged (CAP) Class | Accumulating | ILS | ILS 20,000 | ILS 20,000 | ILS 20,000 |

For non-USD share classes, the Investment Manager will use the techniques and instruments described in **Chapter 6 – Financial Derivative Instruments** to hedge the currency risk between the non-USD share classes and the USD.

Benchmark index

Merrill Lynch US Corporate Master Index

Typical investor profile

This Sub-Fund is suitable for investors that:

- Want to invest in fixed-income instruments issued by investment grade issuers;
- Seek a stable savings strategy and therefore have a degree of risk aversion;
- Seek a medium-term investment (three or more years).

Investment objective

This Sub-Fund's objective is to provide long term capital appreciation.

Investment policy

The Sub-Fund shall mainly invest in bonds and other investment grade fixed and variable interest-rate debt securities.

The term "investment grade" covers bonds for which a rating ranging from AAA to BBB- has been granted by at least one recognised rating agency (Standard and Poor's or equivalent rating) or which, in the Investment Manager's opinion, are of comparable quality.

The Sub-Fund may also invest in UCITS and other UCIs.

The Sub-Fund may use techniques and instruments relating to transferable securities and money market instruments in addition to derivative instruments for the purpose of hedging risks and efficient portfolio management, **as well as within the investment strategy.**

All of the aforementioned investments shall be conducted in compliance with the limits set out in Chapter 5 – Investment Restrictions.

Investments in currencies other than the base currency are authorised, and may be hedged against currency risks by forward transactions.

Risk profile

This bond-related Sub-Fund mainly invests in investment-grade bonds with a high credit rating and relatively low default risk.

Therefore, although bond prices fluctuate depending on the context of the international economy and interest rates, the risk of losing all or part of the initial investment is relatively low compared to other Sub-Funds investing in equity.

Since bonds pay a regular income and have a fixed maturity date, their volatility is also assumed to be relatively low, which gives greater certainty of returns than many other asset classes.

The Sub-Fund may use financial derivative instruments to achieve its investment objectives.

Investors are advised to read Chapter 10 – Risk Factors for more detailed information.

Frequency of NAV calculation (Trading Day)

Each banking business day in Luxembourg.

Cut-off time for subscriptions, redemptions and conversions

Applications for subscriptions, redemptions and conversions must be received by the Transfer Agent no later than 4:00 p.m. on each Trading Day. Payment in respect of subscriptions must be received in cleared funds by the Transfer Agent no later than 4:00 p.m. on the third business day following the Trading Day (exclusive). In case of subscriptions, direct applicants (who do not invest through any financial institution, investment fund, (including a pension fund), insurance company) must provide cleared funds to be received by the Transfer Agent no later than the above deadline for receipt of applications.

Calculation of overall exposure in accordance with Circular 11/512

The overall exposure resulting from the use of financial derivatives shall be calculated on the basis of the commitment approach

Fees

| Share Class | Subscription fee | Redemption fee | Conversion fee | Management fee | Performance fee | Management Company fee | Depositary/Paying Agent fee ¹ | Transfer Agent/Administrative Agent fee ¹ |
|-------------------------|------------------|----------------|----------------|----------------|-----------------|------------------------|--|--|
| USD (CAP) class | Maximum 3% | None | None | 0.6% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| B USD (CAP) | Maximum 3% | None | None | 0.95% | None | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| USD class (Dist.) | Maximum 3% | None | None | 0.6% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| EUR Hedged (CAP) class | Maximum 3% | None | None | 0.6% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| EUR Hedged (DIST) class | Maximum 3% | None | None | 0.6% | 10% | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |
| ILS-Hedged (CAP) Class | Maximum 3% | None | None | 0.95% | None | Maximum 0.06% | Maximum 0.2% | Maximum 0.3% |

¹ The Depositary/Paying agent fees and the Transfer Agent/Administration fees are subject to minima as agreed from time to time between the parties.

Investors are advised to consult Chapter 19 – Fees and Costs for more detailed information.

Investment manager

Nutrimenta (Singapore) Pte. Ltd

Sub-Investment Manager

Nutrimenta Finance & Investments Ltd.

5. INVESTMENT RESTRICTIONS

- 1 The following restrictions, prescribed by Luxembourg law or (if necessary) adopted by the Board of Directors, currently apply to the Fund and must be complied with by the Board of Directors for each Sub-Fund:

1.1 The Fund may invest exclusively in the following instruments:

- a) Transferable securities and money market instruments admitted to the official listing of a stock exchange in an EU Member State;
- b) Transferable securities and money market instruments traded on another market of a European Union Member State that 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 of any other country in Europe, Asia, Oceania, America or Africa;
- d) Transferable securities and money market instruments traded on other markets of any other country of Europe, Asia, Oceania, America or Africa that are regulated, operate regularly and are recognised and open to the public;
- e) Newly issued transferable securities and money market instruments, provided that:
 - The terms of issue include a commitment regarding application being made for admission to official listing on one of the stock exchanges as referred to in items a) and c), or on regulated markets that operate regularly and are recognised and open to the public such as those referred to in items b) and d), and such admission being obtained;

And that:

- Such admission is secured within one year of issue;
- f) Units of UCITS authorised in accordance with the amended Directive 2009/65/EC and/or other UCIs according to the meaning of Article 1(2), items a) and b) of the amended Directive 2009/65/EC, whether located in an EU Member State or not, provided that:
 - Such other UCIs are authorised in accordance with legislation providing that the undertakings are subject to supervision considered by the Commission de Surveillance du Secteur Financier (CSSF) to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
 - The level of protection ensured for holders of units of such other UCIs being equivalent to that provided for holders of units of a UCITS and, in particular, that the rules on asset segregation, borrowing, lending and short sales of transferable securities and money market instruments are equivalent to the requirements of the amended Directive 2009/65/EC;

- Activities of such other UCIs are reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and transactions over the period considered;
 - No more than 10% of the assets of the UCITS or other UCIs whose acquisition by each Sub-Fund is contemplated can be invested in aggregate, according to their constitutional documents, in units of other UCITS or UCIs.
- g)** Deposits with credit institutions that are repayable on demand or have the right to be withdrawn, and which mature in no more than 12 months, provided that the credit institution has its registered office in a European Union Member State or, if the registered office of the credit institution is located in a non-member state, it is subject to prudential rules considered by the CSSF as being equivalent to those laid down in Community law;
- h)** Financial derivative instruments, including cash-settled instruments, which are traded on a regulated market; and/or financial derivative instruments traded over-the-counter ("OTC derivatives"), provided that:
- The underlying asset consists of instruments covered by paragraph 1), items a) to g) above, financial indices, interest rates, foreign exchange rates or currencies in which each Sub-Fund may invest according to its investment objectives;
 - The counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and
 - The OTC derivatives are subject to reliable, verifiable valuation on a daily basis and can be sold, liquidated or closed at any time by an offsetting transaction at their fair value;
- i)** Money market instruments other than those traded on a regulated market, which fall under Article 1 of the Law of 2010, insofar as the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- Issued or guaranteed by a central administration, a regional or local authority or a central bank of an EU Member State, by the European Central Bank, the European Investment Bank, a non-member state of the EU or, in the case of a Federal State, by one of the members making up the federation, or by an international public body to which one or more Member States of the EU belong; or
 - Issued by a company whose securities are traded on the regulated markets referred to in items 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 that 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 entities 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, second or

third indents above, and that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 (ten million euros) and which presents and publishes its annual accounts in accordance with the fourth directive of 78/660/EEC, is an entity which, within a group of companies that includes one or more listed companies, is dedicated to the financing of the group or is an entity that is dedicated to the financing of securitisation vehicles that benefit from a banking liquidity line.

- 1.2** In addition, the Fund may invest up to a maximum of 10% of the net assets of a Sub-Fund in securities and money market instruments other than those referred to in paragraph 1.1 above.
- 1.3** The Fund may acquire units of a UCITS and/or other UCIs referred to in paragraph 1.1.f), provided that the overall investment in a single UCITS or other UCI does not exceed 20% of the net assets of each Sub-Fund. For the purpose of application of this investment restriction, each Sub-Fund of a UCI with multiple Sub-Funds shall be considered as a separate issuer, provided that the principle of segregation of commitments for the various Sub-Funds toward third parties is ensured. Investments in units of UCIs other than UCITS may not exceed, in total, 30% of the net assets of each Sub-Fund.

When the Fund acquires units of a UCITS and/or other UCIs, the assets of the UCITS or other UCIs involved shall not be combined for the purpose of the limits referred to below in paragraph 3.

When the Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or indirectly, by the Management Company or by any other company to which the Management Company is bound by common management or control, or by direct or indirect ownership of more than 10% of the capital or of the votes, no subscription or redemption fee shall be charged to the Fund when investing in the units of such UCITS and/or other UCIs. No double invoicing of management fees shall be carried out.

- 2** Any Sub-Fund may hold cash on an ancillary basis.
- 3** The Fund may not invest in securities of a single issuer above the limits referred to below:
- a)** No more than 10% of the net assets of a Sub-Fund may be invested in transferable securities or money market instruments issued by a single entity.
 - b)** No more than 20% of the net assets of a Sub-Fund may be invested in deposits made with a single entity.
 - c)** On an exceptional basis, the limit of 10% referred to in the first paragraph of the present section may be increased:
 - Up to a maximum of 35%, if the transferable securities or money market instruments are issued or guaranteed by an EU Member State, by its regional or local authorities, by a non-member state of the EU or by international public bodies to which one or more EU Member States belong;
 - Up to a maximum of 25% for certain bonds, when they are issued by a credit institution that has its registered office in an EU Member State and is subject, by law, to special public supervisions in order to protect bondholders. In particular, sums deriving from the issue of

these bonds must be invested, in conformity with the law, in assets that are capable, for the bonds' entire period of validity, of covering claims attaching to the bonds and which, in case of the issuer's failure, would be used on a priority basis for the repayment of principal and payment of accrued interest. If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in the present paragraph and issued by a single issuer, the total value of such investments may not exceed 80% of the net asset value of said Sub-Fund.

- d) The overall value of transferable securities and money market instruments held by a Sub-Fund in the issuing entities in which it invests, individually, more than 5% of its net assets may not exceed 40% of its net asset value.

Such restriction shall not apply to deposits or transactions on OTC derivative instruments, carried out with financial institutions subject to prudential supervision.

The transferable securities and money market instruments referred to in the two paragraphs of item 3. c) above shall not be taken into consideration to apply the 40% limit referred to in the present paragraph.

Notwithstanding the individual limits laid down in paragraphs 3. a) to d) above, a Sub-Fund may not combine:

- Investments in transferable securities or money market instruments issued by a single entity; and/or
- Deposits made with a single entity; and/or
- Exposures arising from OTC derivative transactions undertaken with a single entity;

in excess of 20% of its net assets.

When a transferable security or a money market instrument embeds a derivative, the latter must be taken into account for the implementation of the aforementioned restrictions.

The limits laid down in sub-paragraphs 3. a) to d) above may not be combined, and, consequently, the investments in transferable securities or money market instruments issued by a single entity, or in deposits or derivative instruments carried out with such an entity in accordance with paragraphs 3. a) to d), shall not, in any case, exceed a total of 35% of the Sub-Fund's net assets.

Companies that are included in a single 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 investment limits contained in paragraphs 3. a) to d) above.

The Fund may not invest, cumulatively, more than 20% of the net assets of a Sub-Fund in transferable securities or money market instruments of a single group, subject to the restrictions of point 3. a) and of the three paragraphs of point 3. d) above.

Without prejudice to the limits laid down in paragraph 4 below, the limit of 10% laid down in sub-paragraph 3. a) above is raised to a maximum of 20% when investing in the shares and/or bonds issued by a single entity when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index that is recognised by the CSSF, on the following basis:

- The index's composition is sufficiently diversified;
- The index shall represent an adequate benchmark for the market to which it refers;
- The index is published in an appropriate manner.

The limit is 35% where it proves to be justified by exceptional market conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

By way of derogation, the Fund is authorised to invest up to 100% of the net assets of each Sub-Fund in transferable securities or money market instruments issued or guaranteed by an EU Member State or its local or regional public authorities, by a State recognised as eligible by the Luxembourg financial supervisory authority (the eligible States on the date of this Prospectus being Singapore or any G20 Member State), Member States of the OECD or by international public bodies of which one or more EU Member States are members, provided that:

- Such securities belong to at least six different issues; and that,
- Securities of any one of such issues do not account for more than 30% of the net assets of the Sub-Fund.

4 The Fund may not:

- Invest in shares carrying voting rights that would enable it to exercise significant influence over the management of the issuing entity;
- Acquire more than 10% of the non-voting shares of a single issuer;
- Acquire more than 10% of the bonds of a single issuer;
- Acquire more than 25% of the units of a single undertaking for collective investment;
- Acquire more than 10% of the money market instruments of a single issuer.

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

5 The aforementioned restrictions shall not apply to:

- Transferable securities and money market instruments issued or guaranteed by an EU Member State or its regional or local authorities;

- Transferable securities and money market instruments issued or guaranteed by a non-member state of the EU, or by a State in North or South America, Asia, Africa or Oceania;
 - Transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
 - Transferable securities held by a Sub-Fund in the capital of a company of a non-member state of the EU that mainly invests its assets in securities of issuers having their registered office in such a state when, under the legislation of that state, such a holding is for such a Sub-Fund the only opportunity to invest in securities of such a state's issuers. Such derogation is only applicable provided that the company of the non-member state of the EU observes the limits provided for in paragraphs 1.3, 3 and 4 in its investment policy;
 - Transferable securities held by the Fund in the capital of subsidiaries that exercise management, advisory and marketing activities only in the country where the subsidiary is located, in regard to the redemption of Shares at the request of one or more shareholders and exclusively in their names.
- 6** If the limits as referred to in paragraphs 1.2 to 4 above are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must, as a priority, engage in sales transactions to remedy the situation, taking due account of the interests of Shareholders.
- 7** The Fund may borrow up to 10% of the total net assets (valued at market price) of such a Sub-Fund, provided that such borrowings are carried out on a temporary basis. However, the Investment Manager may, on behalf of a Sub-Fund, acquire foreign currencies by way of a "back to back" loan.
- 8** The Fund may not grant credit facilities nor act as guarantor for third parties, it being understood that, for the purpose of this restriction:
- (i) The acquisition of transferable securities, money market instruments or other financial investments referred to in paragraphs 1.1.f), h) and i) above, entirely or partially paid-up; and;
 - (ii) The authorised lending of portfolio securities;
- Shall not be deemed to constitute a loan.
- 9** The Fund shall not carry out uncovered sales of transferable securities, money market instruments or other financial investments referred to in paragraphs 1.1.f), 1.1.h) and 1.1.i) above, it being understood that such restriction does not prevent the Fund from making deposits or managing accounts relating to financial derivative instruments authorised within the limits referred to above.
- 10** Furthermore, the Fund may not:
- a) Invest in precious metals, certificates representing the latter, commodities, agreements on commodities or certificates representing commodities;
 - b) Acquire or sell real estate, or options, rights or interests relating thereto, it being, however, understood that the Fund may invest in transferable

securities guaranteed by real estate or by interests relating thereto, or issued by companies investing in real estate or in interests relating thereto.

- 11 The Fund will comply with any restriction that may be imposed by the regulatory authorities of any country in which the Shares are marketed.
- 12 Each Sub-Fund is authorised to subscribe to, acquire and/or hold shares to be issued or already issued by one or more of the Fund's other Sub-Funds, provided that:
 - (i) The target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
 - (ii) The proportion of assets that the target Sub-Funds whose acquisition is envisaged may invest overall in the units of other undertakings for collective investment, shall not exceed 10%; and
 - (iii) The voting rights attached to the shares concerned shall be suspended for as long as they are held by the Sub-Fund involved, and notwithstanding the appropriate accounting and disclosures in the interim reports; and
 - (iv) For as long as the Shares are held by the Fund, their value will not be taken into account for the calculation of the net assets of the Fund for the purpose of verifying the minimum net asset threshold imposed by the Law of 2010; and
 - (v) There is no duplication of any management/subscription or redemption fees at the level of the Sub-Fund having invested in the target Sub-Fund and this target Sub-Fund.

