

**VAM FUNDS (LUX)**

**Société d'investissement à capital variable incorporated in  
Luxembourg**

**PROSPECTUS**

**APRIL 2019**



No person is authorised to give any information other than that contained in the Prospectus and in documents referred to herein. The original English text of this Prospectus is the legal and binding version.

## VAM FUNDS (LUX)

### NOTE TO THE READERS

The main part of the Prospectus describes the nature of VAM Funds (Lux) (the "Fund"), presents its general terms and conditions and sets out its management and investment parameters which apply to the Fund as well as to the different Compartments that compose the Fund.

The investment policy of each Compartment, as well as its specific features, is described in the Appendix attached to this Prospectus.

The Appendix is an integral part of this Prospectus; it will be updated upon the creation of each new Compartment.

The Directors, whose names appear hereafter, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Directors accept responsibility accordingly.

The Shares are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

The information contained in this Prospectus will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Fund, copies of which may be obtained free of charge from the registered office of the Fund.

The Fund is an open-ended investment company organised as a *Société d'Investissement à Capital Variable* (SICAV). The Fund is registered under Part I of the 2010 Law (as defined hereafter). The above registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the investments held by the Fund. Any representation to the contrary is unauthorised and unlawful.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession of this Prospectus may come are required by the Fund to inform themselves of and to observe any such restrictions.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

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For further information, please refer to the table of contents on pages 3 and 4 of this Prospectus.

### **United States**

The Shares have not been and will not be registered under the Securities Act of 1933 of the United States, as amended (the "1933 Act") or the securities laws of any of the states of the United States. 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. 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 Section 4(2) thereof.

The Fund will not be registered under the United States Investment Company Act of 1940 (as amended) (the "1940 Act") since Shares will only be sold to US Persons who are "qualified purchasers", as defined in the 1940 Act.

The Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

There will be no public offering of the Shares in the United States.

### **Exercise of shareholders rights**

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

### **Data Protection**

Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by or on behalf of the Fund and the Management Company (the "Controllers") will be processed by the Controllers in accordance with the Privacy Notice, a current version of which is available and can be accessed or obtained online (<http://www.vam-funds.com/privacy-policy/>). Investors and any person contacting, or otherwise dealing directly or indirectly with, any of the Controllers are invited to and read and carefully consider the Privacy Notice, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any Data directly or indirectly to the Controllers.

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## VAM FUNDS (LUX)

### DEFINITIONS

<b>"2010 Law"</b>	Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time
<b>"Administrator"</b>	VP Fund Solutions (Luxembourg) SA acting as administrative and registrar and transfer agent of the Fund
<b>"Administrative Agent"</b>	VP Fund Solutions (Luxembourg) SA acting as administrative agent of the Fund
<b>"AIF"</b>	an alternative investment fund in accordance with the Directive 2011/61/EU
<b>"Appendix"</b>	an appendix to this Prospectus containing information with respect to the Fund specifically and/ or particular Compartments
<b>"Articles"</b>	the articles of incorporation of the Fund as amended from time to time
<b>"Board of Directors" or "Directors"</b>	the board of directors of the Fund
<b>"Business Day"</b>	a day on which banks in Luxembourg and the New York Stock Exchange are normally open for business. 24 December is not a Business Day
<b>"Class"</b>	a class of Shares with a specific fee structure, reference currency, dividend policy or other specific feature
<b>"Compartment"</b>	a specific portfolio of assets and liabilities within the Fund having its own Net Asset Value and represented by a separate Class or Classes of Shares
<b>"CSSF"</b>	Commission for the Supervision of the Financial Sector in Luxembourg
<b>"Depositary Bank"</b>	VP Bank (Luxembourg) SA as custodian of the Fund
<b>"Distributor"</b>	an entity duly appointed from time to time by the Fund to distribute or arrange for the distribution of Shares
<b>"Eligible Market"</b>	a market which is regulated, operates regularly and is recognised and open to the public in an Eligible State or a Regulated Market
<b>"Eligible State"</b>	includes any Member State and any other state which the Board of Directors deems appropriate with regard to the investment objectives of each Compartment. Eligible states include countries in Africa, America, Asia, Australasia and Europe
<b>"EU"</b>	European Union
<b>"EUR"</b>	the European currency unit

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<b>"Fund"</b>	VAM Funds (Lux)
<b>"Institutional Investors"</b>	institutional investors as defined in the 2010 Law.
<b>"Investment Manager"</b>	as disclosed in Appendix II in relation to the relevant Compartment
<b>"Investor"</b>	a subscriber for Shares
<b>"Management Company"</b>	VAM Global Management Company S.A., acting as management company of the Fund
<b>"Member State"</b>	as described in article 1 (13) of the 2010 Law
<b>"Minimum Holding Amount"</b>	the minimum value of a holding of a Shareholder in a Class as defined per Class under the heading "Rights of the Shareholders"
<b>"Minimum Initial Subscription Amount"</b>	the minimum value of the first subscription of an Investor in a Class as defined per Class under the heading "Rights of the Shareholders"
<b>"Minimum Subsequent Subscription Amount"</b>	the minimum value of subsequent subscription of a Shareholder in a Class as defined per Class under the heading "Rights of the Shareholders"
<b>"Net Asset Value"</b>	the value determined in accordance with the relevant provisions described under the heading "Calculation of Net Asset Value"
<b>"Privacy Notice"</b>	refers to the privacy notice issued by the Fund in respect of treatment of personal data as may be amended by the Fund from time to time
<b>"Prospectus"</b>	this document
<b>"Regulated Market"</b>	a market defined in article 4 paragraph 1 item 21 of Directive 2014/65/EU of 15 May 2014 on markets in financial instruments
<b>"Share"</b>	a share of no par value in any one Class in the capital of the Fund
<b>"Shareholder"</b>	a holder of Shares
<b>"UCI"</b>	an "other undertaking for collective Investment" as defined in Directive 2009/65/EC, as amended
<b>"UCITS"</b>	an undertaking for collective investment in transferable securities authorised according to Directive 2009/65/EC, as amended
<b>"US Person"</b>	a citizen or resident of the United States, a corporation, partnership or other entity created in or under the laws of the United States or any

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person falling within the definition of the term "United States Person" under Regulation S promulgated under the 1933 Act

<b>"United States"</b>	the United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdictions
<b>"USD"</b>	United States Dollars
<b>"Valuation Day"</b>	the Net Asset Value per Share of each Class shall be calculated as of each Business Day

**All references herein to time are to Central European Time (CET) unless otherwise indicated.**

**Words importing the singular shall, where the context permits, include the plural and vice versa.**



## VAM FUNDS (LUX)

### MANAGEMENT AND ADMINISTRATION

**Registered Office:** 2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg

**Board of Directors:**

**Chairman:**

Mr. Peter John de Putron  
Chairman of VAM Funds (Lux) and VAM Managed Funds (Lux)  
23 Marina Court, St Peter Port,  
Guernsey GY11WP, United Kingdom

**Directors:**

the Hon. James Cripps  
Director  
36, Napier Avenue,  
S46 3PT, London, United Kingdom

Mr. Michael Hunt  
Director  
2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg

Mr. Benoni Dufour  
Civil Engineer  
15, op der Sank, L-5713 Aspelt, Grand Duchy of Luxembourg

Mr. Eduard von Kymmell  
Director  
2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg

Mr. Robert Gordon  
Director  
215, Broadway Avenue  
Wilmette, Illinois 60091  
United States of America

**Management Company:**

VAM Global Management Company S.A.  
16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg

## VAM FUNDS (LUX)

<b>Depository Bank:</b>	VP Bank (Luxembourg) SA 2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg
<b>Administrative Agent:</b>	VP Fund Solutions (Luxembourg) SA 2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg
<b>Investment Manager:</b>	Driehaus Capital Management LLC 25 East Erie Street, Chicago, Illinois 60611, USA
<b>Auditor of the Fund:</b>	Ernst & Young S.A. 35E, avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>Legal Advisers in Luxembourg:</b>	Elvinger Hoss Prussen, <i>société anonyme</i> 2, Place Winston Churchill L-1340 Luxembourg, Grand Duchy of Luxembourg

## VAM FUNDS (LUX)

### LEGAL STATUS

The Fund is an open-end investment fund with multiple compartments (*société d'investissement à capital variable* (SICAV) *à compartiments multiples*) governed by Part I of the 2010 Law.

The Fund was incorporated for an indefinite period on 11 April 2005, with an initial capital of EUR 300,000. Its Articles have been published in the official gazette *Mémorial C, Recueil des Sociétés et Associations du Grand Duché de Luxembourg* (the "*Mémorial*") on 20 April 2005. The Articles were last amended on 2 September 2014 and were published in the *Mémorial* on 17 September 2014. The Fund is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 107.134.

The Fund's capital shall at all times be equal to the value of its total net assets. The minimum capital required by law (EUR 1,250,000 or its equivalent) was reached within a period of six months following registration of the Fund by the supervisory authorities on the official list of undertakings for collective investment.

### INVESTMENT OBJECTIVES AND FUND STRUCTURE

The purpose of the Fund is to offer investors access to a world-wide selection of markets and a variety of investment techniques via a range of specialised products ("Compartments") included under a same and single structural umbrella.

The investment policy implemented in the various Compartments shall be laid down by the Board of Directors. A broad spread of risks will be achieved by diversifying investments over a large number of securities. The selection of securities will not be limited - except under the terms of the restrictions specified in the section "Investment Restrictions" below - as regards geographical area or economic consideration, nor as regards the type of investment of securities.