6. FINANCIAL DERIVATIVE INSTRUMENTS

General provisions

The use of financial derivative instruments or other investment techniques and financial instruments must not, under any circumstances, cause the Fund to deviate from the investment objectives set for each Sub-Fund.

The Fund shall observe, at all times, the following limits and conditions:

- For each Sub-Fund, the Fund may only invest in financial derivative instruments provided that, overall, the exposure to the underlying assets does not exceed the investment limits provided for in Chapter 5.3; when the Fund invests in financial derivative instruments based on an index, such investments are not necessarily combined with such limits;
- The counterparty risk in a transaction on derivative instruments shall not exceed 10% of the net assets of the Sub-Fund involved when the counterparty is one of the credit institutions referred to in Chapter 5, paragraph 1.1 g), or 5% of its net assets in other cases;
- The Fund ensures that the total risk of each Sub-Fund relating to derivative instruments does not exceed the net value of the portfolio of the Sub-Fund concerned; the overall risk exposure of the Sub-Fund shall not exceed 200% of its total net assets; moreover, this overall risk exposure may be increased by no more than 10% by means of temporary loans, in such a way that such

exposure shall never be higher than 210% of the total net assets of a Sub-Fund;

- When a transferable security or a money market instrument embeds a derivative instrument, the latter must be taken into account when applying the provisions concerning derivative products.

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

Types of financial derivative instruments that may be used

The Investment Manager is entitled to use all types of financial derivative instruments authorised by Luxembourg law or the circulars issued by the Luxembourg supervisory authority (CSSF), and, in particular but not exclusively, the following types:

- **Financial derivative instruments on transferable securities, on currencies or on financial instruments**

The Fund may buy and sell call and put options, forward contracts, and enter into swaps and contracts for difference on transferable securities, currencies or any type of financial instrument, insofar as these derivative instruments are traded on a regulated market that operates regularly, is recognised and is open to the public, it being understood, however, that such derivative instruments may also be concluded over-the-counter (OTC), provided that they are entered into with first-class financial institutions specialising in such transactions;

The Fund may use equity swaps and contracts for difference to gain exposure to equity securities in which the Fund may invest directly without owning such equity securities. Given that equity swaps and contracts for difference are directly linked to the value of the underlying assets, they will fluctuate according to the asset market to which the contract relates. Moreover, and contrary to traditional share trading, contracts for difference and equity swaps are not subject to stamp duty on some markets. Equity swaps and contracts for difference will only be used by the Fund to obtain exposure to assets compatible with the Fund's investment policy.

Equity swaps are bilateral contracts in which two parties agree to swap future cash flows linked to the performance of a share or a stock market index. One of the cash flows, or one of the equity legs, is generally linked to a market interest rate, and the other, to the performance of a share or a stock market index. Contracts for difference offer the same economic features as equity swaps (cash flows stemming from fluctuations in the price of the underlying asset and day-to-day financing costs).

- **Financial derivative instruments relating to interest rate risks**

For instance, call and put options on interest rates, swaps on interest rates, forward rate agreements, interest rate forward contracts, "swaptions": transactions in which a party receives a fee against the agreement to proceed with a forward contract at a fixed rate, determined in advance, if a certain contingent event occurs (for example, when futures rates are fixed in relation to a given reference point), caps and floors to which the seller agrees in exchange for a bonus/incentive paid in advance to indemnify the buyer if interest rates rise above or fall below an exercise price on certain dates set in advance over the course of the agreement. It should be noted that the Sub-Funds using interest rate derivatives in their investment strategy may exhibit a negative duration;

- **Financial derivative instruments relating to credit risks**

For instance, rate differential derivatives, default swaps and total return swaps.

Credit derivatives are designed to isolate and transfer the credit risk associated with a reference asset. Despite the wide variety of credit derivatives, three types of transaction are the most common:

The first type: A credit default swap is a bilateral financial agreement in which a counterparty (buyer of protection) pays a periodic fee against a possible payment by the seller of protection following the occurrence of a credit event from a benchmark issuer. The buyer of protection must either sell specific bonds issued by the reference issuer at their nominal value (or another reference or designated exercise price) when a credit incident occurs, or receive a cash payment based on the difference between the market price and such reference price. A credit incident in such a context is defined as bankruptcy, insolvency, liquidation, unfavourable restructuration or significant debt or the non-payment of debt when it is due.

The second type: Total return swaps correspond to an exchange in relation to the economic performance of an underlying asset, without a transfer of ownership of this asset. The purchaser of a total return swap pays a periodic coupon at a variable rate, in consideration for which it receives all of the results relating to a notional amount of such asset (coupons, payment of interest, variation of asset value) for a time period agreed with the counterparty. The use of such instruments may change the Sub-Fund's exposure.

The last type: Derivatives on credit spreads are credit protection transactions in which payments may be made either by the purchaser or by the seller of protection, depending on the relative value of credit of two or more reference assets.

These transactions may not all be carried out at the same time for the purpose of amending the investment policy.

Investing in credit derivatives may be more risky than investing directly in bonds. The credit derivatives market may sometimes be less liquid than the bond markets.

Strategies in which financial derivative instruments are used

Transactions on financial derivative instruments may be used in one of the following strategies:

- a) For the purpose of hedging risks associated with investment positions;
- b) For the purpose of efficient portfolio management; or
- c) Within the investment strategy of a Sub-Fund.

a) Use of derivatives for the purpose of risk hedging

Transactions on derivative instruments carried out for the purpose of risk hedging aim to protect the portfolios against market fluctuations, credit risks, exchange rate fluctuations and risks relating to interest rates. The exposure

presupposes the existence of a relationship between the underlying financial instrument of the derivative and the financial instrument to be covered.

b) Use of derivatives for the purpose of efficient portfolio management

In order to be taken into account for efficient portfolio management, transactions on derivative instruments must be carried out with at least one of the three following adequate objectives:

- Reduction of risk;
- Reduction of costs;
- Generation of capital or additional income for the Sub-Fund with an appropriate level of risk as regards the Sub-Fund's risk profile.

The transactions on derivative instruments carried out for the purpose of efficient portfolio management must be appropriate from an economic perspective and in the best interest of the Fund, which means that they must be profitable. Here follow some examples of transactions on financial derivative instruments carried out for the purpose of efficient portfolio management:

- The purchase of call options or sale of put options on indices for Sub-Funds launched recently or for Sub-Funds holding liquidity on a temporary basis, waiting for investments, provided that the indices involved comply with the conditions as referred to in paragraph 4.2 f) and that the exposure to the underlying indices does not exceed the value of the liquidity held while awaiting the investments;
- Replacement, on a temporary basis and for fiscal or economic reasons, of direct investments in securities by an exposure derived from these same securities;
- False risk hedging ("proxy hedging") of a Sub-Fund's base currency, used to reduce the exposure of an investment to a currency sufficiently correlated to the base currency, provided that the direct hedging in respect to the base currency is not possible or less favourable for the Sub-Fund. Two currencies are considered as being sufficiently correlated if (i) they belong to the same monetary union, or (ii) their belonging to the same monetary union is foreseen, or (iii) one of these currencies belongs to a basket of currencies regarding which the Central Bank of the other currency explicitly manages its currency within a margin or a stable "swim lane", or fluctuating at a predetermined rate, or (iv) the Investment Manager considers that the currencies are sufficiently correlated;
- False risk hedging ("proxy hedging") of a Sub-Fund's investment currency, used to reduce the exposure of an investment to the base currency pursuant to which the Sub-Fund sells a currency sufficiently correlated to the investment currency, provided that the direct hedging of the investment currency is not possible or is less favourable for the Sub-Fund;
- Cross-hedging of two investment currencies pursuant to which a Sub-Fund sells one of these investment currencies and purchases another currency in anticipation of investments in that currency while maintaining the overall exposure of the base currency unchanged;
- Anticipatory hedging, i.e. a technique by which the decision to take a position in a given currency and the decision to hold certain securities in a Sub-Fund's

portfolio denominated in that currency are taken separately, provided that, however, the currency acquired in anticipation of a subsequent purchase of the underlying portfolio securities is a currency associated with the countries belonging to the Sub-Fund's reference or compliant with its investment rules.

The risks stemming from the use of financial derivative instruments for the purpose of efficient portfolio management, including the Fund's yield risk, are managed as follows:

The Management Company uses a risk management strategy that allows it at all times to quantify and control the risk associated with positions and their contribution to the total risk profile of the portfolio, and which offers an accurate and independent evaluation of the value of the derivative instruments. The risk management technique used will depend on the investment policy specific to each Sub-Fund. The total risk will be calculated using the commitment approach.

The risks generated by these activities are taken into account appropriately by the Fund's risk management procedure.

The use of these techniques does not mean that the Fund will deviate from the declared investment objective and this will not add major additional risks compared to those set out in the risk policy.

c) Use of derivatives within the investment strategy

Financial derivative instruments may be used within the investment strategy.

Such a possibility must, however, be mentioned in the description of the Sub-Funds involved, and is always subject to the limits authorised by the "*Investment Restrictions*".

The use of financial derivative instruments within the investment strategy may cause a rise in the leverage effect and an increase in a Sub-Fund's overall risk exposure, as well as volatility in its net asset value.

Application of an appropriate hedging strategy to transactions on derivative products and instruments traded on a regulated market or non-regulated markets

Appropriate hedging in the absence of cash settlement

For contracts that provide, automatically or at a counterparty's choice, the physical delivery of the underlying financial instrument at the maturity date or at the exercise date, and insofar as the physical delivery is a current practice in the case of the instrument considered, the Fund must hold the underlying financial instrument for hedging in its portfolio.

Exceptional substitution by another underlying hedging instrument in the absence of cash settlement

If the underlying financial instrument is sufficiently liquid, the Fund may, as an exception, hold other liquid assets (including liquidity) as hedging, provided that such assets (after application of appropriate safeguard measures, i.e. discounting), exist in sufficient quantity and may be used at any time to acquire the underlying financial instrument to be delivered.

Substitution by another underlying hedging instrument in case of cash settlement

For agreements that provide for cash settlement, either automatically or at the Fund's discretion, the Fund must have sufficient liquid assets (after application of appropriate safeguard measures, i.e. discounts) to make any necessary payments according to the terms of the agreement.

Liquid assets refer to cash and other liquid assets according to the meaning determined in the Grand Ducal Regulation of 8 February 2008 and the ESMA rules pertaining to assets eligible for investors via UCITS.

Calculation of overall exposure in accordance with Circular 11/512

The overall exposure resulting from the use of financial derivatives shall be calculated on the basis of the commitment approach.

Risks linked to the use of financial derivative instruments for the purpose of efficient portfolio management in accordance with Circular 14/592

Counterparty risk

As described in **Chapter 6 – Financial Derivative Instruments**, the counterparty risk in a transaction on derivative instruments shall not exceed 10% of the net assets of the Sub-Fund involved when the counterparty is one of the credit institutions referred to in Chapter 5, paragraph 1.1 g), or 5% of its net assets in other cases.

Potential conflicts of interest

Potential conflicts of interest between the Fund, the Management Company, the Investment Manager, the Sub-Investment Manager and the counterparties to the financial derivative instruments shall be settled in accordance with the Management Company's conflicts of interest management policy.

Costs and charges of financial derivative instruments used for the purpose of efficient portfolio management

Financial derivative instruments agreed with a counterparty may involve direct and/or indirect costs and charges. The Fund reserves the right to deduct such charges from the income generated by the Fund.

Income stemming from efficient portfolio management techniques, net of direct or indirect operating costs is, in principle, returned to the Fund.

Management of financial collateral connected to transactions involving over-the-counter financial derivative instruments and efficient portfolio management techniques

The policy for financial collateral connected to transactions involving over-the-counter financial derivative instruments and efficient portfolio management techniques is given below:

The Fund reserves the right to use the following financial collateral:

- Cash, short-term assets in the currency of the Sub-Fund or in any other currency.
- Money market UCIs
- Bonds and/or other fixed- or variable-rate debt securities and bond funds

- Shares and other equity securities and equity funds

However, the Fund must comply with the following criteria at all times:

The Fund will only use non-cash financial collateral when the collateral is extremely liquid and is traded daily, as a minimum, on a regulated market.

Financial collateral other than cash may not be sold, reinvested or pledged.

Financial collateral received in cash must only be:

- Invested in high-quality government bonds
- Invested in deposits at the institutions detailed in **Chapter 5 – Investment Restrictions**.
- Invested in short-term money market UCIs.

The financial collateral received must be evaluated daily and assets with highly volatile prices will not be accepted unless sufficiently cautious discounts are applied. The greater the volatility of the collateral, the greater the discount will be. Any discounts applied will be evaluated on a case-by-case basis taking into account the following criteria: volatility, duration, currency, etc.

Financial collateral must respect the financial diversification principle in terms of issuer concentration.

It must be possible to execute collateral at all times, without requiring the prior consultation of the counterparty.

Collateral will be evaluated daily, on the basis of the market prices available and appropriate discounts determined by the Investment Manager(s) for each asset class in compliance with its discount policy. In general, no discount policy will be applied to collateral in cash.

Unless otherwise disclosed in **Chapter 4 – Description of the Sub-Funds**, with respect to specific Sub-Funds, the Fund will not request the receipt of collateral from counterparties to transactions involving over-the-counter financial derivative instruments.

7. TECHNIQUES AND FINANCIAL INSTRUMENTS ON TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

The use of such techniques and instruments implies certain risks, and there is no guarantee that the intended objective through such use will be achieved.

These techniques and instruments include, but are not limited to, the following techniques and financial instruments:

Securities lending

Each Sub-Fund may lend securities, on the condition that it respects the rules specified in CSSF Circular 14/592 and 08/356, which set out the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments, and any applicable amendments.

Each Sub-Fund may lend the securities held in its portfolio to a borrower, either directly or through the intermediary of a standardised loan system organised by a

recognised securities clearing organisation or by a financial institution, subject to prudential supervisory rules that the Commission for the Supervision of the Financial Sector (CSSF) considers to be equivalent to those laid down by EU law, and specialising in this type of transaction. In all cases, the counterparty to the securities lending contract (that is, the borrower) must be subject to prudential supervisory rules that the CSSF considers to be equivalent to those laid down by EU law.

Under the scope of these lending transactions, each Sub-Fund may, in principle, receive a surety whose value remains throughout the term of the loan equivalent to at least 90% of the overall assessed value (interest, dividends and other rights attached) of the securities lent.

Each Sub-Fund must ensure that the extent of any securities lending transactions is kept to a reasonable level, or it must be able to request the return of the securities lent, or terminate any securities lending transaction contracted, to ensure that, at all times, it is able to meet any redemption requests from shareholders and on the condition that these transactions do not compromise the management of the Sub-Fund's assets in accordance with its investment policy.

Repurchase agreements and the repurchase/reverse-repurchase of transferable securities

Each Sub-Fund may, as a purchaser, purchase securities with a redemption option, or, as a seller, sell securities with a redemption option; each Sub-Fund may also perform repurchase or reverse-repurchase transactions.

Its commitment to such transactions, however, is subject to the rules set out in CSSF Circular 14/592 and 08/356 relating to rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments, and any applicable amendments.

Sub-Funds may only participate in repurchase agreement transactions or repurchase/reverse-repurchase transactions on the condition that the counterparties to these transactions are subject to prudential supervisory rules that the CSSF considers to be equivalent to those laid down in EU law.