The Board of Directors is entitled to create new Compartments. A list of those Compartments in existence at present, together with a description of their investment policy and main features, is attached as an Appendix to this Prospectus.

This Appendix forms an integral part of this Prospectus and will be updated whenever new Compartments are created.

### ORGANISATION OF MANAGEMENT AND ADMINISTRATION

The Board of Directors is responsible for the overall management and control of the Fund.

#### **Management Company and Central Administration**

The Board of Directors has appointed VAM Global Management Company S.A. as the Management Company to be responsible on a day-to-day basis, under the supervision of the Board of Directors, for providing administration, marketing and investment management and advisory services in respect of all Compartments.

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The Management Company will delegate the functions of administrative and as well as registrar and transfer agent to VP Fund Solutions (Luxembourg) SA. As such, VP Fund Solutions (Luxembourg) SA will remain responsible for performing the general administrative functions required by Luxembourg law, processing the issue, conversion and redemption of Shares, calculating the Net Asset Value of the Shares and for maintaining the accounting records of the Fund.

The Management Company is a public limited company ("*société anonyme*") incorporated on 9 June 2016. Its registered office is at 16, rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg and its share capital amounted to EUR 300,000 as at that date.

The Management Company has been set up with the main object of creating and administering UCITS as well as other types of Luxembourg and foreign investment funds. It may manage the portfolio of such investment funds and perform all the functions enumerated in Annex II of the 2010 Law. In addition, it may distribute in Luxembourg and/or third countries the units and shares of investment funds. It may delegate all or part only of its activities in accordance with Luxembourg law.

The directors of the Management Company are:

- Peter John de Putron, Chairman of VAM Funds (Lux) and VAM Managed Funds (Lux), St Peter Port, Guernsey, United Kingdom
- Brendan Adams, Director of VAM Global S.à r.l, Fund Development Director for the VAM Group, Chesham, Bucks, United Kingdom
- Michael Lange, Partner, ME Business Solutions S.à r.l., Luxembourg, Grand Duchy of Luxembourg
- Julie Krentz, Senior Executive, VAM Global Management Company S.A., Luxembourg, Grand Duchy of Luxembourg

The conducting persons of the Management Company are:

- Brendan Adams, Director of VAM Global S.à r.l, Fund Development Director for the VAM Group, Chesham, Bucks, United Kingdom
- Benoni Dufour, Independent Director, Aspelt, Grand Duchy of Luxembourg
- Julie Krentz, Senior Executive, VAM Global Management Company S.A., Luxembourg, Grand Duchy of Luxembourg
- Maciej Mitka, Corporate Officer. VAM Global Management Company S.A., Luxembourg, Grand Duchy of Luxembourg

Pursuant to article 111ter of the 2010 Law, the Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Fund, that in accordance with the requirements of applicable laws:

- are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profiles of the Fund or with its Articles;

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- are in line with the business strategy, objective values and interests of the Management Company, which do not interfere with the obligation of the Management Company to act in the best interests of the Fund and which include measures to avoid conflicts of interest;
- include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the Investors 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 remuneration components are spread over the same period; and
- appropriately balance fixed and variable components of total remuneration in order to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable component.

The up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits, are available at <https://vam-manco.com/wp-content/uploads/2018/03/Remuneration-policy.pdf>. A paper copy is available free of charge upon request at the Management Company's registered office.

The Management Company acts in its own name and on the collective account of all Investors. It acts independently from the Depositary Bank and in the sole interest of the Shareholders.

The Management Company shall ensure compliance of the Fund with the investment restrictions and will implement the Fund's strategies and investment policy. They, with the consent of the Fund, may appoint i) one or several investment manager(s) to provide investment management services relating to a specific Compartment or ii) any other adviser, as set out in the relevant Appendix. The fees and expenses payable to such investment manager or adviser in respect of the relevant Compartment will be set out in the relevant Appendix.

They may also act as management company for other investment funds. The names of these other funds are available upon request from their respective registered offices Management Company.

They have adopted various procedures and policies in accordance with Luxembourg laws and regulations (including but not limited to CSSF regulation 10-04 and CSSF circular 18/698) such as but not limited to shareholder complaints handling procedures, conflicts of interest rules, voting rights policy of the Fund etc. Shareholders may, in accordance with Luxembourg laws and regulations, obtain a summary and/or more detailed information on such procedures and policies upon request and free of charge.

### **Depositary Bank**

VP Bank (Luxembourg) SA has been appointed by the Fund as the depositary bank in charge of (i) the safekeeping of the assets of the Fund (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as agreed from time to time and reflected in the depositary bank agreement dated 1<sup>st</sup> September 2016 and entered into for such purposes by the Fund and the Depositary Bank (the "Depositary Bank Agreement").

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The Depositary Bank is a credit institution established in Luxembourg, whose registered office is situated at 2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg and which is registered with the Luxembourg *Registre de Commerce et des Sociétés* under number B 29.509. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended.

### Duties of the Depositary Bank

The Depositary Bank is entrusted with the safekeeping of the Fund's assets. For the financial instruments which can be held in custody, they may be held either directly by the Depositary Bank or, to the extent permitted by applicable laws and regulations, through every third-party custodian/sub-custodian providing, in principle, the same guarantees as the Depositary Bank itself, i.e. for Luxembourg institutions to be a credit institution within the meaning of the law of 5 April 1993 on the financial sector or for foreign institutions, to be a financial institution subject to the rules of prudential supervision considered as equivalent to those provided by EU legislation. The Depositary Bank also ensures that the Fund's cash flows are properly monitored, and in particular that the subscription monies have been received and all cash of the Fund has been booked in the cash account in the name of (i) the Fund and/or Compartment, (ii) the Management Company on behalf of the Fund or (iii) the Depositary Bank on behalf of the Fund.

In addition, the Depositary Bank shall:

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

The Depositary Bank regularly provides the Fund and its Management Company with a complete inventory of all assets of the Fund.

### Delegation of functions

Pursuant to the provisions of the Depositary Bank Agreement, the Depositary Bank may, subject to certain conditions and in order to more efficiently conduct its duties, delegate part or all of its safekeeping duties over the Fund's assets including but not limited to holding assets in custody or, where assets are of such a nature that they cannot be held in custody, verification of the ownership of those assets as well as record-keeping for those assets, referred to in Article 34 (3) of the 2010 Law to one or more third-party delegates appointed by the Depositary Bank from time to time.

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The Depositary Bank shall exercise care and diligence in choosing and appointing the third-party delegates so as to ensure that each third-party delegate has and maintains the required expertise and competence. The Depositary Bank shall also periodically assess whether the third-party delegates fulfil applicable legal and regulatory requirements and will exercise ongoing supervision over each third-party delegate to ensure that the obligations of the third-party delegates continue to be competently discharged. The fees of any third-party delegate appointed by the Depositary Bank shall be paid by the Fund.

The liability of the Depositary Bank shall not be affected by the fact that it has entrusted all or some of the Fund's assets in its safekeeping to such third-party delegates.

In the case of a loss of a financial instrument held in custody, the Depositary Bank shall return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay, except if such loss results from an external event beyond the Depositary Bank's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

According to article 34bis(3) of the 2010 Law, the Depositary Bank and the Fund will ensure that, where (i) the law of a third country requires that certain financial instruments of the Fund be held in custody by a local entity and there is no local entities in that third country subject to effective prudential regulation (including minimum capital requirements) and supervision and (ii) the Fund instructs the Depositary Bank to delegate the safekeeping of these financial instruments to such a local entity, the Investors shall be duly informed, prior to their investment, of the fact that such delegation is required due to the legal constraints of the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation.

Foreign securities that are bought or sold abroad or which further to the Fund orders are held in custody by the Depositary Bank either in the Grand Duchy of Luxembourg or abroad, are normally subject to a foreign legal system. The rights and duties of the Depositary Bank or the Fund are therefore also determined in accordance with this legal system, which may also provide for disclosure of the investor's name. When purchasing Shares investors should be aware of the fact that the Depositary Bank may be required to provide such information to foreign offices to comply with legal or regulatory obligations.

In VP Bank (Luxembourg) SA's capacity as depositary bank for investment funds, the Depositary Bank takes advantage of a group-wide service platform using VP Bank AG, Aeulestrasse 6, LI-9490 Vaduz as single sub-custodian (the "Single Sub-Custodian").

All assets of investment funds are segregated as follows:

- Segregated account per each fund on the level of the Single Sub-Custodian, and
- Segregated account per fund type (AIF or UCITS) on the level of each sub-custodian/market.

In addition, a specific setup is maintained for the Fund, using Bank of New York Mellon as a "Global Sub-Custodian" (also through the Single Sub-Custodian).

For each of the Compartments, an explicit segregated account is maintained at level of Bank of New York Mellon and, depending on local setup and market requirements, each Compartment's assets are segregated further up into the target market (e.g. Korea, India and alike).

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A list of the third party delegates is available, free of charge, at the registered office of the Depositary Bank upon request and may be accessed under [www.vpbank.com/ssi\\_sub-custody\\_network\\_en](http://www.vpbank.com/ssi_sub-custody_network_en).

### Conflicts of interests

In carrying out its functions, the Depositary Bank shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the Investors.

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary Bank and/or its affiliates of other services to the Fund, the Management Company and/or other parties (including conflicts of interest between the Depositary Bank and third parties to whom some functions have been delegated). Depositary Bank's affiliates may also be appointed as third-party delegates of the Depositary Bank. Potential conflicts of interest may be a risk of fraud (unreported irregularities to the competent authorities to avoid bad reputation), legal recourse risk (reluctance or avoidance to take legal steps against the Depositary Bank), selection bias (the choice of the Depositary Bank not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the depositary's solvency) or single group exposure risk (intragroup investments). For example, the Depositary Bank and/or its affiliates may act as the depositary, custodian and/or administrator of other funds. It is therefore possible that the Depositary Bank (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary Bank (or any of its affiliates) acts.

Where a conflict or potential conflict of interest arises, the Depositary Bank will have regard to its obligations to the Fund and will treat the Fund and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are based on objective pre-defined criteria and meet the sole interest of the Fund and the Investors. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, by the hierarchical and functional separation of VP Bank (Luxembourg) SA's depositary functions from its other potentially conflicting tasks and by the Depositary Bank adhering to its own conflicts of interest policy.

The list of any current and potential conflicts of interest identified is available, free of charge, at the registered office of the Depositary Bank upon request.

### Miscellaneous

The Depositary Bank or the Fund may terminate the Depositary Bank Agreement at any time upon three (3) calendar months' written notice (or earlier in case of certain breaches of the Depositary Bank Agreement, including the insolvency of any party). In this case, the Management Company will make an effort to appoint another Depositary Bank within two months with the approval of the responsible regulatory authority; up to then the former Depositary Bank shall continue to fulfil its obligations as Depositary Bank without reservation for the protection of the interests of the Shareholders. As from the termination date, the Depositary Bank will no longer be acting as the Fund's depositary and will therefore no longer assume any of the duties and obligations, nor be subject to the liability regime imposed by the 2010 Law with respect to any of the services it would be required to carry out after the termination date.

Up-to-date information regarding the description of the Depositary Bank's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary Bank, the list of third-



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party delegates and any conflicts of interest that may arise from such a delegation will be made available to investors on request at the Depositary Bank's registered office.

The Depositary Bank has been appointed as main paying agent of the Fund with the obligation to perform dividend payments, if any, the payment of the redemption price of shares and other payments.

### **Administrative Agent, Registrar and Transfer Agent and Domiciliary Agent**

The Management Company has delegated the functions of administrative and registrar and transfer agent to VP Fund Solutions (Luxembourg) SA. As such, VP Fund Solutions (Luxembourg) SA is responsible for performing the general administrative functions required by Luxembourg law, processing the issue, conversion and redemption of Shares, calculating the Net Asset Value of the Shares and for maintaining the accounting records of the Fund.

As domiciliary agent appointed by the Fund, VP Fund Solutions (Luxembourg) SA is primarily responsible for receiving and keeping safely any and all notices, correspondence, telephonic advice or other representations and communications received for the account of the Fund, as well as for providing such other facilities as may from time to time be necessary in the course of the day-to-day administration of the Fund.

VP Fund Solutions (Luxembourg) SA is a public limited company ("société anonyme") established in Luxembourg. It was incorporated under the denomination "De Maertelaere Luxembourg S.A." on 28 January 1993 and is registered with the RCS under number B 42.828. Its registered office is at 2, rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg. Its articles have been last amended on 18 May 2016. Its share capital amounted to CHF 5,000,000 as at 31 December 2018.

### **Investment Managers**

The Board of Directors is responsible for the determination of the investment policy of the Fund and of the different Compartments.

The Investment Managers appointed by the Management Company, with the consent of the Fund for the day-to-day management of the Compartments' assets are indicated in the Appendix.

The ultimate responsibility of the management of each Compartment belongs to the Board of Directors.

## **RIGHTS OF THE SHAREHOLDERS**

### **Shares**

The Shares in each Compartment are only issued in registered form, with no par value and fully paid-up. The issuance of fractions of Shares to a maximum of three decimal places is permitted. No certificates will be issued. All owners of the Shares will have their names entered into the shareholders' register which will be held at the Fund's registered office (the "Shareholders' Register"). Shares repurchased by the Fund shall be cancelled.

All Shares are freely transferable and have an equal entitlement to any profits, proceeds of liquidation and dividends relating to the Compartment to which they pertain.

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Each Share gives right to one vote. Fractional Shares do not, however, possess voting rights. Shareholders are also entitled to the general Shareholder rights as described in the Luxembourg law dated 10 August 1915 and its subsequent amendments, with the exception of pre-emption rights to subscribe to new Shares.

Shareholders will only receive confirmation that their names have been recorded in the Shareholders' Register.

### **Classes of Shares**

The Board of Directors may, at any time, decide to create, within each Compartment, different Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Compartment, but where a specific fee structure, currency of denomination or other specific feature may apply to each Class. All Classes of Shares of the same Compartment will be invested in the same underlying portfolio.

Unless otherwise specified in the Appendix, each Compartment may issue Shares in the following main classes: Class A, Class B, Class C and Class E having the features described below under section "Eligibility requirements". Classes of Shares may be made available in various currencies as the Board of Directors may decide from time to time. These Classes of Shares may be offered either as accumulation ("acc.") or distribution ("distr.") Shares and may or may not be hedged as described below. Not all Compartments will offer all Classes of Shares and some Compartments may offer additional Classes of Shares with specific features and/or vary the characteristics of the Class of Shares described hereafter. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class. Please refer to [www.vam-funds.com](http://www.vam-funds.com) for a complete list of available Classes and the effective rate of fees applicable to each Class of Shares.

The rules relating to the calculation of a Net Asset Value per Compartment apply, *mutatis mutandis*, to the calculation of a Net Asset Value per Class.

The subscription price for Shares in each Class is invested in the assets of the relevant Compartment. In principle, all assets and liabilities related to a specific Class of Shares are allocated to that Class. To the extent that costs and expenses are not directly chargeable to a specific Compartment, they shall be shared out proportionally among the various Compartments according to their Net Asset Values or, if circumstances warrant it, allocated on an equal footing to each Compartment. The assets of a specific Compartment will only meet the liabilities, commitments and obligations relating to such Compartment.

### **Eligibility requirement**

Investors may subscribe to Shares of Classes not otherwise reserved to specific investors and subject to the Minimum Initial Subscription and Holding requirements of each Class. The Board of Directors may decide to waive at its discretion any Minimum Initial Subscription, Minimum Holding and Subsequent Minimum Subscription Amounts.

The Board of Directors shall not give effect to any transfer of Shares in the Shareholders' Register as a consequence of which an investor will not meet the minimum holding requirements (or the specific minimum holding requirement referred to in the Appendix, as the case may be).

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If, as a result of a redemption request, the value of any holding decreases below the minimum holding requirements (or the specific minimum holding requirement set out in the Appendix, as the case may be), then such request may be treated as a request for redemption of the entire holding.

Investors should consult the Appendix in order to verify if any specific features apply to the Classes of Shares they wish to subscribe to.

### **Class A Shares**

Class A Shares may be subscribed by all investors, subject to the Minimum Initial Subscription and Holding requirements set forth below.

Minimum Initial Subscription Amount:	USD 10,000 (or other currency equivalent)
Minimum Subsequent Subscription Amount:	USD 1,000 (or other currency equivalent)
Minimum Holding Amount:	USD 10,000 (or other currency equivalent)

### **Class B Shares**

Class B Shares are reserved to investors qualifying as Institutional Investors, subject to the Minimum Initial Subscription and Minimum Holding Amount requirements set forth below.

Minimum Initial Subscription Amount:	USD 20,000 (or other currency equivalent)
Minimum Subsequent Subscription Amount:	USD 2,000 (or other currency equivalent)
Minimum Holding Amount:	USD 20,000 (or other currency equivalent)

### **Class C Shares**

Class C Shares may only be subscribed by investment funds of the VAM group.

No minimum Initial Subscription Amount, Minimum Subsequent Subscription Amount nor Minimum Holding Amount applies.

### **Class E Shares**

Class E Shares are reserved to investors qualifying as Institutional Investors, subject to the Minimum Initial Subscription and Minimum Holding Amount requirements set forth below.

Minimum Initial Subscription Amount:	USD 100,000 (or other currency equivalent)
Minimum Subsequent Subscription Amount:	USD 10,000 (or other currency equivalent)
Minimum Holding Amount:	USD 100,000 (or other currency equivalent)

### **Management Fees**

Unless specifically provided otherwise in the Appendix for any specific Compartment, the Management Company will receive the following fees:

- Class A Shares up to 1.75% per annum
- Class B Shares up to 1.75% per annum
- Class C Shares up to 0.75% per annum

## VAM FUNDS (LUX)

Class E Shares up to 1.00% per annum  
calculated on the Net Asset Value of the relevant Share Class on the relevant Valuation Day.

These fees will be accrued on each Valuation Day and are payable monthly in arrears.