During the term of a repurchase agreement, no Sub-Fund may sell the securities covered by the agreement before the counterparty exercises its right to redeem the securities or until the repurchase period expires, unless the Sub-Fund uses other methods to hedge the risk.

Each Sub-Fund must monitor the extent of any repurchase agreement transactions and repurchase/reverse-repurchase transactions or ensure that it is able at all times to recall the total amount in cash or terminate the reverse-repurchase transactions on a pro rata or a mark-to-market basis, guaranteeing at all times that it is able to meet shareholders' redemption requests. If cash is recalled on a mark-to-market basis, the mark-to-market value of the reverse-repurchase transaction will be used to calculate the net asset value of the Sub-Funds.

Note: repurchase agreements with a term not exceeding seven days are considered as transactions that allow the Sub-Fund to recall the assets at any time.

Structured financial instruments (SFI)

The Sub-Funds may invest in SFIs, i.e. transferable securities organised solely for the purpose of restructuring the investment characteristics of certain other investments (the "*underlying investments*") and issued by first-class financial institutions (the "*institutions*"). The institutions issue transferable securities (the SFIs) guaranteed by, or representing interests in, the underlying investments.

The Sub-Funds may invest, without limitation, in such SFIs as equity-linked securities, capital protected notes and structured notes.

When the SFI embeds a derivative instrument, the latter must be taken into account so as to comply with the aforementioned restrictions in **Chapter 5 – Investment Restrictions**.

SFIs are subject to the risks associated with the underlying investments and may be subject to higher volatility than direct investments in the underlying investments. The SFIs may risk losing the principal and/or interest payments due to fluctuations in the underlying investments.

8. MULTI-MANAGEMENT

A multi-management approach may be used to manage the Sub-Funds. In such an approach, several investment managers may be appointed for the daily management of separate portfolios allocated to them within the same Sub-Fund.

Several selection criteria may be applied to select or replace the Investment Managers, based on their performance, investment process, management style, complementarity of skills and so on, taking into account outlooks and trends on the markets.

The Board of Directors may, at any time and at its own discretion, select or replace investment managers. It may also decide, during certain periods, to consolidate the management through one single investment manager, without providing prior notice to investors.

The Board of Directors shall be responsible for allocating the assets between Investment Managers.

Information concerning the portfolios allocated to each investment manager shall be published in the annual and semi-annual reports. By sending a written request to the Fund's registered office, investors may obtain, free of charge, an updated list of the investment managers participating in the multi-management approach.

9. RISK MANAGEMENT PROCESS

The Management Company must employ a risk management process that enables it, at any time, to measure the risks of positions and their contribution to the general risk profile of the portfolio.

It must employ an accurate, independent process to assess the value of OTC derivative instruments.

It must communicate to the CSSF, regularly and in accordance with the detailed rules as defined by the latter, the types of derivative instrument, underlying risks, quantitative limits and methods chosen in order to estimate the risks associated with the transactions in derivative instruments.

On request from investors, the Management Company will provide additional information relating to the risk management process.

10. RISK FACTORS

I. Risks relating to warrants, futures on financial instruments and options

When the Fund invests in warrants, the value of these warrants could fluctuate more than the listed underlying securities due to their higher volatility.

Futures transactions entail a high degree of risk. The amount of the initial margin is low with regard to the value of futures, so these transactions have a high leverage effect. A relatively low variation in the markets may have an impact that is proportionally more significant, either in favour of or detrimental to the investor. Certain orders given to limit losses to a certain amount may be ineffective, because market conditions may render the execution of such orders impossible.

Transactions on options also entail a high degree of risk. The sale of options generally involves higher risk than their purchase. Although the premium received by the seller of the option is fixed, it might have to bear a loss higher than the amount of the premium. Moreover, the seller of an option is exposed to the risk that the purchaser will exercise its option, in which case the seller must either pay the option in cash or purchase or deliver the underlying investment. If an option is covered because the seller holds a corresponding position on the underlying investment or a future on financial instruments on another option, the risk may be reduced.

II. Risks relating to derivative products

Due to the low margin deposits normally requested for the dealing in derivative instruments, this type of transaction generally implies a significant leverage effect. Consequently, a relatively low quotation variation in an agreement on derivative products may lead to substantial losses for investors. An investment in derivative products may lead to losses exceeding the invested amount.

1) Risks relating to credit default swaps (CDS)

Credit default swaps may have different "behaviour" from securities financed by the reference entity. Under unfavourable market conditions, the basis (difference between the spread of bonds and that of CDS) may be much more volatile than the financed securities.

2) Contracts for difference (CFD)/equity swaps

Futures and options may also relate to, and include, contracts for difference. These may be options and futures on any index whatsoever, as well as currency or interest rate swaps. However, contrary to other futures and options, these contracts may only be settled in cash. Investments in contracts for difference carry the same risks as investments in futures or options. Transactions involving contracts for difference may also include debt and investors must be aware of the potential consequences.

Some Sub-Funds may invest in total return equity swaps ("equity swaps"). The risks inherent in contracts for difference and equity swaps depend on the position a Sub-Fund may take in the transaction: by using contracts for difference and equity swaps, a Sub-Fund may take a "long" position in relation to the underlying asset, in which case the Sub-Fund will benefit

from any rise in the underlying share, and will be negatively affected by any decline. The inherent risks of a long position are identical to the inherent risks when purchasing the underlying share. Conversely, a Sub-Fund may take a "short" position in relation to the underlying share, in which case the Sub-Fund will benefit from any reduction in the underlying share, and will be negatively affected by any rise. The inherent risks of a short position are greater than those of a long position: the maximum losses of a long position are capped, if the underlying share is valued at zero; however, as the maximum losses of a short position are linked to an increase of the underlying share - any increases may, in theory, be unlimited.

It should be noted that a long or short position on a contract for difference or equity swap is based on the opinion of the Investment Manager regarding the future trends of the underlying security. The position may have a negative impact on the Sub-Fund's performance. However, there is an additional risk linked to the counterparty when contracts for difference and equity swaps are used: as the Sub-Fund runs the risk that the counterparty may not be in a position to make a payment to which it has committed. The Investment Manager will carefully select the counterparties involved in such transactions and ensure that counterparty risk is limited and strictly controlled. When a Sub-Fund intends to implement a "short" strategy, this fact will be indicated in the Sub-Fund's investment policy, as detailed in **Chapter 4 – Description of the Sub-Funds**.

3) Particular risks relating to transactions on derivative products traded on stock exchanges

Suspension of trading

Each stock exchange or commodities market has, in principle, the right to suspend or restrict trading on all securities or commodities listed thereon. Such suspension would make it impossible for the Sub-Funds to liquidate their positions and, consequently, would expose the Fund to losses and delays in relation with the repurchase of Shares.

4) Particular risks relating to transactions on derivative products traded over-the-counter

Absence of regulation; counterparty risk

As a general rule, the governmental regulation and supervision of OTC transactions (markets where futures, options, credit default swaps, total return swaps and certain options on currencies are generally traded) is less strict than for organised markets. Moreover, numerous protections given to participants on certain organised stock exchanges, such as performance guarantees regarding a clearing house, are not always available for OTC transactions. Consequently, any Sub-Fund carrying out OTC transactions shall have to face the risk of breach of its obligations by the direct counterparty in said transactions, causing losses for the Sub-Fund. A Sub-Fund shall enter into such transactions only with counterparties that it considers to be solvent, and it will try to reduce the risk incurred through this type of transaction by obtaining letters of credit or guarantees from certain counterparties. Regardless of the measures that the Fund may apply in order to reduce the risk of counterparty failure, it may not, however, be guaranteed that a counterparty shall not be in default or that the Fund shall not have to bear losses as a consequence thereof.

Liquidity; requirements for execution of commitments

Occasionally, the counterparties with which the Fund is transacting may suspend the market or propose quotations for certain instruments. In this case, the Fund might not be able to enter into transactions on currencies, credit default swaps or total return swaps or to carry out a symmetrical transaction on an open position, which would harm its performance. Moreover, contrary to instruments traded on stock exchanges, futures, forwards and options on currencies would not give Investment Managers the chance to compensate the Fund's commitments via a reverse transaction with identical characteristics. Consequently, when it enters into futures, forwards or options agreements, the Fund must, and must be able to, meet its commitments resulting from these agreements.

Foreign Exchange Transactions

The risk of loss in trading foreign exchange transactions can be substantial. In particular: (i) under certain market conditions, the Fund may find it difficult or impossible to liquidate a position; (ii) the placement of contingent orders by the Fund or the Investment Manager authorised by the Fund, such as a 'stop-loss' or 'stop limit' order, will not necessarily limit the Fund's losses to the intended amounts, since market conditions may make it difficult or impossible to execute such order; (iii) a "spread" position may not be less risky than a simple "long" or "short" position; and (iv) the Fund is subject to substantial charges for management and advisory fees. It may be necessary for the Fund to make substantial trading profits to avoid depletion or exhaustion of its assets.

III. Risks relating to emerging markets

On emerging markets in which the Fund's Sub-Funds might intend to invest, the legal, judicial and regulatory infrastructures are still in development, with considerable legal uncertainties remaining for both local and foreign counterparties. Certain markets may even involve more significant risks for investors, who must thus ensure, before subscribing, that they are well aware of the risks involved and that this is a suitable type of investment for their portfolio.

Investments in emerging markets must only be carried out by sophisticated investors or professionals that have their own knowledge of the markets involved and are able to consider and judge the various risks inherent in such an investment and have the necessary financial resources to bear the significant risk of loss that might arise from such investments.

The following information illustrates certain risks, which, at different levels, are inherent to investment in instruments on emerging markets; these examples are not meant to be exhaustive and do not constitute advice concerning the suitability of investments.

1) Political and economic risks

Economic and/or political instability may lead to legal, fiscal and regulatory changes and to cancellation of legal, fiscal or regulatory reforms. Assets may even be forfeited without appropriate compensation. A country's foreign debt may suddenly involve exchange rate controls or new taxes. High interest and inflation rates may render the constitution of companies' turnover capital quite difficult. Local operators may show a lack of experience in business management in a free, competitive market. A country may be highly dependent on its commodity and natural resource

exports, and vulnerable to a decrease in the overall prices of these products.

2) Legal framework

It is not unusual for the interpretation and implementation of decrees and laws to be contradictory and uncertain, particularly in the fiscal realm. Legislation may be adopted retroactively or take the form of internal regulations that are not generally available to the public. The independence of justice and the neutrality of political powers are not guaranteed, and government agencies and judges do not always observe legal or contractual requirements. Nothing shall guarantee that investors will be fully or partially indemnified for damages sustained, and remedies via the legal system may be difficult and prolonged.

3) Accounting practices

The accounting, auditing and financial information systems may not be compliant with international regulations. Even when reports have been established in accordance with international regulations, they may contain inaccurate information. Furthermore, companies' obligations regarding financial information may be limited.

4) Market and settlement risks

In certain countries, the markets for transferable securities do not have any of the liquidity, efficiency, regulation or supervision controls seen in most developed countries. A lack of liquidity may render the transfer of assets more difficult. The lack of reliable information regarding the quotation of a specific security held by a Sub-Fund may render reliable valuation of the assets' market value difficult. The register of shareholders may not be correctly maintained, and the ownership of shares or rights related thereto may not be (or may cease to be) fully protected. The registration of securities may be subject to delays, and during these delays it may be difficult to prove the beneficial ownership of the securities concerned. The existing mechanisms for asset custody may be less developed than in the most developed markets, and may consequently produce additional risk for the Sub-Funds. Settlement proceedings may be less sophisticated and may be in materialised or dematerialised form.

5) Potential market volatility

Many emerging countries' markets may be relatively confined, deal with low transaction volumes, have periods where there is a lack of liquidity and be characterised by significant price volatility.

6) Variation in prices and performance

Factors affecting the value of securities may not be easily determined on certain markets. Investment in transferable securities on certain markets involves a high level of risk, and the value of an investment may decrease or even become void.

7) Currency risk

Conversion into foreign currency or the payment from certain markets of the sale proceeds of securities may not be guaranteed. On certain markets, the value of the currency may decrease in comparison with other currencies, which results in a decrease of the investments' value.

Exchange rates may also vary between the date a transaction is concluded and the date of purchase for the necessary currencies for payment. Hedging strategies shall be implemented insofar as possible, but these may not totally eliminate unfavourable variations.

8) Taxation

Investors must be informed that, on certain markets, the sale proceeds of securities or the collection of dividends or other results may be or become subject to taxes, charges, levies, rights or other costs or fees imposed by the authorities of such a market, including in the form of withholding tax. The legislation and fiscal customs are not clearly defined in certain countries where the Fund invests or may henceforth invest (in particular in Russia and other emerging markets). It is thus possible that the current interpretation of the law or current understanding of customs may change, in both cases retroactively. Consequently, the Fund may be subject, in such countries, to additional taxes that are not provided for at the date of the present Prospectus or at the date of the achievement, valuation or transfer of investments.

9) Execution and counterparty risk

On certain markets, there might be no safe method of delivery against payment so as to avoid counterparty risk. It may be necessary to pay upon purchase or to execute delivery at the sale, prior to the receipt of securities or, as the case may be, of sale proceeds.

10) Nominee

The legislative framework of certain markets is just beginning to comprehend the concepts of legal/formal ownership and beneficial ownership and of the rights related to securities. Consequently, the courts of these countries may consider that a nominee or custodian registered as the holder of the securities is the real owner of such securities, and that the beneficial owner has no right to the securities.

IV. Risks relating to high-yield bonds

The attention of investors is drawn to the fact that high yield bonds are securities whose rating is low or non-existent (BB+ or lower, or even unrated by Standard & Poor's) and which are traded on OTC markets where the operating modalities, in terms of transaction security and transparency, may substantially deviate from standards recognised on the European regulated markets. Consequently, such investments are tailored for sufficiently experienced investors that are able to assess the opportunities and risks represented by such investments.

V. Investment in Russia

The Fund may invest in securities listed on the Moscow Exchange in Russia. Currently, investments in Russia are subject to certain major risks concerning the ownership and custody of the securities involved. As a result, shareholders in Russia are considered as such by the mere fact of being registered on a company's books or with a registry agent (which is neither representative nor responsible for the Depositary). Certificates representing the part of the capital held in a Russian company are not held by the Depositary or one of its local delegated custodians, or in an effective central system of deposit. As a result of this system and of the absence of any

effective regulatory framework, and in the absence of any implementation thereof, the Fund might lose its registration and the ownership of its securities held in Russia due to fraud, negligence or even mere omission.

VI. Currency risk of the Share classes

The Investment Manager will use currency hedging strategies for certain Share classes (Hedging classes). The aim of these Hedging classes is to reduce any fluctuations in the exchange rate between the currency of the Hedging class and the Sub-Fund's base currency, and conversely.

The risks for Shareholders of Hedging classes may be reduced by using portfolio management instruments and techniques such as forward foreign exchange contracts and options, purchased put options and sold put options in relation to currencies and currency swaps, in accordance with the conditions and subject to the limits set out in **Chapter 6 – Financial Derivative Instruments**.

The hedge may not reflect the net asset value of the Hedging class until the first business day of the month or of the first quarter that follows.

VII. Risks linked to investing in the units of UCITS and other UCIs

The value of an investment, represented by the units of a UCITS or another UCI in which the Sub-Fund invests, may be affected by the fluctuations of the currencies of the countries in which the UCITS or other UCI has invested, or by exchange rates, or by changes in government, or by changes to the monetary or economic policies of the countries. Furthermore, investors should also note that the net asset value of the Shares will mainly fluctuate according to the net asset value of the UCITS or other target UCIs. Investing in the units of a UCITS or other UCI may involve a duplication of management fees and other operating charges linked to these UCITS or other UCIs.

11. RISKS LINKED TO INDIRECT INVESTMENTS IN THE FUND

Investors that they may only exercise their investor rights directly in relation to the UCITS when the investor in question is individually listed in his/her own name in the Fund's register of Shareholders. When an investor invests in the Fund via an intermediary, which then invests in the Fund in its own name but on behalf of the investor, certain rights attached to the status of a Shareholder may not necessarily be directly exercised by the investor vis-à-vis the UCITS. Investors are advised to seek information about their rights.

12. THE BOARD OF DIRECTORS

The Board of Directors is responsible for the Fund's general strategy. It may carry out all management and administration tasks on behalf of the Fund, including the purchase, sale, subscription or exchange of all transferable securities and exercise all of the rights attached, directly or indirectly, to the Fund's assets.

The list of members of the Board of Directors is given in this Prospectus and in the periodic reports.

13. THE MANAGEMENT COMPANY

The Board of Directors has appointed MDO Management **Company S.A.**, a

Luxembourg management company approved in accordance with Chapter 15 of the Law of 2010 (the "Management Company"), as the Fund's management company, under the terms of an agreement signed on 9 March 2015 between the Board of Directors and the Management Company, taking effect on 9 March 2015. This agreement is entered into for an indefinite period and may be terminated by either party subject to three (3) months' written notice.

The Management Company is registered with the Luxembourg Register of Commerce under no. B96744. Its registered office is located at 19, rue de Bitbourg, L-1273, Grand Duchy of Luxembourg.

The Management Company was initially formed under the name MDO Services S.A. on 23 October 2003. Its articles of association have been amended from time to time; the latest amendments were adopted on 2 April 2014 and published in the Mémorial on 14 April 2014. The Management Company has been established for an indefinite term. Its capital is EUR 1,700,000

The Management Company is responsible for the management, administration and distribution of the Fund.

The Management Company is responsible for the implementation of the Sub-Funds' investment policy. The Management Company may, under its supervision and control and following instructions from the Board of Directors, appoint one or several Investment Managers to supply information on investments, recommendations and carry out research in relation to existing and potential investments and to oversee the daily management of the Sub-Funds' portfolios.

The Management Company is responsible for the distribution and marketing of the Fund's shares in the jurisdictions in which the Fund has been approved. The Management Company may appoint, under its supervision and control and following instructions from the Board of Directors, the distributors of the Fund.

The Management Company is entitled to delegate, under its control and supervision, the central administration of the Fund to a third party.

The Management Company may carry out all activities required to achieve its objectives while remaining within the limits laid down in the Law of 10 August 1915 on commercial companies, as amended by Chapter 15 of the Law of 2010 and by the agreement signed on 9 March 2015 between the Board of Directors and the Management Company.

The Management Company has delegated the portfolio management of the Fund's Sub-Funds to the Investment Manager listed below.

The Management Company has in place a remuneration policy in line with the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

The remuneration policy sets out principles applicable to the remuneration of senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions.

In particular, the remuneration policy complies with the following principles in a way and to the extent that is appropriate to the size, internal organisation and the nature, scope and complexity of the activities of the Management Company:

- i. it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or Articles of Association;
- ii. if and to the extent applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- iii. it is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of the Shareholders, and includes measures to avoid conflicts of interest;
- iv. fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The remuneration policy is determined and reviewed at least on an annual basis by a remuneration committee.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available on <http://www.mdo-manco.com/remuneration-policy>, a paper copy will be made available free of charge upon request.

14. INVESTMENT MANAGER

Under the terms of an Investment Manager agreement, the Management Company has asked the Investment Manager ("Investment Manager") referred to below to supply daily discretionary management services to the Sub-Funds.

The Investment Manager, subject to the Management Company's prior information and under the condition that the delegation has been approved by the CSSF, may delegate all or part of the management of a Sub-Fund's portfolio to a sub-investment manager that will have discretionary portfolio management duties, or appoint investment advisor(s) that will not have any discretionary portfolio management duties.

NUTRIMENTA (SINGAPORE) PTE. LTD.

Nutrimenta (Singapore) Pte. Ltd was established in 2010 and is located in Singapore. Nutrimenta (Singapore) Pte. Ltd provides management services for undertakings for collective investment. Its assets under management amounted to approximately SGD 1 billion in January 2016.

Nutrimenta (Singapore) Pte. Ltd is licensed by the Monetary Authority of Singapore (MAS) to conduct fund management for Accredited and Institutional Investors (as defined in Annex 1) only. Nevertheless, the Investment Manager may manage the Sub-Funds, despite the offer of the Sub-Funds being made to

non-Accredited/non- Institutional investors outside of Singapore, to the extent that the Sub-Funds are authorised by the relevant financial regulator in the jurisdiction where such offer is made, to make such offer of Shares in the Sub-Fund in that jurisdiction. MAS has not authorised the Sub-Funds to be offered to retail investors in Singapore. Accordingly, where a Sub-Fund is offered to investors in Singapore, such investors must constitute Accredited Investors or Institutional Investors, as such terms are defined in Annex I to this Prospectus.

15. GLOBAL DISTRIBUTOR

Under the terms of a global distribution agreement, the Management Company has delegated the distribution/marketing of the Fund to Nutrimenta (Singapore) Pte. Ltd. Nutrimenta (Singapore) Pte. Ltd may appoint sub-distributors and/or placement agents, and may pay them such fees as may be agreed from time to time in connection with such appointment, including, without limitation, payment of retrocessions in accordance with applicable laws and regulations. The Management Company may appoint other intermediaries for the distribution and private placement services.

16. SUB-INVESTMENT MANAGER

Under a sub-investment management agreement dated 4 December 2015, the Investment Manager has delegated its discretionary investment management function regarding the Sub-Funds TOWER FUND – INVESTMENT GRADE BOND and TOWER FUND – GLOBAL HIGH YIELD BOND to the Sub-Investment Manager referred to below.

NUTRIMENTA FINANCE & INVESTMENTS LTD (the "Sub-Investment Manager")

Nutrimenta Finance & Investments Ltd, was established in 1972 and is located in Geneva. Nutrimenta Finance & Investments Ltd, is authorised to exercise the activity of asset manager for collective investment schemes and is supervised by the Swiss Financial Market Supervisory authority (FINMA).

17. DEPOSITARY, PAYING AGENT, TRANSFER AGENT AND ADMINISTRATIVE AGENT

Depositary

The Fund has, under the terms of a depositary Agreement (the "Depositary Agreement"), engaged Citibank Europe plc, Luxembourg Branch (the "Depositary") as depositary of the Fund's assets. The Depositary shall also be responsible for the oversight of the Fund to the extent required by and in accordance with applicable law, rules and regulations. The Depositary shall exercise the supervisory duties in accordance with applicable law, rules and regulations.

The key duties of the Depositary are to perform on behalf of the Fund the depositary duties referred to in the Law of 2010 essentially consisting of:

- (i) monitoring and verifying the Fund's cash flows;
- (ii) safekeeping of the Fund's assets, including inter alia holding in custody financial instruments that may be held in custody and verification of ownership of other assets;

- (iii) ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with the Articles of Association and applicable Luxembourg law, rules and regulations;
- (iv) ensuring that the value of the Shares is calculated in accordance with the Articles of Association and applicable Luxembourg law, rules and regulations;
- (v) ensuring that in transactions involving Fund's assets any consideration is remitted to the Fund within the usual time limits;
- (vi) ensuring that the Fund's income is applied in accordance with the Articles of Association, and applicable Luxembourg law, rules and regulations; and
- (vii) carrying out instructions from the Management Company or the Fund unless they conflict with the Articles of Association or applicable Luxembourg law, rules and regulations.

Background of the Depositary and Paying Agent

Citibank Europe plc, Luxembourg branch, is the depositary of the Fund.

The Depositary is a public limited company domiciled in Ireland with registered number 132781 whose registered office is at 1 North Wall Quay, Dublin 1. The Depositary conducts its principal business in Luxembourg from its office at 31, Z.A.I. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg. Its Luxembourg branch was established on 28 August 2015 and is registered with the Registre de Commerce et des Sociétés of Luxembourg under number B 200204. Its Luxembourg branch is authorised to provide such services in accordance with the Luxembourg law of 5 April 1993 on the financial sector, as amended, and is specialised in fund custody and administration services.

The Depositary is authorised by the Central Bank of Ireland but in respect of its services as depositary in Luxembourg is regulated by the CSSF.

As paying agent, Citibank Europe plc, Luxembourg Branch is responsible for the payment of dividends (if any) to the Shareholders and, as Administrative Agent, Citibank Europe plc, Luxembourg Branch provides the registered office of Fund as well as administrative, secretarial, and certain tax services to the Fund. The Depositary shall in addition be responsible for the processing of the transfer of the redemption proceeds of the Shares.

Delegation and Conflicts of Interest

In accordance with the Law of 2010, the Depositary has power to delegate certain of its safekeeping functions. The identities of the appointed delegates as of the date of this Prospectus are set forth in Annex 2 attached hereto.

In order to discharge its responsibility in this regard, the Depositary must exercise due skill, care and diligence in the selection, continued appointment and ongoing monitoring of a third party as a safekeeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned; maintain an appropriate level of supervision over the safekeeping agent; and make appropriate inquiries from time to time to confirm that the obligations of the agent continue to be competently discharged.

The liability of the Depositary will not be affected by the fact that it has delegated to a third party certain of its safekeeping functions in respect of the Fund's assets.

In certain jurisdictions, where the local law requires that financial instruments are held by a local entity and no local entity satisfies the delegation requirements to which the Depositary is subject, the Depositary may delegate its functions to a local entity for as long as there are no local entities which satisfy the requirements. The Depositary will only do so where the Management Company and the Fund have instructed it to do so and Shareholders are notified of such delegation prior to their investment, the reasons for it and the risks involved in the delegation.

Without prejudice to the "Conflicts of Interest" section below, from time to time actual or potential conflicts may arise between the Depositary and its delegates or sub-delegates, for example where an appointed delegate or sub-delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Fund.

Included in the Depositary's conflict of interest policy are procedures to identify, manage and monitor on an on-going basis any actual or potential conflict of interest involving its delegates or sub-delegates.

The Depositary will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favorable to the Fund than if the conflict or potential conflict had not existed.

Conflicts of interest

Actual or potential conflicts of interest may also arise between the Fund, the Shareholders or the Management Company on the one hand and the Depositary on the other hand.

For example, such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which provides other products or services to the Fund or the Management Company. In particular, depositary and administration services are provided by the same legal entity, Citibank Europe plc, Luxembourg Branch. In practice, however, the depositary and administration lines of business are functionally and hierarchically separated and operate on an arm's length basis. In addition, the Depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Fund, or may have other clients whose interests may conflict with those of the Fund, the Shareholders or the Management Company.

The Depositary and any of its affiliates may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Depositary or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Depositary's duty to the Fund. This includes circumstances in which the Depositary or any of its affiliates or connected persons: acts as market maker in the investments of the Fund; provides broking services to the Fund and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Fund; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Fund; or earns profits from or has a financial or business interest in any of these activities .

The group-wide conflict of interest policy provides that Citibank manages conflicts through various policies, procedures and/or processes, which may, depending upon the conflict, include prevention or avoidance of conflicts, or appropriate disclosures, establishing information barriers, restructuring transactions, products or processes, and/or changing compensation incentives.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored.

Up-to-date information on delegations and sub-delegations and related conflicts of interest may be requested from the Depositary by Shareholders.

Liability of the Depositary

The Depositary is liable to the Fund or to the Shareholders for the loss by the Depositary or a third party to whom the custody of financial instruments that can be held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of identical type or the corresponding amount to the relevant Sub-fund or the Management Company acting on behalf of the Fund without undue delay. The Depositary is not liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary is also liable to the Fund or the Shareholders for all losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfill its obligations. Shareholders may invoke the liability of the Depositary directly or indirectly through the Fund.

Transfer agent and administrative agent

The Management Company has appointed Citibank International PLC (Luxembourg branch), which on or around 1 January 2016 merged into Citibank Europe plc, Luxembourg branch as transfer agent and administrative agent (the "Administrative Agent") of the Fund under an agreement signed on 9 March 2015 between the Management Company and the Administrative Agent. The Management Company or the Administrative Agent may terminate this agreement at any time by providing ninety (90) days' written notice.

As Administrative Agent, Citibank Europe plc, Luxembourg branch is in charge of calculating the net asset value of each Sub-Fund's Shares as well as accounting services, in accordance with the Law of 2010 and the Articles of Association and, in general, for carrying out, on behalf of the Fund, all administration and accounting services stipulated in the Law of 2010 and associated with the Fund's administrative management.

As transfer agent, Citibank Europe plc, Luxembourg branch is also responsible for processing subscription, redemption and conversion requests for the Fund's Shares, as well as for maintaining the register of Shareholders.

18. INDEPENDENT AUDITOR

The function of independent auditor of the Fund is assumed by Ernst & Young, Société Anonyme, 35E, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

19. FEES AND COSTS

Subscription fee

The subscription fee deducted shall amount to a maximum of 3% of the net asset value per Share. This fee shall be paid to the Distributor or to the Fund.

Redemption fee

There is no redemption fee when Shares are redeemed.

Conversion fee

There is no conversion fee when switching from one Sub-Fund to another Sub-Fund.

Expenses to be borne by the Fund

Management Company fee

The Fund pays a management fee to the Management Company ("Management Company Fee") based on the average of each Sub-Fund's net assets and amounting to a maximum of 0.06% per annum, and an annual minimum of €15,000 per Sub-Fund. The fee to be paid to the Management Company shall be calculated on the basis of the average net assets at the end of the month of the previous quarter and payable at the end of each quarter, as described for each Sub-Fund (see above, Chapter 4 – Description of the Sub-Funds).

Management fee

The Fund pays a management fee ("Management Fee") to the Investment Manager, based on the net assets of each Sub-Fund, as described for each Sub-Fund (see above, Chapter 4 – Description of the Sub-Funds). This Management Fee is calculated on a daily basis and payable on the last business day of each month.

The fee paid to the Sub-Investment Manager is deducted from the Management Fee and is calculated and payable by the Investment Manager.

Performance fee

In addition to the Management Fee, the Fund shall pay a fee linked to the performance of the Sub-Fund involved ("Performance Fee") to the Investment Manager.

The Performance Fee is a percentage of the accrued surplus profit (as defined under point I. below; for the Performance calculation, see infra point II.b).

The actual percentage is specified for each Sub-Fund (see above, Chapter 4 – Description of the Sub-Funds).

The Performance Fee is calculated and accounted for in the net asset value of the Sub-Funds involved on each Trading Day, provided that the conditions under point II. below are fulfilled.

The calculation of the Performance Fee is reset every year.

I. Definitions of terms used under point II below

Reference Period ("RP")

The Reference Period starts on the last Trading Day (TD) of the preceding fiscal year and lasts over the whole fiscal year under consideration.

Reference index

The reference index for the TOWER FUND – GLOBAL HIGH YIELD BOND Sub – Fund is the benchmark index for that Sub – Fund.

For the TOWER FUND – INVESTMENT GRADE BOND Sub-Fund, the reference index used for the calculation of the Performance Fee will be the USD 1 month Libor, or the EUR 1 month Libor for Shares issued in EUR.

For the TOWER FUND – DEVELOPED MARKETS EQUITY Sub-Fund, the reference index used for the calculation of the Performance Fee will be the 1 month USD Libor + 300 bp.

Performance of the Reference Index between the preceding Trading Day and the Trading Day involved (PRI TD-1... TD)

Corresponds to the variation in % of the Sub-Fund's Reference Index between the two Trading Days.

Reference Income (RI)

The Reference Income is calculated on each Trading Day.

It corresponds to the profit or the loss that could have been realised if the adjusted net asset value on the preceding Trading Day had followed the same evolution as the Reference Index of the Sub-Fund, pursuant to the Performance of the Reference Index between the preceding Trading Day and the Trading Day involved.