### **Performance Fees**

In addition to the Management Fee, a performance fee may be paid to the Management Company on a quarterly basis in relation to Class A, Class B and Class C Shares. The Management Company will be entitled to a performance fee calculated and due in relation of each Valuation Day for each Share and fraction thereof in issue, unless specifically provided otherwise in the Appendix for any specific Compartment, at the rate of 15% of the difference – if positive – between:

- the Net Asset Value per Share before deduction of the daily performance fee to be calculated, but after deduction of all other fees attributable to the respective Class of Shares, including but not limited to the Management Fee;  
and
- the greater of ("High Water Mark")
  - (i) the highest Net Asset Value per Share of the Class recorded on any preceding day during the same financial year of the Fund,  
and
  - (ii) the last Net Asset Value per Share of the Class recorded for the immediately preceding financial year of the Fund,  
each of them increased on a prorata temporis basis by a rate of 12% p.a. (the "hurdle rate").

In relation to Classes of Shares launched during the financial year of the Fund, the initial High Water Mark shall be equal to the initial subscription price of such Class of Shares. Performance of Classes of Shares in currencies other than the reference currency of the Compartment shall be measured in the currency of such Classes of Shares.

The amounts so accumulated during each calendar quarter shall be paid to the Management Company after each calendar quarter end.

No performance fee is due in relation to Class E Shares.

### **CURRENCY HEDGING**

Unless specifically provided otherwise in the Appendix for any specific Compartment, Share Classes not denominated in the Reference Currency of the Compartment ("Alternate Currencies") will systematically and fully (as described below) hedge their currency exposure to the Reference Currency of the Compartment, in the forward currency market, whether the Alternate Currencies exposure is declining or increasing in value relative to the Reference Currency. Whilst holding hedged Shares may substantially protect the investor against losses due to unfavourable movements in the exchange rates of the Alternate Currencies against the Reference Currency, holding such Shares may also substantially limit the benefits of the investor in case of favourable movements. Investors should note that it will not be possible to fully hedge the total Net Asset Value of Alternate Currencies Class of Shares against currency fluctuations of the Reference Currency, the

## VAM FUNDS (LUX)

aim being to implement a currency hedge equivalent to between 95% and 105% of the Net Asset Value of the respective Alternate Currencies Class of Shares. Changes in the value of the portfolio or the volume of subscriptions and redemptions may however lead to the level of currency hedging temporarily surpassing the limits set out above. In such cases, the currency hedge will be adjusted without undue delay. The Net Asset Value per Share of the Alternate Currencies Classes does therefore not necessarily develop in the same way as that of the Shares in Reference Currency. It is not the intention of the Board of Directors to use the hedging arrangements to generate a further profit for the Alternative Currencies Classes.

Investors should note that there is no segregation of liabilities between the individual Shares Classes within a Compartment. Hence, there is a risk that under certain circumstances, hedging transactions in relation to a Share Classes not denominated in the Reference Currency of the Compartment could result in liabilities affecting the Net Asset Value of the other Shares Classes of the same Compartment. In such case assets of other Shares Classes of such Compartment may be used to cover the liabilities incurred by the Share Classes not denominated in the Reference Currency of the Compartment.

Share Classes denominated with the suffix ("NH") will not hedge their currency exposure to the Reference Currency of the Compartment.

### **General Meetings of Shareholders**

The annual general meeting of Shareholders shall be held each year at the Fund's registered office or at any other location in Luxembourg which will be specified in the convening notice to the meeting.

The annual general meeting shall be held on the third Wednesday of April at 3.30 p.m. or, if this happens to be an official holiday in Luxembourg, on the next working day thereafter. If permitted by and under the conditions set forth in Luxembourg laws and regulations, the annual general meeting may be held at a date, time or place other than those set forth in the preceding paragraph, that date, time or place to be decided by the Board of Directors.

Shareholders will be convened in accordance with Luxembourg law. The convening notices shall include details of the time and place of the meeting, the agenda, conditions for admission and requirements concerning the quorum and majority voting rules as laid down by Luxembourg law.

The notice of any general meeting of Shareholders may also provide that the quorum and the majority of such general meeting shall be determined by reference to the Shares issued and outstanding at midnight on the fifth day preceding the day on which such meeting of Shareholders will be held (the "Record Date"), whereas the right of a Shareholder to attend a general meeting of Shareholders and to exercise the voting rights attaching to his/its/her Shares shall be determined by reference to the Shares held by this Shareholder as at the Record Date.

In accordance with the Articles and Luxembourg law, all decisions taken by the Shareholders pertaining to the Fund shall be taken at the general meeting of all Shareholders. Any decisions affecting Shareholders in one or several Compartments may be taken by just those Shareholders in the relevant Compartments to the extent that this is allowed by law. In this particular instance, the requirements on quorum and majority voting rules as laid down in the Articles shall apply.

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### SUBSCRIPTIONS

Subscriptions for Shares in each Compartment shall be accepted at the issue price, as defined hereunder in the paragraph "Issue Price", at the office of the Administrative Agent as well as at any other intermediaries authorised to do so by the Fund.

The Board of Directors may from time to time accept subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant Compartment pursuant to its investment policy and restrictions. Any such contribution in kind will, if required by applicable laws and regulations or by the Board of Directors, be valued in an auditor's report drawn up in accordance with the requirements of Luxembourg law.

Unless specifically provided otherwise in the Appendix for any specific Compartment, for any subscription received by the Administrative Agent prior to 4 p.m. Central European Time ("CET") (or such time as may be indicated in the Appendix for any specific Compartment) on the business day prior to a Valuation Day ("Cut off Time"), the Net Asset Value calculated on that Valuation Day will be applicable. At the time of placement of the order by the investor, the Net Asset Value per Share of the relevant Compartment or Share Class will thus be unknown ("forward pricing"). At the level of the sales agencies or intermediaries, whether in Luxembourg or abroad, earlier cut-off times for receipt of orders may be applied to ensure timely forwarding of the orders to the Administrative Agent. These earlier cut-off times can be obtained from the respective sales agencies or intermediaries.

For any subscription received by the Administrative Agent after the Cut off Time, the Net Asset Value applicable will be the Net Asset Value as calculated on the following Valuation Day.

The amount for the issue price shall be paid or transferred, in the reference currency of the relevant Compartment or Share Class, into the account of the Depository Bank or of the Distributor, to the order of the Fund with reference to the Compartment(s) or Share Class(es) concerned within four Luxembourg bank business days following the relevant Valuation Day.

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended law of 12 November 2004 on the fight against money laundering and financing of terrorism), the Grand Ducal Regulation dated 1 February 2010, CSSF regulation 12-02 of 14 December 2012 and relevant CSSF circulars concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from money laundering and financing of terrorism purposes. As a result of such provisions, the register and transfer agent of a Luxembourg undertaking for collective investment (UCI) must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The register and transfer agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the register and transfer agent, as delegate of the Fund, may require any other information that the Fund may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined hereafter).

In case of delay or failure by an applicant to provide the required documentation, the subscription request will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the undertaking for collective investment nor the register and transfer agent will be held responsible for said

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delay or failure to process deals resulting from the failure of the applicant to provide documentation or incomplete documentation.

From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' on-going due diligence obligations according to the relevant laws and regulations.

### **ISSUE PRICE**

The issue price for Shares in each Compartment is equal to the Net Asset Value of each Share in that Compartment, calculated on the relevant Valuation Day.

Unless specifically provided otherwise in the Appendix for any specific Compartment, a subscription fee of up to 5% of the subscription proceeds (representing up to 5.26% of the net assets value of the Shares being subscribed) may be charged for the benefit of Distributors and other financial intermediaries.

This issue price may also be increased to cover any duties, taxes and stamp duties which may have to be paid.

### **REDEMPTIONS**

Shareholders are entitled at any time to redeem all or part of their Shares at the redemption price as defined in paragraph "Redemption Price" below, by addressing an irrevocable application for redemption to the Administrative Agent, or other authorized intermediaries.

The Board of Directors may request in accordance with the provisions of the Articles, that a Shareholder accepts "redemption in kind" i.e. receives a portfolio of stock from the relevant Class of equivalent value to the appropriate cash redemption payment. In such circumstances the Shareholder must specifically accept the redemption in kind. He may always request a cash redemption payment in the reference currency of the Class. Where the Shareholder agrees to accept redemption in kind he will, as far as possible, receive a representative selection of the Class' holdings pro rata to the number of Shares redeemed and the Board of Directors will make sure that the remaining Shareholders do not suffer any loss therefrom. The value of the redemption in kind will, if required by applicable laws and regulations or by the Board of Directors, be certified by a certificate drawn up by the auditors of the Fund in accordance with the requirements of Luxembourg law.

Unless specifically provided otherwise in the Appendix for any specific Compartment, for any request for redemption received by the Administrative Agent by 4 p.m. CET on the business day prior to a Valuation Day, the Net Asset Value calculated on that Valuation Day shall be applicable. At the time of placement of the order by the investor, the Net Asset Value per Share of the relevant Compartment or Share Class will thus be unknown ("forward pricing"). At the level of the sales agencies or intermediaries, whether in Luxembourg or abroad, earlier cut-off times for receipt of orders may be applied to ensure timely forwarding of the orders to the Administrative Agent. These earlier cut-off times can be obtained from the respective sales agencies or intermediaries.

For any request for redemption received by the Administrative Agent after 4 p.m. CET on the business day prior to a Valuation Day, the Net Asset Value applicable will be the Net Asset Value as calculated on the following Valuation Day.

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If, because of applications for redemption or conversion, it is necessary on a given Valuation Day to repurchase or convert more than 10% of the Shares issued in a particular Compartment, the Board of Directors may decide that redemptions or conversions have to be postponed to the next Valuation Day for that Compartment. On that Valuation Day, applications for redemption or conversion which had been postponed (and not withdrawn) shall be given priority over applications for redemption or conversion received in relation to that Valuation Day (and which had not been postponed).

The proceeds from the Shares presented for redemption shall be paid by transfer in the reference currency of the Compartment concerned within five Luxembourg bank business days following the relevant Valuation Day (see paragraph "Redemption Price" below).

### **COMPULSORY REDEMPTION OF SHARES**

If the Board of Directors become aware that a Shareholder of record is holding Shares for the account of a person who does not meet the Shareholder eligibility requirements specified in this Prospectus, or is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Fund including a requirement to register under the laws and regulations of any country or authority or a majority of its Shareholders, or otherwise be detrimental to the interests of the Fund, the Directors may compulsorily redeem such Shares in accordance with the provisions of the Articles. Shareholders are required to notify the Fund and the Management Company immediately if they cease to meet the Shareholder eligibility requirements specified in "Subscriptions" and "Eligibility Requirements" above or in the Appendix, or hold Shares for the account or benefit of any person who does not or has ceased to meet such requirements, or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may either have adverse regulatory, tax or fiscal consequences for the Fund or be detrimental to the interests of the Fund.

If the Board of Directors becomes aware that a Shareholder has failed to provide any information or declaration required by the Directors within ten days of being requested to do so, the Directors may compulsorily redeem the relevant Shares in accordance with the provisions of the Articles.

The Board of Directors or any duly appointed agent may further decide to compulsorily redeem Shares the subscription of which would not be made in accordance with the Prospectus or whose wired subscription amounts would be insufficient to cover the relevant subscription price (including, for the avoidance of doubt, any applicable subscription charge). Such redemption will be carried out under the most favourable conditions for the Fund, including among other the possibility for the Fund to keep the difference between the redemption price and the subscription price when the latter is lower than the former or claim to the relevant investor that difference when the latter is higher than the former.

### **REDEMPTION PRICE**

The redemption price for Shares in each Compartment is equal to the Net Asset Value of each Share in that Compartment as calculated on the first Valuation Day after the application for redemption has been received by the Fund.

The repurchase price may also be reduced to cover any duties, taxes and stamp duties which might have to be paid.



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The redemption price could be higher or lower than the subscription price paid, depending on the variation of the Net Asset Value during that interval.

### CONVERSION

Any Shareholder may request the conversion of all or part of his Shares in one Compartment into Shares of another Compartment, subject to the restrictions defined in the Appendix, on the basis of the respective Net Asset Values as calculated on the Valuation Day of the Compartments concerned plus the amounts charged for the issue and the redemption as mentioned above.

Unless specifically provided otherwise in the Appendix for any specific Compartment, for any conversion requests received by the Administrative Agent by 4 p.m. CET on the business day prior to a Valuation Day, the Net Asset Values calculated on that Valuation Day will be applicable. At the time of placement of the order by the investor, the Net Asset Value per Share of the relevant Compartments or Share Classes will thus be unknown ("forward pricing"). On the level of the sales agencies or intermediaries, whether in Luxembourg or abroad, earlier cut-off times for receipt of orders may be applied to ensure timely forwarding of the orders to the Administrative Agent. These earlier cut-off times can be obtained from the respective sales agencies or intermediaries.

For any conversion requests received by the Administrative Agent after 4 p.m. CET on the business day prior to a Valuation Day, the Net Asset Value applicable will be the Net Asset Value as calculated on the following Valuation Day.

The above provisions apply, *mutatis mutandis*, to conversions between Share Classes.

### MARKET TIMING & LATE TRADING

Investors are informed that the Board of Directors is entitled to take adequate measures in order to prevent practices known as "Market-Timing" in relation to investments in the Fund. The Board of Directors will also ensure that the relevant cut-off time for requests for subscription, redemption and conversion are strictly complied with and will therefore take adequate measures to prevent practices known as "Late Trading".

The Board of Directors is entitled to reject requests for subscription and conversion in the event that it has knowledge or suspicions of the existence of Market Timing practices. In addition, the Board of Directors is authorised to take any further measures deemed appropriate to prevent Market Timing to take place.

### CALCULATION OF THE NET ASSET VALUE

The Net Asset Value as well as issue, redemption and conversion prices for Shares are calculated by the Administrative Agent for each Compartment in the reference currency of the Compartment on the basis of the last available prices, at intervals which may vary for each Compartment and are specified in the Appendix.

The Net Asset Value of a Share in each Compartment will be calculated by dividing the net assets of that Compartment by the total number of Shares outstanding of that Compartment. The net assets of a Compartment correspond to the difference between the total assets and the total liabilities of the Compartment.

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The Fund's consolidated total net assets will be expressed in USD and correspond to the difference between the total assets and the total liabilities of the Fund. In order to calculate this value, the net assets of each Compartment will, unless they are already expressed in USD, be converted into USD, and added together.

The assets of the Fund shall be valued as follows:

- a) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Fund may consider appropriate in such case to reflect the true value thereof;
- b) The value of such securities, financial derivative instruments and assets will be determined on the basis of the last available price of the relevant stock exchange or any other Eligible Market as aforesaid on which these securities or assets are traded or admitted for trading. Where such securities or other assets are quoted or dealt in one or more than one stock exchange or any other Eligible Market, the Board of Directors shall make regulations for the order of priority in which such stock exchanges or other Eligible Markets shall be used for the provisions of prices of securities or assets;
- c) If a security is not traded or admitted on any official stock exchange or any Eligible Market, or in the case of securities so traded or admitted where the last available price of which does not reflect their true value, the Board of Directors shall proceed on the basis of their expected sales price, which shall be valued with prudence and in good faith;
- d) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in accordance with best market practice;
- e) Units or shares in undertakings for collective investment shall be valued on the basis of their last available Net Asset Value whether final or estimated as reported by such undertakings;
- f) Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis. All other assets, where practice allows, may be valued in the same manner;
- g) If any of the aforesaid valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Fund's assets, the Board of Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures;
- h) Any assets or liabilities in currencies other than the base currency of the respective Compartment will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

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The Board of Directors is entitled to adopt any other appropriate principles for valuing the Fund's assets in the event that extraordinary circumstances make it impracticable or inappropriate to determine the values according to the criteria specified above.

In cases when applications for subscription or redemption are sizeable, the Board of Directors may assess the value of the Share on the basis of rates during the trading session on the stock exchanges or markets during which it was able to buy or sell the necessary securities for the Fund. In such cases, a single method of calculation will be applied to all applications for subscription or redemption received at the same time.

### **SWING PRICING**

Under certain circumstances (for example, large volumes of deals) investment and/or disinvestment costs may have an adverse effect on the Shareholders' interests in a Compartment. In order to prevent this effect, called "dilution", the Board of Directors have the authority to allow for the Net Asset Value per Share to be adjusted by effective dealing and other costs and fiscal charges which would be payable on the effective acquisition or disposal of assets in the relevant Compartment if the net capital activity exceeds, as a consequence of the sum of all subscriptions, redemptions or conversions in such a Compartment, such threshold percentage (the "Threshold") as may be determined from time to time by the Board of Directors, of the Compartment's total net assets on a given Valuation Day.

#### **Description of the swing pricing procedure:**

If the net capital activity on a given Valuation Day leads to a net inflow of assets in excess of the Threshold in the relevant Compartment, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Compartment is adjusted upwards by the swing factor that shall be determined from time to time by the Board of Directors. The maximum limit (in terms of percentage of Net Asset Value) for each case of net inflow in excess of the Threshold is currently 2%.

If the net capital activity on a given Valuation Day leads to a net outflow of assets in excess of the Threshold in the relevant Compartment, the Net Asset Value used to process all subscriptions, redemptions or conversions in such a Compartment is adjusted downwards by the swing factor that shall be determined from time to time by the Board of Directors. The maximum limit (in terms of percentage of Net Asset Value) for each case of net outflow in excess of the Threshold is currently 2%.

### **SUSPENSION OF THE CALCULATION OF NET ASSET VALUE, ISSUE / REDEMPTION AND CONVERSION PRICES**

The calculation of the Net Asset Value or the issue, redemption and conversion prices of Shares in one or more Compartments may be suspended in the following circumstances:

- During any period when any of the principal stock exchanges or markets on which any substantial portion of the investments of the Fund attributable to such Compartment from time to time are quoted or dealt with, is closed or during which dealings are restricted or suspended;
- During the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Fund attributable to such Compartment would be impracticable;

## VAM FUNDS (LUX)

- In the case of the suspension of the calculation of the Net Asset Value of one or several of the funds in which the Fund has invested a substantial portion of the assets attributable to such Compartment;
- During any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments attributable to any particular Compartment or the current prices or values on any stock exchange or market;
- During any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of such Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange;
- in the event of the publication (i) of the convening notice to a general meeting of Shareholders at which a resolution to wind-up the Fund, a Compartment or a Class of Shares is to be proposed, or of the decision of the Board of Directors to wind-up one or more Compartments or Classes of Shares, or (ii) to the extent that such a suspension is justified for the protection of the Shareholders, of the notice of the general meeting of Shareholders at which the merger of the Fund, a Compartment or a Class of Shares is to be proposed, or of the decision of the Board of Directors to merge the Fund, one or more Compartments or Classes of Shares.

In such cases of suspension, Shareholders who have submitted applications to subscribe to, redeem or convert Shares in Compartments affected by the suspensions shall be notified in the event that the suspension period is extended.