Accrued Surplus Profit (ASP) since the start of the Reference Period

The Accrued Surplus Profit since the start of the Reference Period is calculated on each Trading Day.

This amount is obtained by adding the Accrued Surplus Profit of the preceding Trading Day to the income from the net asset value on the Trading Day and the result of the difference between the performance of the net asset value per Share on the Trading Day and the performance of the benchmark, and deducting the relative Accrued Surplus Profit accrued until (and including) the preceding Trading Day in respect of any Shares redeemed on the Trading Day.

The Accrued Surplus Profit is reset at the start of any new Reference Period.

Accrued Performance (AP)

The accrued performance since the start of the Reference Period measures the increase or decrease of the net asset value per Share of the Sub-Fund in question, respectively the increase or decrease of the Reference Index between the start of the Reference Period and the Trading Day in question.

II. Conditions under which the Performance Fee is computed in the net asset value of the Sub-Fund involved and calculation of the Performance Fee

a) Conditions

The Performance Fee calculated under **point b)** below may only be accounted for in the net asset value on the Trading Day involved if all of the following conditions are cumulatively fulfilled:

- (i) The NAV per Share has increased since the start of the Reference Period;
- (ii) The Accrued Performance per Share of the Sub-Fund is higher than the Accrued Performance of the Reference Index;
- (iii) The Accrued Surplus Profit calculated under **point b)** above is positive.

b) Calculation

As specified in the preface to the present chapter, the Performance Fee corresponds to a percentage of the Accrued Surplus Profit:

$$PF_{LTD} = \begin{cases} [\]\% \cdot ASP_{LTD} & \text{iff } \forall TD \quad NAV_{PSTD} > NAV_{PS0} \text{ and } AP_{PSTD} > AP_{RITD} \text{ and } ASP_{TD} > 0 \\ 0 & \text{if not} \end{cases}$$

It being specified that:

$$ASP_{TD} = ASP_{TD-1} + (PNAV_{PSTD} - PRI_{TD}) * NAV_{TD}$$

PF_{LTD} = Performance Fee on the last Trading Day of the Reference Period involved

TD = The Trading Day involved

ASP_{TD} = Accrued Surplus Profit on the Trading Day

ASP_{LTD} = Accrued Surplus Profit on the Last Trading Day of the Reference Period involved

NAV_{PSTD} = Net Asset Value per share on the Trading Day before Performance Fee

NAV_{PS0} = Net Asset Value per share at the start of the Reference Period

AP_{PSTD} = Accrued Performance per share on the Trading Day

AP_{RITD} = Accrued Performance of the Reference Index on the Trading Day

NAV_{TD} = Net Asset Value before Performance Fee

$PRI_{TD-1...TD}$ = Performance of the Reference Index between TD-1 and TD (as a %)

PNAV_{PSTD} = Performance of the Net Asset Value per share on the Trading Day between TD-1 and TD (as a %)

III. Payment of the Performance Fee

The Performance Fee shall be paid on the basis of the amount determined on the last Trading Day of the Reference Period. Performance Fee will be paid annually in arrears as soon as practicable after the close of business on the Business Day following the end of the relevant Reference Period.

For shares redeemed or switched before the end of the relevant Reference Period, the Performance Fee (if any) accrued in respect of said Shares shall become payable (so called crystallisation) on the Trading Day on which the redemption/switch occurred and will be paid on the last Business Day of each month.

Once the Performance Fee has crystallised, it will not be repayable to the relevant Sub-Fund.

Administrative and operating costs

The Fund shall bear all of its ordinary operating costs, including, but not limited to, the following costs:

- a) Fees to be paid to the Depositary (including the usual safekeeping fees) and the Paying Agent (**see above, Chapter 4 – Description of the Sub-Funds**);
- b) Fees to be paid to the Administrative Agent (**see above, Chapter 4 – Description of the Sub-Funds**);
- c) All printing, distribution and translation costs for the prospectuses, KIIDs, periodic reports and other documents made available to Shareholders;
- d) Fees of the Administrative Agent for the provision of the domiciliary services;
- e) All legal fees and other professional advisory fees;
- f) Filings with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*, Luxembourg), statutory fees and regulatory fees;
- g) Fees to be paid to the independent auditor, and accounting expenses;
- h) All costs and expenses directly related to portfolio investments or prospective investments (whether or not consummated), such as Brokerage fees, charges and costs related to securities transactions and cash transactions, interest on debit balances or borrowings, specific expenses incurred in obtaining, managing, operating and monitoring systems, communications and information technology, research and other information utilised with respect to the Fund's investment programme (including journals, papers and consultants), risk management systems, and all stamp duties, taxes, brokerage or other expenses incurred in acquiring and disposing of investments;

- i) All taxes and charges potentially due on the Fund's assets and income, e.g. the annual subscription tax (0.05% per year) on the Fund's net assets;
- j) All other operating costs, including administrative costs;
- k) All stock exchange listing fees, all expenses in connection with registration, listing and distribution of the Fund and Shares issued or to be issued;
- l) all expenses in connection with obtaining and maintaining a credit rating for any Sub-Funds or Classes or Share classes;
- m) Expenses of General Meetings of Shareholders;
- n) Fees paid to the members of the Board of Directors and the Directors' insurance premia;
- o) Expenses of the publication and distribution of the Net Asset Value, clerical costs of issue or redemption of Shares, postage, telephone, facsimile and telex expenses;
- p) All goods and sales taxes or any value added tax paid or to be paid in respect of the services rendered by the Investment Manager, the Management Company, the Administrative agent, the Fund's brokers or the Depositary;
- q) All other fees, costs and expenses properly and reasonably incurred by the Investment Manager, the Management Company, the Administrator, the Fund's brokers or the Depositary as a consequence of the due performance of their respective obligations for the Fund;
- r) All fees associated with providing the Fund with a finance facility as well as fees associated with operating that facility.

Exceptional costs

The Fund shall bear all exceptional costs, including but not limited to judicial costs and the total amount of all charges, taxes or similar expenses levied on the Fund or its assets that are not to be considered ordinary costs.

All recurring expenses shall be directly charged against the Fund's assets, first against income and realised capital gains and, if necessary, against the Fund's assets. The non-periodic expenses may be amortised over three years.

Any costs directly and exclusively attributable to a specific Sub-Fund shall be charged to that Sub-Fund. Where it may not be established that costs are directly and exclusively attributable to a specific Sub-Fund, they shall be charged on a pro rata basis to each Sub-Fund.

Total Expense Ratio

The costs and fees relating to the management of each Sub-Fund shall be detailed through the internationally recognised Total Expense Ratio (the "TER"). The TER is calculated twice per year by dividing the total operating costs and fees, excluding brokerage fees, regularly charged against the Sub-Fund's assets by the average assets of that Sub-Fund.

The TER of the Sub-Funds shall be included in the annual and semi-annual reports.

20. SOFT COMMISSIONS

The Management Company has authorised the Investment Manager to carry out transactions involving "soft commissions" with (or through the intermediary of) selected brokers/operators that occasionally provide the Investment Manager, as determined in contracts agreed between them, with products, services and other benefits, such as – but not limited to – consultation, research, advisory, valuation and portfolio analysis services, as well as listing services, etc.

It may reasonably be considered that the provision of such services constitutes an advantage for the Sub-Funds involved and may contribute to improving the performance of the Sub-Funds and of the Investment Manager in its services to the Sub-Funds.

For such products and services provided, no direct payment is made to the brokers/operators, but the Investment Manager undertakes to place transaction orders with such brokers/operators.

The Investment Manager may enter into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Manager, including the Fund, and where the Investment Manager is satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interests of the Fund.

Any such arrangements must be made by the Investment Manager on terms commensurate with best market practice. Particularly the Investment Manager shall ensure that the soft commission arrangements will be designed to enhance the quality of the services it renders to the Fund and do not impair compliance with the Investment Manager duty to act in the best interests of the Fund.

It should be noted that the Investment Manager may not conclude such soft commission arrangements with individuals but only with legal entities.

The use of soft commissions shall be disclosed in the Fund's semi-annual and annual reports.

21. ISSUE OF FUND SHARES

The Management Company has entrusted the issuance of the Fund's Shares to the Transfer Agent.

Investors may, subject to approval, subscribe to the Fund's Shares directly with the Transfer Agent.

Subscription requests must be received by the Transfer Agent no later than the cut-off time specified for each Sub-Fund in **chapter 4 – Description of the Sub-Funds**. The Board of Directors reserves the right to defer the issue of Shares until receipt of cleared subscription monies by the Transfer Agent.

Subscriptions in any Share class or in any Sub-Fund may be subject to a minimum amount and/or a minimum holding amount as specified in **chapter 4 – Description of the Sub-Funds**. Shareholders may make additional subscriptions

subject to the Minimum Transaction Size for each Share Class specified in **chapter 4 – Description of the Sub-Funds**.

The Board of Directors may at its absolute discretion waive the Minimum Initial Subscription amount, Minimum Holding amount and Minimum Transaction Size or compulsorily redeem any shareholding with a value below the Minimum Holding amount.

Subject to acceptance, the Shares shall be issued at the Subscription Price on the Trading Day. The Subscription Price shall be calculated on the Trading Day after the cut-off time for the requests' acceptance. The Subscription Price corresponds to the net asset value on the Trading Day plus the subscription fee (**see above, Chapter 19 – Fees and Costs**).

A dilution levy may be applied to subscriptions as described under section "dilution adjustment" below.

The Subscription Price shall normally be published on the business day following the Trading Day.

The subscription requests received after the cut-off time indicated for each Sub-Fund in **chapter 4 – Description of the Sub-Funds** above shall be dealt with on the following Trading Day.

All Share subscription requests shall be processed on the basis of a net asset value unknown before the calculation of the net asset value on the day in question.

The ownership of the Fund's Shares shall only be established by registrations in the register of Shares, and written confirmation shall be sent to the investor.

The Transfer Agent shall send confirmation that it has calculated the number of Shares to be allocated to the investor in the Sub-Fund in question.

Shares may be split, into thousandths of a share.

The Board of Directors may issue different Share classes in each Sub-Fund. Such classes shall present their own characteristics, such as different distribution policies, different fee or charge structures, different reference currencies or types of investor (this list is not exhaustive). The Share classes of the various Sub-Funds may have a different net asset value.

The Board of Directors reserves the right to refuse a subscription in whole or in part, in which case any amounts or balance the subscriber has paid will be immediately refunded.

The Board of Directors may accept subscriptions for Shares in exchange for a contribution in kind of securities or other assets that could be acquired by the Sub-Fund concerned in accordance with its rules and investment restrictions. Any contribution in kind will be made at the net asset value and will be subject to a valuation report by the Fund's auditor that complies with the provisions of Luxembourg law. This report can be consulted at the Fund's registered office, and any related charges will be borne by the Shareholders.

The Board of Directors does not authorise "market timing" practices (such as those described in CSSF Circular 04/146) or related practices that involve an excessive volume of trades in the short term. The Board of Directors reserves the right to reject subscription requests from investors if the Board of Directors suspects them of using such practices, and the Management Company will take, at its own discretion, all adequate measures to protect the Fund's other investors.

In accordance with international regulations and Luxembourg laws and regulations (including the amended Law of 12 November 2004 on the fight against money laundering and terrorist financing) as well as the CSSF circulars, financial sector professionals are subject to obligations designed to prevent the use of undertakings for collective investment for the purpose of money laundering and/or terrorist financing.

Under such provisions, the Administrative Agent of a Luxembourg UCI and/or its subcontractor must identify and check the identity of all investors in accordance with Luxembourg laws and regulations.

The Administrative Agent and/or its subcontractor may require investors to furnish any documents deemed necessary for this identification process. In any event, the Administrative Agent and/or its subcontractor may request, at any time, additional documents required to comply with the applicable legal and regulatory requirements, including but not limited to the CRS Law.

Any delay or failure of investors to furnish the required documents may result in the rejection of the subscription request and, for redemptions, the payment of the transaction amount and/or dividends may not be made. The Fund, the Administrative Agent and/or its subcontractor shall not be held liable for any delays in the execution or the failure to execute transactions as a result of the investor's failure to supply the documents required or after furnishing incomplete documentation.

From time to time, shareholders may be required to supply additional identification documents or updated documents, in accordance with the continuous control and supervisory obligations for compliance with the laws and regulations in force.

The Board of Directors may, at its discretion and in the interests of the Fund, refuse any Share subscription. Moreover, the Board of Directors may, in the interests of the Fund, compulsorily redeem at any time any Shares that have been subscribed or held unlawfully.

22. REDEMPTION OF FUND SHARES

Shareholders may request, at any time, the redemption of their Shares at the applicable Net Asset Value on the relevant Trading Day, subject to the Minimum Transaction Size specified in **chapter 4 – Description of the Sub-Funds**.

Redemption requests are accepted at the offices of the Transfer Agent.

Redemption requests must be sent to the Transfer Agent not later than the cut-off time specified for each Sub-Fund in **chapter 4 – Description of the Sub-Funds**.

Shares shall be redeemed based on the redemption price on the Trading Day. The redemption price shall be calculated on the Trading Day after the cut-off time for the acceptance of orders. The redemption price corresponds to the net asset value on the Trading Day.

A dilution levy may be applied to redemptions as described under "dilution adjustment" below.

The redemption price shall normally be published on the business day following the Trading Day.

The redemption requests received after the cut-off time referred to above shall be dealt with the following Trading Day.

All Share redemption requests shall be processed on the basis of a net asset value unknown before the calculation of the net asset value on the day in question.

Normally, since a sufficient liquidity level must be maintained in the Fund's assets, the payment for the redeemed Shares shall be made within three business days following the determination of the redemption price, unless specific reasons exist, such as exchange restrictions or circumstances beyond the control of the Depositary, which may render the transfer of the redemption amount impossible in the country where the redemption is requested.

If as a result of any request for redemption, the investment held by any shareholder in a Share class or Sub-Fund falls below the Minimum Holding amount specified in **chapter 4 – Description of the Sub-Funds**, the Board of Directors may compulsorily redeem any shareholding with a value below the Minimum Holding amount or such other amount as the Board of Directors at its absolute discretion may determine.

The Board of Directors may decide, with the agreement of the Shareholder, to fulfil the redemption requests pertaining to Shares of a Sub-Fund through payments in kind whereby assets (of the same value) of the Sub-Fund are allocated to the Shareholder; such operations will be carried out in accordance with the Articles of Association and the updated Prospectus applicable on the Trading Day and apply the method established for calculating the redemption price, covering the total net asset value of the Shares to be redeemed. The nature and type of assets to be transferred in such a case will be determined by the Board of Directors on a fair and equitable basis, confirmed by the Fund's auditor. The fiscal, redemption and other charges of such transfers will be borne by the investor benefiting from the redemption in kind. Redemptions in kind will only be made if the Shareholder accepts them and provided that such redemptions do not affect the equal treatment of the Shareholders and that no Shareholder suffers any harm resulting from such actions.

For massive redemption requests, the Board of Directors may decide to postpone the calculation of the redemption price until it has sold the necessary assets.

If, on a Trading Day, redemption requests in a Sub-Fund exceed 10% of the total net assets of such Sub-Fund, the Board of Directors may decide to *pro rata* reduce or defer the redemption requests in excess of the 10% limit until the next Trading Day. On that Trading Day, redemption requests that have been postponed will be dealt with in priority to later redemption requests, subject to the application of the 10% limit referred to above.

The Board of Directors may impose or relax restrictions on any Shares and, if necessary, require redemption of Shares to ensure that Shares are neither acquired nor held by or on behalf of any person in breach of the law or requirements of any country or government or regulatory authority or which might have adverse taxation or other pecuniary consequences for the Fund including a requirement to register under the laws and regulations of any country or authority. The Board of Directors may in this connection require a shareholder to provide such information as they may consider necessary to establish whether the Shareholder is the beneficial owner of the Shares which they hold.

If it shall come to the attention of the Board of Directors at any time that Shares are beneficially owned by any person prohibited from holding Shares pursuant to section "US Investors" above or by any persons due which the Fund fails to comply with FATCA (please refer to **Chapter 29 – Taxation** below), or, with

respect to investors in Singapore, such investors do not constitute Accredited Investors or Institutional Investors, as such terms are defined in Annex I to this Prospectus, the Board of Directors will have the right to compulsory redeem such Shares.

23. CONVERSION OF FUND SHARES

Subject to the Minimum Initial Subscription, Minimum Holding and Minimum Transaction Size specified in **chapter 4 – Description of the Sub-Funds**, Shareholders have the right to convert, in whole or in part, all of their Shares into Shares of another Sub-Fund

Shareholders wishing to convert all or part of their Shares, may, at any time, send a conversion request in writing to the Transfer Agent, indicating the number of Shares to be converted in the new Sub-Fund selected.

If the Transfer Agent receives the conversion request no later than the cut-off time specified for each Sub-Fund in **chapter 4 – Description of the Sub-Funds**, the Shares shall be converted on the basis of the net asset value on that day.

All Share conversion requests shall be processed on the basis of a net asset value unknown before the calculation of the net asset value on the day in question.

A dilution levy may be applied to conversions as described under section "dilution adjustment" below.

The Board of Directors does not authorise "market timing" practices (such as those described in the CSSF's circular 04/146) or related practices that involve an excessive volume of trades in a short time. The Board of Directors reserves the right to reject conversion requests from investors if the Board of Directors suspects them of using such practices, and the Management Company will take, at its own discretion, all adequate measures to protect the Fund's other investors.

24. CALCULATION OF NET ASSET VALUE

The net asset value per Share of each Sub-Fund is determined by the Administrative Agent in the currency of the Sub-Fund in question at the frequency specified for each Sub-Fund (Trading Day) (**see above, Chapter 4 – Description of the Sub-Funds**).

The NAV is calculated by dividing the total net asset value of each of the Sub-Funds by the number of the Sub-Fund's Shares outstanding.

The result shall be converted up to one-hundredth.

The value of the Fund's assets shall be determined as follows:

- a) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interest declared or accrued and not yet received shall be considered to represent the total amount of such instruments, except if such amount is unlikely to be paid or received in full, in which case the said value shall be reduced by a discount considered appropriate by the Investment Manager in order to reflect the true value of such instruments;
- b) The value of transferable securities, financial derivative instruments and/or money market instruments traded on or admitted to a stock exchange shall be based on the last known quotation, unless the last quotation is not representative;

- c) Transferable securities and/or financial derivative instruments traded on another regulated market shall be valued on the basis of the last known quotation available on such market;
- d) Options, financial futures and swap agreements shall be valued at the last known quotation on the stock exchanges or regulated markets;
- e) The value of the transferable securities not admitted to a stock exchange or not traded on another regulated market, as well as the value of the securities unlisted or listed on a market for which it is not possible to obtain a price, or the securities for which the listed price is not, in the opinion of the Board of Directors, representative of their market value, shall be determined in good faith and with care by the Board of Directors on the basis of foreseeable selling prices;
- f) Financial derivative instruments that are not admitted to official listing on a stock exchange or traded on another organised market shall be valued daily on the basis of a reliable and verifiable method, in accordance with market practices;
- g) Units of UCITS and other UCIs shall be valued at their last available net asset value, as communicated by such undertakings;
- h) Liquid assets and money market instruments that are not admitted to a stock exchange or traded on another regulated market shall be valued at their nominal value plus accrued interests or on the basis of amortisation costs.

The Board of Directors is authorised to apply any other appropriate valuation principles to the Fund's assets, if it is impossible or inappropriate to use the above-mentioned valuation methods due to exceptional circumstances or events.

The value of the assets denominated in a currency other than the base currency of a Sub-Fund shall be determined on the basis of the exchange rate applied at the time of the calculation of net asset value.

Dilution

The Sub-Funds are single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of their underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, switches and/or redemptions in and out of a Sub-Fund. This is known as "dilution".

Dilution Adjustment

A dilution levy of up to 2% may be applied to the net asset value per Share subscribed for, redeemed or converted in order to reflect any fiscal charges and dealing costs incurred on the purchase or sale of assets for the Sub-Fund and with the aim of protecting the existing Shareholders from carrying said charges and costs. The amount of the fee so calculated shall be retained in the Sub-Fund.

The application of an anti-dilution levy is subject to the overall direction and discretion of the Board of Directors and will be applied when the Board of Directors is of the opinion that the interests of Shareholders require imposition of an anti-dilution levy.

25. TEMPORARY SUSPENSION OF ISSUES, REDEMPTIONS AND CONVERSIONS

The calculation of the net asset value of the Shares of one or more of the Fund's Sub-Funds may be suspended by the Board of Directors in any of the following cases:

- a) When one or more stock exchanges or markets that serve as the basis for the valuation of a significant portion of the Sub-Fund's assets, or when one or more currency markets in the currencies in which the net asset value of the Shares are denominated or a significant portion of the Sub-Fund's assets, are closed for periods other than regular holidays, or when transactions are suspended subject to restrictions or, in the short term, subject to significant variations;
- b) When the political, economic, military, monetary or social situation, or a strike, or any other event of force majeure beyond the Sub-Fund's responsibility or power make it impossible to dispose of the Sub-Fund's assets by reasonable and normal means without being seriously detrimental to Shareholders;
- c) When there is a breakdown in the means of communication normally employed for the valuation of a Sub-Fund asset or when, for any reason whatsoever, the value of a Sub-Fund asset cannot be promptly or accurately ascertained;
- d) When exchange or capital flow restrictions exist that hinder the execution of transactions on the Sub-Fund's behalf, or when purchase or sale transactions on the Sub-Fund's assets cannot be carried out at normal exchange rates;
- e) Upon the occurrence of an event giving rise to the Sub-Fund's liquidation.

The Board of Directors is authorised to suspend the issue, redemption and conversion of the Shares of one or more Sub-Funds during the whole period where calculation of the net asset value per Share of the Sub-Funds in question is suspended by virtue of the aforementioned authority.

The Board of Directors may, at any time and when appropriate, temporarily suspend, definitively stop or limit the issue of the Shares of one or more Sub-Funds to individuals or companies residing or established in certain countries or territories, or exclude them from the acquisition of Shares if such a measure is necessary to protect Shareholders.

Any redemption/conversion request deposited or suspended during a suspension period may be withdrawn by written notice sent to the Fund before the end of such suspension period. If such withdrawal is not carried out, the Shares shall be redeemed/converted on the first Trading Day following the end of the suspension period. If this period is extended, a notice shall be published in newspapers of the countries where the Fund's Shares are sold. Investors having requested the issue, redemption or conversion of their Shares shall be informed of such suspension.

The suspension of the calculation of the net asset value of one or more of the Fund's Sub-Funds as well as the conversion, issue and redemption of the corresponding Shares shall be announced by all appropriate means, including in newspapers where the net asset value is normally published.

26. DISTRIBUTION POLICY

The ordinary general meeting of Shareholders will determine, subject to the recommendation of the Board of Directors (it being understood that the latter may decide to proceed with the distribution of interim dividends), whether and to what extent the net income from investments shall be distributed for the following Sub-Funds: TOWER FUND – INVESTMENT GRADE BOND – USD (DIST), TOWER

FUND – INVESTMENT GRADE BOND - EURO-HEDGED (DIST) and TOWER FUND – GLOBAL HIGH YIELD BOND – USD (DIST).

The payment of dividends may not result in the Fund's net asset value falling below the minimum required by law.

At present, there is no intention to distribute dividends for TOWER FUND – DEVELOPED MARKETS EQUITY – for the USD (CAP) class, TOWER FUND – GLOBAL HIGH YIELD BOND – for the USD (CAP), B USD (CAP), Euro Hedged (CAP), and ILS-Hedged (CAP) classes, TOWER FUND – INVESTMENT GRADE BOND – USD (CAP), B USD (CAP), EUR Hedged (CAP) and ILS-Hedged (CAP) classes.

There are quarterly distributions of dividends, on 31 January, 30 April, 31 July and 31 October of each year, for the TOWER FUND – INVESTMENT GRADE BOND – USD (DIST) and EUR Hedged (DIST) classes and for the TOWER FUND – GLOBAL HIGH YIELD BOND – USD (DIST) class.

Dividends not claimed by their beneficiaries within a period of five years from the payment date shall lapse, and the corresponding amounts shall revert to the Sub-Fund in question.

27. LIQUIDATION OF THE FUND

The Fund is established for an unlimited duration.

The Fund may be dissolved at any time following the decision of the General Meeting of Shareholders acting in accordance with the conditions determined by the law in relation to amendments to the Articles of Association.

As soon as the General Meeting of Shareholders takes the decision to dissolve the Fund, the issue, redemption or conversion of Shares shall be prohibited, as they will be declared null and void.

If the Fund's capital falls below two-thirds of the minimum capital stipulated in the Law of 2010, the Board of Directors must propose the dissolution of the Fund and convene a General Meeting of Shareholders. This meeting must be held within forty days following the occurrence of such an event. The General Meeting of Shareholders votes without any quorum requirements and takes decisions by a simple majority of the shares present or represented at the meeting.

If the Fund's capital falls below one quarter of the minimum capital stipulated by the Law of 2010, the Board of Directors must refer the question of the Fund's dissolution to the General Meeting of Shareholders, which shall deliberate without quorum requirements; the dissolution may be decided by shareholders owning one quarter of the shares present or represented at the meeting.

When the Fund is dissolved, one or more liquidators (which may be individuals or legal entities) appointed by the General Meeting of Shareholders shall liquidate the Fund. The General Meeting of Shareholders shall determine their powers and remuneration.

The liquidation will be conducted in accordance with the law and the distribution of net income to Shareholders from the liquidation will be determined, after deducting any charges connected to the liquidation; income from the liquidation will be distributed to Shareholders on a pro rata basis according to the number of Shares held by each of them.

At the end of the liquidation process, any amounts not claimed by a Shareholder will be deposited with the Luxembourg Caisse de Consignation (consignment office). Any amounts deposited and unclaimed within the statutory limitation period shall be used as stipulated by Luxembourg law.

28. MERGER OR LIQUIDATION OF SUB-FUNDS

The Board of Directors may decide to liquidate a Sub-Fund if the net asset value of that Sub-Fund falls below USD 3,000,000 or its equivalent in the base currency of the Sub-Fund in question, or if events occur that are beyond its control, such as political, economic or monetary changes affecting the Sub-Fund in question and justifying said liquidation.

Shareholders of a Sub-Fund will be informed by the Board of Directors of the decision to liquidate a Sub-Fund by letter or by any other accepted method.

No subscriptions shall be accepted after the notification of liquidation. Until the execution of the decision to liquidate, the Board of Directors shall continue to redeem shares in the Sub-Fund in question. For such transactions, the Board of Directors will use the net asset value established in order to take the liquidation charges into account, but without deducting any redemption fees or other commissions. The Board of Directors will redeem the Sub-Fund's Shares and reimburse Shareholders in proportion to the number of Shares held.

Any assets in the Sub-Fund that have not been distributed at the close of the liquidation shall be sent to the Luxembourg Caisse de Consignation (consignment office).

Under the same circumstances as those outlined above or when the Board of Directors believes it is in the interest of a Sub-Fund's Shareholders, the Board of Directors may decide to close any Sub-Fund by merging it with another Sub-Fund (hereafter the "new Sub-Fund"). Mergers between Sub-Funds are conducted in accordance with the legal and regulatory provisions applicable to mergers of UCITS and, in particular, with the provisions of articles 65 to 76 of the Law of 2010.

29. TAXATION

Taxation in Luxembourg:

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 Fund

The Fund 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 Fund.

The Fund 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 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 rate of 0.01% *per annum* is applicable to individual compartments of UCIs with multiple compartments referred to in the Law of 2010, 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, (iv) UCITS and UCIs subject to the part II of the Law of 2010 qualifying as exchange traded funds, and (v) UCIs and individual compartments thereof whose main objective is the investment in microfinance institutions.

Withholding tax

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

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

The Fund is not subject to net wealth tax in Luxembourg.

Taxation of 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 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 holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal more than 10% of the share capital of the company.

Distributions made by the Fund 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 2016 for entities having their registered office in Luxembourg-City) on the distribution received from the Fund 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 Law of 2010, (ii) specialized investment funds subject to the law of 13 February 2007 on specialised investment funds, or (ii) family wealth management companies subject to the law of 11 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 realized 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 Law of 2010, (ii) a vehicle governed by the law of 22 March 2004 on securitization, (iii) a company governed by the law of 15 June 2004 relating to the investment company in risk capital, (iv) a specialized investment fund subject to the law of 13 February 2007 on specialised investment funds or (v) a family wealth management company subject to the law of 11 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%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

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 realized upon disposal of the shares nor on the distribution received from the Fund and the shares will not be subject to net wealth tax. The additional temporary income tax of 0.5% (*impôt d'équilibre budgétaire temporaire*) will be also due by individuals subject to Luxembourg State social security scheme in relation to their professional and capital income.

European Savings Directive

On 10 November 2015, the European Council adopted Council Directive (EU) 2015/2060 repealing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (the "Savings Directive") from 1 January 2017 for Austria and from 1 January 2016 for all other EU Member States (i.e. the Savings Directive will no longer apply once all the reporting obligation concerning the calendar year 2015 will have been complied with).

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 laws dated 21 June 2005 (the "Laws"), implementing the Savings Directive, as amended by the Law of 25 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 since 1 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 are 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).

Automatic Exchange of Information

The Organisation for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies the first time by 30 September 2018 for the calendar year 2017, i.e. the Savings Directive will apply one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a shareholder and his/her/its account to the Luxembourg tax authorities (Administration des Contributions Directes), if such account is deemed a CRS reportable account under the CRS Law. Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

FATCA

The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("IRS") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Fund would hence have to comply with such Luxembourg IGA, as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law places upon it.

The Board of Directors has decided to adopt the status of reporting FFI under FATCA and the Luxembourg IGA.

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund may:

- a. request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such shareholder's FATCA status;
- b. report information concerning a shareholder and his account holding in the Fund to the Luxembourg tax authorities if such account is deemed a US reportable account under the FATCA Law and the Luxembourg IGA;
- c. report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to shareholders with FATCA status of a non-participating foreign financial institutions;
- d. deduct applicable US withholding taxes from certain payments made to a shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e. divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

For the purpose of this section, the term "Specified US Person" means (i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States or (iv) an estate of a decedent that is a citizen or resident of the US;

excluding (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code.

Singapore Taxation

The following is a summary of the principal Singapore income tax consequences applicable to the Company and is based upon the proposed activities to be carried out by the Company as described in this Prospectus. It is based on the existing provisions of the relevant income tax laws and the regulations thereunder, the circulars issued by the Monetary Authority of Singapore ('MAS') and practices in effect as at the date hereof, all of which are subject to change at any time and to differing interpretations, either on a prospective or retroactive basis. The summary is not tax advice and it is not intended to constitute a complete analysis of all the tax considerations relating to the structure. The comments therein could be adversely affected if any of the material facts on which they are based should prove to be inaccurate.

In addition, the comments in this summary are not binding on the Singapore tax authority and there can be no assurance that the authority will not take a position contrary to any of the comments herein. Prospective investors should consult their own tax advisers concerning the tax consequences of their particular situations.

Singapore Income Tax

Singapore income tax is imposed on income accruing in or derived from Singapore and on foreign-sourced income received or deemed to have been received in

Singapore, subject to certain exceptions. Currently, the corporate income tax rate in Singapore is 17%.