The Fund may, at any time and at its discretion, temporarily discontinue, cease permanently or limit the issue of Shares in one or more Compartments to persons or corporate bodies resident or domiciled in some countries or territories. The Fund may also prohibit them from acquiring Shares if such a measure is necessary to protect the Shareholders as a whole and the Fund.

In addition, the Fund is entitled to:

- a) reject, at its discretion, any application to subscribe to Shares;
- b) repurchase, at any time, Shares which have been acquired in violation of a measure of exclusion taken by virtue of the Fund.

## INCOME DISTRIBUTION

### Accumulation Shares

The principal investment objective of each Compartment is to achieve capital appreciation and the generation of income will not be an overriding consideration in determining investment policy. Unless a Share Class is identified as a "Distributing Class" or a distribution policy is otherwise specified in the relevant Appendix, all Share Classes of all Compartments have an accumulation policy and, consequently, no distributions will be paid.

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### **Distributing Shares**

The Board of Directors reserves the right, within the limits of applicable law, to introduce a distribution policy which may vary according to each Compartment.

Distributions attributable to Shareholders in Share Classes which are designated as Distributing Shares will generally be distributed annually unless otherwise specified in the relevant Appendix for such Share Classes. Such distributions will ordinarily be automatically paid to Shareholders by wire transfer, at the risk of and cost to the relevant Shareholder. In the case of joint Shareholders, payment will be made to the first named Shareholder. Payment of distributions will be made in the reference currency of the Compartment. Shareholders may also elect to receive distributions in the currency of denomination of the Share Class they hold at their risk and cost.

All distributions on Shares to the value of less than USD 100 (or its equivalent in the reference currency of the relevant Share Class), will, however, be automatically reinvested for the account of the Shareholder (at no initial charge). Distributions which are not automatically reinvested and which are not collected within five years will lapse and accrue for the benefit of the relevant Compartment in accordance with Luxembourg law.

If specifically requested of the Administrative Agent in writing, distributions on Shares will be reinvested into Shares in the same Class (at no initial charge) for the account of the Shareholders concerned.

### **FUND EXPENSES**

The Management Company is entitled to such fees as described in the sub-section "Management Fees" above.

The Investment Manager(s) shall be remunerated by the Management Company out of the fees that it receives from the Fund.

In addition to the fees described in the sub-section "Management Fees" above, the Depositary Bank, the Management Company and the Administrative Agent are entitled to further fees of an aggregate maximum of 0.5% per annum of the net assets of the Fund, payable on a monthly basis.

Other costs charged to the Fund include:

- 1) All taxes and duties which might be due on the Fund's assets or income earned by the Fund, in particular the subscription tax (see paragraph Tax Status below) charged on the Fund's net assets.
- 2) Brokerage fees and charges on transactions involving securities in portfolio.
- 3) Remuneration of the Depositary Bank's correspondents.
- 4) Extraordinary costs incurred, particularly for any verification procedures or legal proceedings undertaken to protect the Shareholders' interests.

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- 5) The cost of preparing, printing and filing of administrative documents, prospectuses and explanatory memoranda with all authorities, the rights payable for the registration and maintenance of the Fund with all authorities and official stock exchanges, the cost of preparing, translating, printing and distributing periodical reports and other documents required by law or regulations, the cost of accounting and calculating the Net Asset Value, the cost of preparing, distributing and publishing notifications to Shareholders, fees for legal consultants, experts and independent auditors, and all similar operating costs when invoiced out of the net assets of the relevant Compartment.

The fees associated with the creation of a new Compartment will be, in principle, exclusively borne by this new Compartment. Nevertheless the Board of Directors may decide, in circumstances where it would appear to be fairer to the Compartments concerned, that the initial setting up costs of the Fund, not yet amortised at the time the new Compartment is launched, will be equally borne by all existing Compartments including the new Compartment. The Board of Directors may also decide that the costs associated with the opening of new Compartments be borne by the existing Compartments.

Each of the Directors of the Board of Directors will be entitled to remuneration for his services at the rate determined by the general meeting of Shareholders from time to time. In addition, each Director may be paid reasonable travelling, hotel and other incidental expenses for attending and returning from board meetings or general meetings of Shareholders as well as for visiting the Investment Manager(s).

All recurring expenditure is paid when incurred or invoiced from the net assets of the Compartment. Other expenditure may be amortised over a period not exceeding five years.

Charges involved in the calculation of the Net Asset Values of the various Compartments shall be spread between the Compartments in proportion to their net assets, except in cases where charges specifically relate to one Compartment, in which case they will be charged to that Compartment.

### TAX STATUS

The Fund is subject to Luxembourg tax legislation. 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 shareholder or potential Shareholder. Prospective Shareholders 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.

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

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

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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 rate of 0.01% per annum is applicable to Luxembourg UCITS 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 also applicable to UCITS individual compartments of UCITS with multiple compartments referred to in the 2010 Law, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS 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) UCIs, 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 qualifying as exchange traded funds, and (v) UCIs and individual compartments thereof with multiple compartments 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 as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

### **Taxation of the Shareholders**

#### Luxembourg resident individuals

Capital gains realised on the sale of the Shares by Luxembourg resident individuals Shareholders 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 Fund.

Distributions made by the Fund will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale.

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### Luxembourg resident corporate

Luxembourg resident corporate Shareholders will be subject to corporate taxation on capital gains realised upon disposal of Shares and on the distributions received from the Fund.

Luxembourg corporate resident Shareholders who benefit from a special tax regime, such as, for example, (i) a UCI subject to the 2010 Law, (ii) specialised investment funds subject to the amended law of 13 February 2007 on specialised investment funds, (iii) a reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds (to the extent they have not opted to be subject to general corporation taxes), or (iv) family wealth management companies subject to the amended law of 11 May 2007 related to family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Shareholders except if the holder of the Shares is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the amended law of 22 March 2004 on securitisation, (iii) an investment company governed by the amended law of 15 June 2004 on the investment company in risk capital, (iv) a specialised investment fund subject to the amended law of 13 February 2007 on specialised investment funds or (v) a reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds (to the extent they have not opted to be subject to general corporation taxes) or (vi) a family wealth management company subject to the amended law of 11 May 2007 related to 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 realised upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax.

### **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.

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



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authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund may require its Shareholders 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. The Fund shall communicate any information to the Shareholders according to which (i) the Fund is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will *inter alia* be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*); (iv) responding to CRS-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the Shareholder has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

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.

The Controllers are responsible for the treatment of the personal data provided for in the CRS Law. The personal data may be used for the purposes of the CRS Law and such other purposes indicated by the Controllers in the Prospectus in accordance with applicable data protection legislation, and may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*). Responding to CRS-related questions is mandatory. The investors have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and may contact the Controllers at their registered office to exercise their right.

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

### **UK Tax considerations**

The statements on taxation below are intended to be a general summary of the UK tax treatment that may be applicable to the Fund and its investors. The statements relate only to investors who are resident for UK tax purposes in the UK (and where such persons are individuals, only to those domiciled in the UK), who are beneficial owners of their Shares and who hold their Shares as an investment other than as securities to be realised in the course of a trade. It is intended as a general summary only, based on current law and practice in force as of the date of this Prospectus. Such law and practice may be subject to change, and the below summary is not exhaustive.

**This summary should not be taken to constitute legal or tax advice, and any prospective investors should consult their own professional advisers on the implications of making an investment in, and**

**holding or disposing of, Shares and of the receipt of distributions (whether or not on redemption) with respect to such Shares under the law of the countries in which they are liable to taxation.**

The Directors intend that the affairs of the Fund will be managed and conducted so that it should not be regarded as resident in the UK for UK taxation purposes. Accordingly, and provided that the Fund does not carry on a trade in the UK through a permanent establishment in the UK, the Fund will not be subject to UK corporation tax on income and capital gains.

**Withholding tax**

Certain interest and other amounts received by the Fund which have a UK source may be subject to withholding or other taxes in the UK.

**Stamp Duty**

Since the Fund is not incorporated in the UK and the register of Shareholders will be kept outside the UK, no liability to UK stamp duty reserve tax should arise by reason of the transfer, subscription for, or redemption of Shares. Liability to UK stamp duty will not arise provided that any instrument in writing, transferring Shares in the Fund is executed and retained at all times outside the UK. However, the Fund may be liable to transfer taxes in the UK on acquisitions and disposals of investments. In the UK, stamp duty or Stamp Duty Reserve Tax at a rate of 0.5% will be payable by the Fund on the acquisition of Shares in companies that are either incorporated in the UK or that maintain a share register there.

**UK Offshore fund rules and taxation of UK investors**

For the purpose of the UK "offshore funds" tax legislation, shareholdings in the various Compartments of the Fund will constitute interests in "offshore funds" with each Class of Shares treated as a separate "offshore fund".

Under the UK reporting funds' regime, an investor who is resident in the UK for UK taxation purposes and who holds an interest in an offshore fund will be taxed on any accrued gain at the time of sale, redemption or other disposal as an offshore income gain, unless the "offshore fund" in question is regarded as a reporting fund throughout the period during which the investor holds an interest. If reporting fund status is obtained, UK resident investors shall be subject to income tax (for UK individual investors) or corporation tax (for UK investors) on the higher of any cash distribution paid and the full reported income attributable to the investor.

Any gain accruing to the investor upon the sale, redemption or other disposal of their interest in a reporting fund will be subsequently taxed as a capital gain and not income, with relief in computing that gain for any accumulated or reinvested profits which have already been subject to UK income tax or corporation tax on income (even where such profits are exempt from UK corporation tax), as deemed distribution of reported income (as mentioned above).

It should be noted that a "disposal" for UK taxation purposes includes a switching between Compartments and may include a switching between Share Classes of Compartments.

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The Fund intends to obtain reporting fund status for certain Classes of Shares only when it is specifically provided in the relevant Appendix for a particular Compartment.

While the Board of Directors intends to conduct the business of the Fund in such a manner as to enable the Fund to qualify as a reporting fund in respect of such Classes of Shares and meet the up-front and annual duties on an ongoing basis, it cannot be guaranteed that, if obtained, reporting funds status will continue to be available for any future fiscal year of the Fund.

Such annual duties will include calculating and reporting 100% of the income returns of the offshore fund, constituted by the relevant Class of Shares for each reporting period (as defined for UK tax purposes) on a per-Share basis to all relevant investors. As noted above, UK investors which hold their interests at the end of the reporting period, to which the reported income relates, will be subject to income tax or corporation tax on the higher of any cash distribution paid and the full reported amount. The reported income will be deemed to arise to UK resident Shareholders on the date the report is issued by the Directors provided that the Fund reports within 6 months of the year end. Provided that the annual reporting requirements are satisfied, the reporting fund status will remain in place indefinitely.

Subject to their personal circumstances, individual investors (and other non-corporate investors) resident in the UK for taxation purposes may be liable to UK income tax in respect of dividends, other distributions and reported income of the Fund. Individual investors may be entitled to a non-refundable tax credit equivalent to 10% of the higher of the dividend or reported amount plus the tax credit, which may be offset against their liability to tax.

Dividend distributions from the Fund made to companies resident in the UK are likely to fall within one of a number of exemptions from UK corporation tax. In addition, distributions to non-UK companies carrying on a trade in the UK through a permanent establishment in the UK should also fall within the exemption from UK corporation tax on dividends to the extent that the Shares held by that company are used by, or held for, that permanent establishment. Reported income will be treated in the same way as a dividend distribution for these purposes.

### **Bond Fund**

Special rules apply where any Share Class or Compartment does not meet, at any time in an accounting period in which the investor holds its interest, the "qualifying investments test" (hereinafter referred to as a "Bond Fund"). An offshore fund does not meet the qualifying investments test at any time when its investments consist as to more than 60% by market value of, inter alia, government and corporate debt securities, money placed at interest or holdings in unit trust schemes, open-ended investment companies and offshore funds which themselves do not meet the qualifying investments test.

Any distribution (or reported income) from a Bond Fund will be treated as interest in the hands of a UK resident investor who is an individual (or other non-corporate person). This means that no tax credit will be available and the relevant tax rates will be those applying to interest. For investors who are within the charge to UK corporation tax holding an investment in a Bond Fund, such an investor is required to treat its interest for that accounting period as if it were rights under a creditor relationship for the purposes of the "loan relationships" regime contained in Chapter 3 of Part 6 of the Corporation Tax Act 2009 ("CTA 2009").

### **UK Controlled Foreign Company rules**

Corporate investors resident in the UK should note the provisions of Part 9 A of the Taxation (International and Other Provisions) Act 2010 of the Income and Corporation Taxes Act 1988. These provisions may subject UK resident companies to corporation tax on profits of non-resident companies, controlled by persons resident in the UK, in which they have an interest. These provisions affect UK resident companies who (alone or together with "connected" or "associated" persons) have an interest of at least 25% in the profits of a non-UK resident company, where that non-UK resident company is controlled by residents of the UK and is resident in a low tax jurisdiction. This legislation is not directed towards the taxation of capital gains.

### **Transfer of Assets Abroad**

Individuals resident in the UK for taxation purposes should note that Chapter 2 of Part 13 of the Income Tax Act 2007 contains anti-avoidance provisions dealing with the transfer of assets to overseas persons that may in certain circumstances render such individuals liable to taxation in respect of undistributed income profits of the Fund on an annual basis. The legislation is not directed towards the taxation of capital gains.

### **Close Company rules**

The attention of investors resident for tax purposes in the UK (and who, if individuals, are also domiciled in the UK for those purposes) is drawn to the provisions of Section 13 of Taxation of Chargeable Gains Act 1992. Under these provisions, where a chargeable gain accrues to a company that is not resident in the UK, but which would be a close company if it were resident in the UK, a person may be treated as though a proportional part of that chargeable gain, calculated by reference to their interest in the company, has accrued to them. No liability under Section 13 can be incurred by such a person, however, where such a proportion of the gain, that would be attributed to that person (and any person "connected" with that person for tax purposes) does not exceed one quarter of the gain.

### **UK Inheritance tax**

Any individual investor domiciled or deemed to be domiciled in the UK for UK tax purposes may be liable to UK inheritance tax on their Shares in the event of death or on making certain categories of lifetime transfer.

### **General**

The foregoing is based on the Directors' understanding of the law and practice in force at the date of this document and applies to Investors acquiring Shares in the Fund as an investment. Investors should, however, consult their financial or other professional advisers on the possible tax or other consequences of buying, holding, transferring, converting, redeeming or otherwise dealing in the Fund's Shares under the laws of their countries of citizenship, residence and domicile.

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### 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 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 ("FATCA reportable accounts"). Any such information on FATCA 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 pursuant to article 28 of the convention between the Government of the United States 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 place upon it.

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund, the Management Company, in its capacity as the Fund's management company and/or the Administrator, 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 FATCA 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 institution;
- 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.

The Controllers are responsible for the treatment of the personal data provided for in the FATCA Law. The personal data obtained may be used for the purposes of the FATCA Law and such other purposes indicated

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by the Controllers in the Prospectus in accordance with applicable data protection legislation, and may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*). Responding to FATCA-related questions is mandatory. The investors have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and may contact the Controllers at their registered office to exercise their right.

The Fund reserves the right to refuse any application for Shares if the information provided by a potential shareholder does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

### **BUSINESS YEAR**

The business year of the Fund runs from 1 January until 31 December.

### **PERIODICAL REPORTS AND PUBLICATIONS**

The Fund will publish an audited Annual Report within 4 months after the end of the business year and an unaudited Semi-annual Report within 2 months after the end of the period to which it refers.

The Annual Report includes accounts of the Fund and of each Compartment.

All these reports will be made available to the Shareholders at the registered office of the Fund, the Administrative Agent and any Distributor or intermediary appointed by the Fund.

The Net Asset Value per Share of each Compartment as well as the issue and redemption prices will be made public at the offices of the Administrative Agent.

Any amendments to the Articles will be published in the *Luxembourg recueil électronique des sociétés et associations* of the Grand-Duchy of Luxembourg.

### **LIFETIME, MERGER AND LIQUIDATION OF THE FUND AND COMPARTMENTS**

The Fund has been established for an unlimited period. However, the Fund may be liquidated at any time by a resolution adopted by an extraordinary meeting of Shareholders, at which meeting one or several liquidators will be named and their powers defined. Liquidation will be carried out in accordance with the provisions of Luxembourg law. The net proceeds of liquidation corresponding to each Compartment shall be distributed by the liquidators to the Shareholders of the relevant Compartment in proportion to the value of their holding of Shares.

If and when the net assets of a Compartment or a Class of Shares are less than an amount that the Board of Directors considers to no longer allow the Compartment or Class of Shares to be managed in an economically efficient manner or its equivalent, or if any economic or political situation would constitute a compelling reason therefore, or if required in the interest of the Shareholders of the relevant Compartment, the Board of Directors may decide to liquidate all the Shares of that Compartment or Class of Shares. In any such event Shareholders will be notified and such publication will indicate the reasons for and the procedure of the liquidation. Unless the Board of Directors otherwise decides in the interests of, or to keep equal

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treatment between, the Shareholders of the Compartment or Class of Shares concerned may continue to request redemption or conversion of their Shares until the effective date of the liquidation.

In accordance with the provisions on mergers of the 2010 Law and applicable regulations, the Board of Directors may decide to merge one or more Compartments with another Compartment, or with another undertaking for collective investment (or a compartment thereof) qualifying as a UCITS (whether subject to Luxembourg law or not).

If the Board of Directors determines that the decision of merging a Compartment should be put for Shareholders' approval, the decision to merge a Compartment may be taken at a meeting of Shareholders of the Compartment to be merged. At such Compartment meeting, no quorum shall be required and the decision to merge must be approved by a simple majority of the votes cast. In case of a merger of a Compartment where, as a result, the Fund ceases to exist, the merger shall be decided by a meeting of Shareholders for which no quorum is required and that may decide with a simple majority of the votes cast. In addition, the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation (relating in particular to the notification to the Shareholders concerned) shall apply.