Gains on disposal of investments

Singapore does not impose tax on capital gains. However, depending on the specific facts and circumstances surrounding the acquisition and divestment of investments, gains from the disposal of investments may be construed to be of an income nature and subject to Singapore income tax. Generally, gains on disposal of investments are considered income in nature if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

However, Singapore tax law provides for non-taxability of gains derived from the disposal of ordinary shares where the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months immediately prior to the disposal. As this exemption relates only to the holding of ordinary shares (i.e., not preference shares, bonds, debentures or other instruments), it may have only limited benefit to the Fund or the Master Fund. These provisions are currently applicable to disposals during the period 1 June 2012 to 31 May 2017 (both dates inclusive).

It is proposed in the Singapore Budget 2016 that the applicability of the above provisions on non-taxability of gains derived from the disposal of ordinary shares be extended to disposals made up to 31 May 2022.

As the investments and divestment of assets of the Company are managed by the Investment Manager, the Company may be construed to be carrying on activities of a trade or business in Singapore. Accordingly, the income derived by the Company may be considered income accruing in or derived from Singapore and subject to Singapore income tax, unless the income is exempted from tax pursuant to a tax exemption or incentive scheme.

Singapore Tax Exemption Scheme

Under section 13CA of the Income Tax Act (Chapter 134) (the "Act") and the Income Tax (Exemption of Income of Non-Residents Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010 (the "Regulations") (collectively referred to as the "Tax Exemption Scheme"), "specified income" derived from "designated investments" by a "prescribed person" from funds managed by a "fund manager" in Singapore is exempted from income tax in Singapore, subject to certain prescribed conditions being met.

Definition of prescribed person

The Company will be a "prescribed person" for the purpose of the Tax Exemption Scheme if, at all times during the basis period for the relevant year of assessment:

- a) the Company is not a tax resident of Singapore for tax purposes;
- b) the value of issued securities (as defined) of the Company is not 100 per cent beneficially owned, directly or indirectly, by "Singapore persons" collectively;
- c) the Company:
 - (i) does not have a permanent establishment in Singapore (other than a fund manager); and
 - (ii) does not carry on a business in Singapore; and
- d) its income is not derived from investments which have been transferred (other than by way of a sale on market terms and conditions) from a person carrying

on a business in Singapore where the income derived by that person from those investments was not, or would not have been if not for their transfer, exempt from tax.

A "Singapore person" means a person who is a Singapore citizen, resident in Singapore or permanent establishment in Singapore, but does not include:

- a) a company which is approved under Section 13R of the Act and which, at all times during the basis period for the year of assessment for which the income of a "prescribed person" is exempt from tax under Section 13CA of the Act -
 - (i) beneficially owns directly, 100% of the total value of all issued securities of the "prescribed person"; and
 - (ii) satisfies the conditions in Regulation 3(2) of the Income Tax (Exemption of Income of Approved Companies Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010; or
- b) a "designated person", i.e. the Government of Singapore Investment Corporation Pte. Ltd., the MAS, or any company which is wholly owned, directly or indirectly, by the Minister (in his capacity as a corporation established under Minister for Finance (Incorporation) Act (Cap.183) of Singapore) and which is approved by the Minister or such person as he may appoint; or
- c) an approved person under Section 13X of the Act and which, at all times during the basis period for the year of assessment for which the income of a "prescribed person" is exempt from tax under Section 13CA of the Act:
 - (i) beneficially owns directly, 100% of the total value of all issued securities of the "prescribed person"; and
 - (ii) satisfies the conditions in Regulation 3(2) of the Income Tax (Exemption of Income Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010.

"Specified income" from "Designated Investments"

Unless excluded, all income and gains derived on or after 17 February 2012 from "designated investments" will be considered as "specified income"¹. Excluded income or gains are:

- a) interest and other payments that fall within the ambit of Section 12(6) of the Act other than:
 - (i) interest derived from deposits held in Singapore with and certificates of deposit issued by any approved bank as defined in Section 13(16) of the Act and from Asian Dollar Bonds approved under Section 13(1)(v) of the Act;
 - (ii) interest from qualifying debt securities;
 - (iii) discounts from qualifying debt securities issued on or after 17 February 2006;
 - (iv) prepayment fees, redemption premiums and break costs from qualifying debt securities issued on or after 15 February 2007;
 - (v) amounts payable from any Islamic debt securities issued on or after 22 January 2009 which are qualifying debt securities;
 - (vi) fees and compensatory payments derived from securities lending or repurchase arrangements with:
 - (I) a person who is neither a resident of nor a permanent establishment in Singapore;

¹ Paragraphs (e) and (f) of the definition of "specified income" are as stated in the MAS circular FDD Cir 06/2014 dated 30 May 2014. These changes have yet to be legislated.

- (II) the MAS;
 - (III) a bank licensed under the Banking Act (Cap. 19);
 - (IV) a merchant bank approved under Section 28 of the Monetary Authority of Singapore Act (Cap 186);
 - (V) a finance company licensed under the Finance Companies Act (Cap 108);
 - (VI) a holder of a capital markets services licence who is licensed to carry on business in the following regulated activities under the SFA (or a company exempted under the SFA from holding such a licence):
 - (A) dealing in securities (other than any person licensed under the Financial Advisers Act (Cap 110));
 - (B) fund management;
 - (C) securities financing; or
 - (D) providing custodial services for securities;
 - (VII) a collective investment scheme or closed-end fund as defined in the SFA that is constituted as a corporation;
 - (VIII) the Central Depository (Pte) Limited;
 - (IX) an insurer registered or regulated under the Insurance Act (Cap. 142) or exempted under that Act from being registered or regulated; or
 - (X) a trust company registered under the Trust Companies Act (Cap. 336);
- b) distributions made by a trustee of a real estate investment trust that is listed on the Singapore Exchange;
- c) distributions made by a trustee of a trust who is a resident of Singapore or a permanent establishment in Singapore, other than a trust that enjoys tax exemption under Sections 13C, 13G, 13O or 13X of the Act;
- d) income or gain derived or deemed to be derived from Singapore from a publicly-traded partnership, where tax is paid or payable in Singapore on such income of the partnership by deduction or otherwise;
- e) income or gain derived or deemed to be derived from Singapore from a limited liability company, where tax is paid or payable in Singapore on such income of the limited liability company by deduction or otherwise; and
- f) any income or gains derived before 21 February 2014 from designated investments specified in sub-paragraph (v), (w) and (x) in the list of "designated investments".

The list of "designated investments"² is as follows:

- a) stocks and shares of any company, other than an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than the business of property development);
- b) debt securities (which means bonds, notes, commercial papers, treasury bills and certificates of deposits) but excluding specified income derived on or after 1 September 2012 from any bonds, notes, commercial papers, treasury bills and certificates of depositions which are not qualifying debt securities and which are issued by an unlisted company that is in the business of trading or holding of

² Paragraphs (v), (w) and (x) of the definition of "designated investments" are as stated in the MAS circular FDD Cir 06/2014 dated 30 May 2014. These changes have yet to be legislated.

Singapore immovable properties (other than the business of property development);

- c) real estate investment trusts and exchange traded funds or any other securities which are:
 - (i) issued by foreign governments in foreign currency;
 - (ii) listed on any exchange;
 - (iii) issued by supranational bodies; or
 - (iv) issued by any company, other than those issued by an unlisted company that is in the business of trading or holding of Singapore immovable properties (other than the business of property development);
- d) futures contracts held in any futures exchanges;
- e) any immovable property situated outside Singapore;
- f) deposits in Singapore held with any approved bank as defined in Section 13(16) of the Income Tax Act;
- g) foreign currency deposits held outside Singapore with financial institutions outside Singapore;
- h) foreign exchange transactions;
- i) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and any financial derivative relating to any designated investment or financial index, with:
 - (i) a financial sector incentive company which is:
 - (A) a bank licensed under the Banking Act (Cap. 19);
 - (B) a merchant bank approved under Section 28 of the Monetary Authority of Singapore Act (Cap. 186); or
 - (C) a holder of a capital markets services licence under the SFA to deal in securities or a company exempted under that Act from holding such a licence;
 - (ii) a person who is neither resident in Singapore nor a permanent establishment in Singapore; or
 - (iii) a branch office outside Singapore of a company resident in Singapore;
- j) units in any unit trust which invests wholly in designated investments;
- k) loans that are:
 - (i) granted by a "prescribed person" to any company incorporated outside Singapore which is neither resident in Singapore nor a permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore; or
 - (ii) granted by a person other than a "prescribed person" but traded by a "prescribed person";
- l) commodity derivatives (derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying commodity);
- m) physical commodities if:
 - (i) the trading of those physical commodities by a "prescribed person" in the basis period for any year of assessment is done in connection with and is incidental to its trading of commodity derivatives (referred to in this paragraph as related commodity derivatives) in that basis period; and

- (ii) the trade volume of those physical commodities traded by a "prescribed person" in that basis period does not exceed 15 per cent of the total trade volume of those physical commodities and related commodity derivatives traded by a "prescribed person" in that basis period;
- n) units in a registered business trust;
- o) emission derivatives (derivatives, the payoffs of which are wholly linked to the payoffs or performance of the underlying emission allowances);
- p) liquidation claims;
- q) structured products (as defined under Section 13(16) of the Act);
- r) investments in prescribed Islamic financing arrangements under Section 34B of the Act that are commercial equivalents of any of the other designated investments under this definition;
- s) private trusts that invest wholly in "designated investments";
- t) freight derivatives (derivatives the payoffs of which are wholly linked to the payoffs or performance of the underlying freight rates);
- u) publicly-traded partnerships that do not carry on a trade, business, profession or vocation in Singapore;
- v) loans granted by a Section 13CA, 13R or 13X fund to any offshore trust, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that trustee of the offshore trust accruing or derived from Singapore;
- w) interests in limited liability companies that do not carry on any trade or business, profession or vocation in Singapore; and
- x) bankers' acceptance issued by financial institutions.

The above list is for information purposes only to highlight all "designated investments" for the purposes of the Tax Exemption Scheme. Certain of the above list, including (l), (m) and (o), are ineligible instruments in which the Company cannot invest. For full details of the investment policy in respect of each Fund, please refer to the relevant Supplement.

A "fund manager" for the purpose of this Tax Exemption Scheme means a company holding a capital markets services licence under the SFA for fund management or one that is exempt under the SFA from holding such a licence. The Investment Manager currently holds a capital markets services licence for fund management.

The Investment Manager will endeavour to conduct the affairs of the Company such that it will qualify for the Tax Exemption Scheme. There is, however, no assurance that the Investment Manager will be able on an ongoing basis to ensure that the Company will always meet all the qualifying conditions for the Tax Exemption Scheme. Upon any such disqualification, the Company may be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate.

The Tax Exemption Scheme is currently available up to 31 March 2019. Therefore, as long as the Company is a "prescribed person" at all times before 1 April 2019, the Tax Exemption Scheme should continue to apply even if the Tax Exemption

Scheme is not extended beyond this date provided that the Company continues to be "prescribed persons" and meet all the qualifying conditions for the Tax Exemption Scheme beyond 1 April 2019.

Taxation of Investors

Provided that the Company a "prescribed person" which derives "specified income" in respect of "designated investments", the Shareholder of the Company should note that under certain circumstances, they may be obliged to pay a penalty to the Comptroller of Income Tax in Singapore (the "CIT") if they do not meet certain conditions (i.e. they are considered to be "Non-Qualifying Relevant Owners"). These conditions are discussed below. However, this discussion should not be regarded as tax advice and prospective investors should seek their own tax advice on the matter.

An investor of a prescribed person ("Relevant Owner") will be a Non-Qualifying Relevant Owner if the investor does not fall within any of the following categories:

- a) an individual;
- b) a bona fide entity³ not resident in Singapore that:
 - (i) does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore; or
 - (ii) carries on an operation in Singapore through a permanent establishment in Singapore where the funds used by the entity to invest directly or indirectly in the "prescribed person" are not obtained from such operation;
- c) a "designated person";
- d) an approved company under Section 13R of the Act which, at all times during the basis period for the year of assessment for which the income of a "prescribed person" is exempt from tax under Section 13CA of the Act:
 - (i) beneficially owns directly, 100% of the total value of all issued securities of the "prescribed person"; and
 - (ii) satisfies the conditions in Regulation 3(2) of the Income Tax (Exemption of Income of Approved Companies Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010; or
- e) an approved person under Section 13X of the Act which, at all times during the basis period for the year of assessment for which the income of a "prescribed person" is exempt from tax under Section 13CA of the Act and satisfies the conditions in Regulation 3(2) of the Income Tax (Exemption of Income of Approved Persons Arising from Funds Managed by Fund Manager in Singapore) Regulations 2010;
- f) an investor other than those listed in (a), (b), (c), (d) and (e) which, alone or with his associates:
 - (i) beneficially owns not more than 30% of the total value of issued securities of the "prescribed person" if the "prescribed person" has less than 10 investors; or
 - (ii) beneficially owns not more than 50% of the total value of issued securities of the "prescribed person" if the "prescribed person" has 10 or more investors.

³ A "bona fide entity" means an entity that is not a non-bona fide entity. A "non-bona fide entity" means a person not resident in Singapore (excluding a permanent establishment in Singapore) who –

- (a) is set up solely for the purpose of avoiding or reducing payment of tax or penalty under the Act; or
- (b) does not carry out substantial business activity for a genuine commercial reason.

Two persons (P1 and P2) will be considered "associates" (where each person is neither a designated person nor an individual) if:

- a) at least 25% of the total value of the issued securities in one investor is beneficially owned, directly or indirectly, by the other; or
- b) at least 25% of the total value of the issued securities in each of the two investors is beneficially owned, directly or indirectly, by a third entity. This test does not apply where any of the two investors is a listed entity and does not have 25% or more shareholding in any other investor.

The deemed association tests in (a) and (b) above do not apply where:

- a) no third person (other than an individual or a "designated person") beneficially owns, directly or indirectly, at least 25% of the total value of issued securities of the two investors;
- b) at least 25% of the total value of the issued securities in each of the two investors is owned either directly by an individual or a "designated person", or indirectly through a nominee company or a trust fund by an individual or a "designated person"; or
- c) P1 is an approved person under section 13X which at all times beneficially owns directly any of the issued securities of the prescribed person during the relevant financial year and satisfies all of the conditions for exemption under section 13X of the Act.

Investors should take note of this aggregation rule. Investors should also note that for the purposes of determining whether other investors of a qualifying fund who are connected with them are associates under this aggregation rule, shareholdings of non-resident non-individual investors connected to them may be aggregated (notwithstanding that these persons are themselves "qualifying investors") in assessing whether the relevant thresholds have been exceeded.

The Company, the Investment Manager, and the Administrator reserve the right to request such information as any of the Company, the Investment Manager, and the Administrator (as the case may be) in their absolute discretion may deem necessary to ascertain whether investors of the Company are associates with each other for the purposes of the Tax Exemption Scheme.

A Non-Qualifying Relevant Owner will have to pay a financial penalty to the CIT, subject to the exception noted below. Such financial penalty is computed as follows:

$$\text{Financial penalty} = A \times B \times C$$

where:

A: is the percentage of the total value of all issued securities of the "prescribed person" which is beneficially owned by the Non-Qualifying Relevant Owner at the last day of the financial year of the "prescribed person" (basis period) relating to a particular year of assessment;

B: is the amount of income of the "prescribed person" as reflected in its audited account for the basis period relating to that year of assessment; and

C: is the corporate tax rate applicable to that year of assessment (currently 17%).

The "value" of issued securities of a company means the net asset value of those securities as at the last day of the basis period for the year of assessment of the company.

Where the "Relevant Owner" is a non-bona fide non-resident entity, it is not subject to the financial penalty. Instead, the CIT will "look-through" that entity. A beneficial owner of that entity (excluding a person who falls within (a) to (f) of the definition of a "Relevant Owner") which:

- a) either alone or together with its associates, beneficially owns at least 30% (if the "prescribed person" has less than 10 investors) or 50% (if the "prescribed person" has 10 or more investors) of the total value of all equity interests of the "prescribed person" on the last day of the its financial year; and
- b) is not itself a non-bona fide entity;

shall be liable to pay the financial penalty in proportion to its equity interests in the "prescribed person". Reference to "Non-Qualifying Relevant Owner" in the formula for computing financial penalty as discussed above would then be replaced by reference to such beneficial owner.

The status of whether an investor is a Relevant Owner will be determined on the last day of the financial year of the "prescribed person". If a "Non-Qualifying Relevant Owner" can prove to the CIT that the applicable investment limit is exceeded for reasons beyond his reasonable control, the CIT may allow him a three-month grace period from the last day of the financial year of the "prescribed person" to reduce his percentage of ownership in the "prescribed person" to meet the allowable investment limit.

If it appears to the Directors that, following the notice of redemptions received on, or immediately prior to the financial year end of the "prescribed person", any Shareholder may be potentially characterised as a Non-Qualifying Relevant Owner, the Directors may but have no obligation to compulsorily redeem such number of Participating Shares to the extent necessary to ensure that the Shareholder will not be treated as a "Non-Qualifying Relevant Owner".

The taxation of distributions by the Company and gains on transfer or redemption of Shares derived by the Shareholders will depend on the particular situation of the Shareholder. This is notwithstanding that the Shareholder may have paid a financial penalty to the CIT.

Reporting Obligation

To enable Shareholders to determine their investment stakes in the Company in respect of any financial year of the Fund, the Company will issue an annual statement to each Shareholder, showing:

- a) the profit of the Company for that financial year as per the audited financial statement;
- b) the total value of issued securities of the Company as at the last day of that financial year;
- c) the total value of issued securities of the Company held by the Shareholder as at the last day of that financial year; and
- d) whether the Company has fewer than 10 investors as at the Relevant Day.

The Investment Manager is required to submit a declaration to the CIT within one month after the date of issue of the audited accounts of the Company where there are "Non-Qualifying Relevant Owners" and furnish the CIT with the details of investors.

Each prospective investor should also note that it will be required to acknowledge in its Application Form that the Company, the Investment Manager and/or the Administrator (or its delegate) may disclose to each other, to any other service provider to the Company or to any regulatory body in any applicable jurisdiction copies of such investor's Application Form and any information concerning such investor and its associates provided by the investor to the Company, the Investment Manager and/or the Administrator (or its delegate) and any such disclosure will not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

The taxation of dividends by the Company and gains on redemption of Shares derived by the Shareholders will depend on the particular situation of the Shareholders. This is notwithstanding that the Shareholder may have paid a financial penalty to the CIT.

30. FISCAL YEAR

The Fund's fiscal year starts on 1 January and ends on 31 December of each year.

31. ORDINARY GENERAL MEETING OF SHAREHOLDERS

The ordinary general meeting of shareholders will be held at the Fund's registered office or at any other place indicated in the notice of meeting in the Grand Duchy of Luxembourg, on the second Monday in April at 3.00 p.m. If that day is not a bank business day in Luxembourg, the ordinary General Meeting will be held on the following bank business day. The ordinary general meeting of shareholders may be held abroad if the Board of Directors, acting on its own authority, deems that this change of venue is warranted by exceptional circumstances.

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 on the fifth day preceding 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 the Record Date.

32. PERIODIC REPORTS AND PUBLICATIONS

The Fund publishes an audited annual report within the four months following the end of the fiscal year and an unaudited semi-annual report within the two months following the end of the reference period.

The annual report includes the Fund's accounts as well as those of each Sub-Fund.

Pursuant to Circular 14/592, the annual report also includes information on (i) the underlying exposure arising from financial derivative instruments, (ii) the identity of the counterparty/ies to such financial derivatives transactions, (iii) the type and amount of financial collateral received by the Fund to reduce counterparty risk and (iv) the income arising from efficient portfolio management techniques for the whole of the period in question, as well as any direct and indirect operating costs and charges incurred.

These reports are made available to Shareholders at the registered office of the Fund and of the Depositary.

The net asset value per Share of each Sub-Fund, the issue and redemption price of the Shares of the different Sub-Funds, as well as any other information on the Fund or on the Management Company, may be obtained on any banking business day at the registered office.

At the discretion of the Board of Directors, but always in accordance with the regulation of each country where the Fund is registered, such information as well as any notice to Shareholders may be published on a daily basis in various newspapers and financial magazines chosen by the Board of Directors.

33. DOCUMENTS THAT MAY BE CONSULTED

The following documents may be consulted at the registered office of the Fund and of the Representative Agent for Switzerland, on each business day (except on Saturdays and official public holidays) during business hours:

- The KIID;
- The Articles of Association;
- The agreement between the Fund and the Depositary;
- The agreement between the Management Company and the Administrative Agent;
- The agreement between the Fund and the Management Company;
- The agreement between the Management Company and the Investment Manager;
- The agreement between the Fund, the Management Company and the Global Distributor;
- The periodic financial reports.

A copy of the Articles of Association, the KIID and the periodic financial reports may be obtained at the registered office of the Fund or from the Representative Agent for Switzerland.

The agreements may be amended by mutual consent between the contracting parties.

ANNEX 1

ACCREDITED INVESTOR/ INSTITUTIONAL INVESTOR

- An Accredited Investor includes:
 - (i) an individual -
 - (a) whose net personal assets exceed in value SGD 2 million (or its equivalent in a foreign currency) or such other amount as the MAS may prescribe in place of the first amount; or
 - (b) whose income in the preceding 12 months is not less than SGD 300,000 (or its equivalent in a foreign currency) or such other amount as the MAS may prescribe in place of the first amount;
 - (ii) a corporation with net assets exceeding SGD 10 million in value (or its equivalent in a foreign currency) or such other amount as the MAS may prescribe, in place of the first amount, as determined by (a) the most recent audited balance-sheet of the corporation; or (b) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months;
 - (iii) the trustee of a trust of which all property and rights of any kind whatsoever held on trust for the beneficiaries of the trust exceed SGD 10 million in value (or its equivalent in a foreign currency), when acting in that capacity;
 - (iv) an entity (other than a corporation) with net assets exceeding SGD 10 million in value (or its equivalent in a foreign currency); for the purpose of this category, an "entity" includes a corporation (as defined in Section 4(1) of the Singapore Companies Act, Cap 50), an unincorporated association, a partnership and the government of any state, but does not include a trust;
 - (v) a partnership (other than a limited liability partnership within the meaning of the Limited Liability Partnerships Act 2005 (Act 5 of 2005)) in which each partner is an accredited investor; and
 - (vi) a corporation, the sole business of which is to hold investments and the entire share capital of which is owned by one or more persons, each of whom is an accredited investor.

An Institutional Investor includes⁴:

- (a) a bank that is licensed under the Banking Act (Cap. 19);
- (b) a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);
- (c) a finance company that is licensed under the Finance Companies Act (Cap. 108);
- (d) a company or co-operative society that is licensed under the Insurance Act (Cap. 142) to carry on insurance business in Singapore;
- (e) a company licensed under the Trust Companies Act 2005 (Act 11 of 2005);

⁴ All legislative and regulatory references under this definition shall be taken to mean the legislation of Singapore.

- (f) the Government of Singapore;
- (g) a statutory body established under any Singapore act;
- (h) a pension fund;
- (i) the holder of a capital markets services licence for –
 - (A) dealing in securities;
 - (B) fund management;
 - (C) providing custodial services for securities;
 - (D) real estate investment trust management;
 - (E) securities financing; or
 - (F) trading in futures contracts;
- (j) a person (other than an individual) who carries on the business of dealing in bonds with accredited investors or expert investors;
- (k) the trustee of such trust as the MAS may prescribe, when acting in that capacity;
- (l) a designated market-maker (as defined in the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations;
- (m) a headquarters company or Finance and Treasury Centre which carries on a class of business involving fund management, where such business has been approved as a qualifying service in relation to that headquarters company or Finance and Treasury Centre under Section 43E(2)(a) or 43G(2)(a) of the Income Tax Act (Cap. 134) of Singapore, as the case may be;
- (n) a person resident in Singapore who undertakes fund management activity in Singapore on behalf of not more than 30 qualified investors (as that term is defined under the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations;
- (o) a Service Company which carries on business as an agent of a member of Lloyd's (as defined in Regulation 2 of the Insurance (Lloyd's Asia Scheme) Regulations (Cap. 142, Rg 9) of Singapore); or
- (p) such other person as the MAS may prescribe.

ANNEX 2

LIST OF DELEGATES OF THE DEPOSITARY

The Depositary has appointed the following entities as its delegates in each of the markets set forth below. This list may be updated from time to time and is available upon request from the Depositary.

| Country | Citibank Europe plc, Luxembourg Branch |
|--|--|
| Argentina | Euroclear (Citibank is a direct member of Euroclear SA/NV) |
| Australia | Citigroup Pty. Limited |
| Austria | Citibank, N.A., Milan Branch |
| Bahrain | Citibank, N.A., Bahrain |
| Bangladesh | Citibank, N.A., Bangladesh |
| Belgium | Citibank Europe plc, UK Branch branch |
| Benin | Standard Chartered Bank Cote d'Ivoire |
| Bermuda | The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Bermuda Limited |
| Bosnia-Herzegovina (Sarajevo) | UniCredit Bank d.d. |
| Bosnia-Herzegovina: Srpska (Banja Luka) | UniCredit Bank d.d. |
| Botswana | Standard Chartered Bank of Botswana Limited |
| Brazil | Citibank, N.A., Brazilian Branch |
| Bulgaria | Citibank Europe plc Bulgaria Branch |
| Burkina Faso | Standard Chartered Bank Cote d'Ivoire |
| Canada | Citibank Canada |
| Chile | Banco de Chile |

| | |
|--------------------------------------|---|
| China B Shanghai | Citibank, N.A., Hong Kong Branch (For China B shares) |
| China A Shares | Citibank China Co Ltd (China A shares) |
| China Hong Kong Stock Connect | Citibank, N.A., Hong Kong Branch |
| Clearstream ICSD | ICSD |
| Colombia | Cititrust Colombia S.A. Sociedad Fiduciaria |
| Costa Rica | Banco Nacioanal de Costa Rica |
| Croatia | Privedna banka Zagreb d.d. |
| Cyprus | Citibank Europe plc, Greece branch |
| Czech Republic | Citibank Europe plc, organizacni slozka |
| Denmark | Nordea Bank Danmark A/S |
| Egypt | Citibank, N.A., Cairo Branch |
| Estonia | Swedbank AS |
| Euroclear | ICSD |
| Finland | Nordea Bank Finland Plc |
| France | Citibank Europe plc, UK Branch |
| Georgia | JSC Bank of Georgia |
| Germany | Citigroup Global Markets Deutschland AG |
| Ghana | Standard Chartered Bank of Ghana Limited |
| Greece | Citibank Europe plc, Greece Branch |
| Guinea Bissau | Standard Chartered Bank Cote D'ivoire |

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|----------------------|--|
| Hong Kong | Citibank NA Hong Kong |
| Hungary | Citibank Europe plc Hungarian Branch Office |
| Iceland | Citibank is a direct member of Clearstream Banking, which is an ICSD. |
| India | Citibank NA Mumbai Branch |
| Indonesia | Citibank, N.A., Jakarta Branch |
| Ireland | Citibank NA London Branch |
| Israel | Citibank, N.A., Israel Branch |
| Italy | Citibank, N.A., Milan Branch |
| ivory coast | Standard Chartered Bank Cote d'Ivoire |
| Jamaica | Scotia Investments Jamaica Limited |
| Japan | Citibank Japan Limited |
| Jordan | Standard Chartered Bank Jordan Branch |
| Kazakhstan | Citibank Kazakhstan JSC |
| Kenya | Standard Chartered Bank Kenya Limited |
| Korea (South) | Citibank Korea Inc. |
| Kuwait | Citibank NA Kuwait Branch |
| Latvia | Swedbank AS, based in Estonia and acting through its Latvian branch, Swedbank AS |
| Lebanon | The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited |
| Lithuania | Swedbank AS, based in Estonia and acting through its Lithuanian branch "Swedbank" AB |
| Luxembourg | Only offered through the ICSDs- Euroclear & Clearstream |

| | |
|--------------------|--|
| Macedonia | Raiffeisen Bank International AG |
| Malaysia | Citibank Berhad |
| Mali | Standard Chartered Bank Cote d'Ivoire |
| Malta | Citibank is a direct member of Clearstream Banking, which is an ICSD. |
| Mauritius | The Hong Kong & Shanghai Banking Corporation Limited |
| Mexico | Banco Nacional de Mexico, S.A. |
| Morocco | Citibank Maghreb |
| Namibia | Standard Bank of South Africa Limited acting through its agent, Standard Bank Namibia Limited |
| Netherlands | Citibank Europe plc, UK Branch |
| New Zealand | Citibank, N.A., New Zealand Branch |
| Niger | Standard Chartered Bank Cote d'Ivoire |
| Nigeria | Citibank Nigeria Limited |
| Norway | DNB Bank ASA |
| Oman | The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Oman S.A.O.G |
| Pakistan | Citibank, N.A. Karachi |
| Palestine | The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited |
| Panama | Citibank NA Panama Branch |
| Peru | Citibank del Peru S.A |
| Philippines | Citibank, N.A., Manila Branch |
| Poland | Bank Handlowy w Warszawie SA |

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|------------------------|--|
| Portugal | Citibank Europe plc, sucursal em Portugal |
| Qatar | The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Bank Middle East Limited |
| Romania | Citibank Europe plc, Romania Branch |
| Russia | AO Citibank |
| Saudi Arabia | The Hong Kong & Shanghai Banking Corporation Limited acting through its agent, HSBC Saudi Arabia Ltd. |
| Sengal | Standard Chartered Bank Cote d'Ivoire |
| Serbia | UniCredit Bank Srbija a.d. |
| Singapore | Citibank, N.A., Singapore Branch |
| Slovak Republic | Citibank Europe plc pobočka zahraničnej banky |
| Slovenia | UniCredit Banka Slovenia d.d. Ljubljana |
| South Africa | Citibank NA South Africa branch |
| Spain | Citibank Europe plc, Sucursal en Espana |
| Sri Lanka | Citibank NA Colombo Branch |
| Sweden | Citibank Europe plc, Sweden Branch |
| Switzerland | Citibank NA London Branch |
| Taiwan | Citibank Taiwan Limited |
| Tanzania | Standard Bank of South Africa acting through its affiliate Stanbic Bank Tanzania Ltd |
| Togo | Standard Chartered Bank Cote d'Ivoire |
| Thailand | Citibank, N.A.Bangkok Branch |
| Tunisia | Union Internationale de Banques |

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|---|--|
| Turkey | Citibank, A.S. |
| Uganda | Standard Chartered Bank of Uganda Limited |
| Ukraine | PJSC Citibank |
| United Arab Emirates ADX & DFM | Citibank NA UAE |
| United Arab Emirates NASDAQ Dubai | Citibank NA UAE |
| United Kingdom | Citibank NA London Branch |
| United States | Citibank NA New York offices |
| Uruguay | Banco Itau Uruguay S.A. |
| Venezuela | Citibank, N.A., Venezuela Branch |
| Vietnam | Citibank NA Hanoi Branch |
| Zambia | Standard Chartered Bank Zambia Plc |
| Zimbabwe | Standard Bank of South Africa Ltd. acting through its affiliate Stanbic Bank Zimbabwe Ltd. |