Under the same circumstances as described in the second paragraph above, the Board of Directors may also, subject to regulatory approval if required, decide (i) upon the reorganisation of any Compartment by means of a division into two or more separate Compartments or (ii) to reorganise the Shares of a Compartment into two or more Classes of Shares or combine two or more Classes of Shares into a single Class of Shares providing in each case it is in the interests of Shareholders of the relevant Compartment. Publication or notification of these decisions will be made at least one month before the date on which the reorganisation becomes effective in order to enable Shareholders to request redemption or switch of their Shares before the reorganisation becomes effective. The publication or notification of reorganisation of any Compartment or Class of Shares by means of a division into two or more separate Compartments or Classes of Shares will, in addition, contain information in relation to the two or more separate Compartments or Classes of Shares resulting from the reorganisation. The Board of Directors may also decide, subject to regulatory approval if required, to submit the question of the consolidation or split of Classes of Shares to a meeting of holders or such Classes of Shares. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

Any liquidation proceeds that could not be paid to Shareholders will be deposited in escrow at the *Caisse de Consignation* in Luxembourg. Amounts not claimed from escrow within the period fixed by law may be liable to be forfeited in accordance with the provisions of Luxembourg law.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are deposited and kept available for inspection at the offices of the Administrative Agent and the Fund's registered office:

1. The Articles.
2. The Depositary Bank and Paying Agent Agreement between VP Bank (Luxembourg) S.A. and the Fund.

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3. The Administrative Services Agreement between VAM Global Management Company S.A. and VP Fund Solutions (Luxembourg) SA.
4. The Domiciliation Agent Agreement between VAM Global Management Company S.A. and VP Fund Solutions (Luxembourg) SA.
5. The Investment Management Agreement between the Fund, VAM Global Management Company S.A. and Driehaus Capital Management LLC.

Any of the above Agreements may be amended by mutual consent of the parties, consent on behalf of the Fund being given by the Directors, subject to regulatory approval, if required.

### INVESTMENT RESTRICTIONS

The Board of Directors has adopted the following restrictions relating to the investment of the Fund's assets and its activities. These restrictions and policies may be amended from time to time by the Board of Directors if and as it shall deem it to be in the best interests of the Fund, in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Compartment. Those restrictions contained in paragraph 1. (D) below are applicable to the Fund as a whole.

#### 1. INVESTMENT IN ELIGIBLE ASSETS

(A) (1) The Fund will exclusively invest in:

- a) transferable securities and money market instruments admitted on a Regulated Market<sup>1</sup> in a Member State<sup>2</sup>; and/or
- b) transferable securities and money market instruments dealt in on another Eligible Market in an Eligible State<sup>3</sup>; and/or
- c) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an Eligible Market<sup>4</sup> and such admission is secured within one year of the issue; and/or
- d) units of UCITS<sup>5</sup> and/or other UCIs, whether situated in a Member State or not, provided that:

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1 "Regulated Market" a market defined in article 4 paragraph 1 item 14 of Directive 2004/39/EC of 21 April 2004, to be replaced by Directive 2014/65/EU of 15 May 2014, on markets in financial instruments.

2 "Member State" as defined in the 2010 Law.

3 "Eligible State" includes any Member State and any other state which the Board of Directors deems appropriate with regard to the investment objectives of each Compartment. Eligible states included in this category comprises countries in Africa, America, Asia, Australasia and Europe.

4 "Eligible Market" is a market which is regulated, operates regularly and is recognised and open to the public in an Eligible State or a Regulated Market.



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- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured,
  - the level of protection for unitholders in the other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC,
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or
- e) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law; and/or
- f) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market referred to in subparagraphs (a), (b) and (c) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by this section (A) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Compartments may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

**Unless specifically provided otherwise in the Appendix for any specific Compartment, the Fund will invest in financial derivative instruments only for currency hedging purposes as more fully described in section "Currency Hedging" above;**

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5 "UCITS" is an undertaking for collective investment in transferable securities authorised according to the Directive 2009/65/EC of the European Parliament and the Council.

## VAM FUNDS (LUX)

and/or

g) money market instruments other than those dealt in on an Eligible Market, if the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Eligible State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
- issued by an undertaking any securities of which are dealt in on Eligible Markets, or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined in EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or
- issued by other bodies belonging to categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euros (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

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

(B) Each Compartment may hold ancillary liquid assets.

(C) (i) Each Compartment may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same issuing body (and in the case of structured financial instruments embedding derivative instruments, both the issuer of the structured financial instruments and the issuer of the underlying securities).

Each Compartment may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Compartment in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (A) (1) (e) above or 5% of its net assets in other cases.

## VAM FUNDS (LUX)

- (ii) Furthermore, where any Compartment holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the Net Asset Value of such Compartment, the total value of all such investments must not account for more than 40% of the Net Asset Value of such Compartment;

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

Notwithstanding the individual limits laid down in paragraph (C) (i), a Compartment may not combine:

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

a single body in excess of 20% of its net assets.

- (iii) The limit of 10% laid down in paragraph (C)(i) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its local authorities or by an Eligible State or by public international bodies of which one or more Member States are members.
- (iv) The limit of 10% laid down in paragraph (C)(i) above shall be 25% in respect of debt securities which are issued by highly rated credit institutions having their registered office in a Member State and which are subject by law to special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the 2010 Law in assets which are sufficient to cover the liabilities arising from such debt securities, during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

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

- (v) The transferable securities and money market instruments referred to in paragraphs (C)(iii) and (C)(iv) are not included in the calculation of the limit of 40% referred to in paragraph (C)(ii).

The limits set out in paragraphs (C)(i), (C)(ii), (C)(iii) and (C)(iv) above may not be aggregated and, accordingly, the value of investments in transferable securities or money market instruments issued by the same body, in deposits or financial derivative instruments made with this body, effected in accordance with paragraphs (C)(i), (C)(ii), (C)(iii), and (C)(iv) may not, in any event, exceed a total of 35% of each Compartment's Net Asset Value.

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

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

- (vi) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or debt securities issued by the same body when the aim of a Compartment's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF, provided
- the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit laid down in the sub-paragraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in Eligible Markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

- (vii) Where any Compartment has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or by an Eligible State, by a state accepted by the CSSF (being at the date of this Prospectus the Organisation for Economic Co-Operation and Development member states, G20 Member States and Singapore), or by public international bodies of which one or more Member States of the EU are members, the Fund may invest 100% of the Net Asset Value of any Compartment in such securities provided that the Compartment holds securities from at least six different issues and the value of securities from any one issue does not account for more than 30% of the Net Asset Value of the Compartment.**

Subject to having due regard to the principle of risk spreading, a Compartment need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its authorisation and launch.

- (D) (i) The Fund may not acquire shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body.
- (ii) The Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of the any single issuing body, and/or (c) 10% of the money market instruments of the same issuer. However, the limits laid down in (b) and (c) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of instruments in issue cannot be calculated.

## VAM FUNDS (LUX)

The limits set out in paragraph (D)(i) and (ii) above shall not apply to:

- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by any other Eligible State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States of the EU are members; or
  - (iv) shares held in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Compartment's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in articles 43, 46 and 48 (1) and (2) of the 2010 Law.
- (E) (i) Each Compartment may acquire units of the UCITS and/or other UCIs referred to in paragraph (A) (d), provided that no more than 20% of a Compartment's net assets be invested in the units of a single UCITS or other UCI.

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

Unless otherwise decided by the Board of Directors and specifically disclosed in the Appendix in relation to a given Compartment, the Fund will not invest more than 10% of its net assets in units of UCITS or other UCIs.

- (ii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Compartment.
- (iii) When a Compartment invests in the units of other UCITS and/or other UCIs linked to the Management Company by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the relevant Investment Manager, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

## VAM FUNDS (LUX)

In respect of a Compartment's investments in UCITS and other UCIs linked to the Management Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Compartment and each of the UCITS or other UCIs concerned shall not exceed 2% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Compartment and to the UCITS and other UCIs in which such Compartment has invested during the relevant period.

- (iv) The Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated.
- (v) The underlying investments held by the UCITS or other UCIs in which the Compartments invest do not have to be considered for the purpose of the investment restrictions set forth under 1. (C) above.

### 2. INVESTMENT IN OTHER ASSETS

- (A) The Fund will not make investments in precious metals or certificates representing these.
- (B) The Fund may not enter into transactions involving commodities or commodity contracts, except that the Fund may employ techniques and instruments relating to transferable securities within the limits set out in paragraph 4. below.
- (C) The Fund will not purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (D) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in 1.(A) (1) d), f) and g).
- (E) The Fund may not borrow for the account of any Compartment, other than amounts which do not in aggregate exceed 10% of the Net Asset Value of the Compartment, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.
- (F) The Fund will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Compartment, except as may be necessary in connection with the borrowings mentioned in (E) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the Net Asset Value of each Compartment. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.
- (G) The Fund will not underwrite or sub-underwrite securities of other issuers.

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- (H) Under the conditions and within the limits laid down by the 2010 Law, the Fund may, to the widest extent permitted by the Luxembourg laws and regulations (i) create any Compartment qualifying either as a feeder UCITS (a "Feeder UCITS") or as a master UCITS (a "Master UCITS"), (ii) convert any existing Compartment into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.

A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS. A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with 1.(B);
- financial derivative instruments, which may be used only for hedging purposes.

For the purposes of compliance with article 42 paragraph (3) of the 2010 Law, the Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure with either:

- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS investment into the Master UCITS; or
  - the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder UCITS investment into the Master UCITS.
- (I) A Compartment (the "Investing Compartment") may subscribe, acquire and/or hold securities to be issued or issued by one or more Compartments (each, a "Target Compartment") without the Fund being subject to the requirements of the Luxembourg law dated 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:
- the Target Compartment does not, in turn, invest in the Investing Compartment invested in this Target Compartment; and
  - no more than 10% of the assets that the Target Fund whose acquisition is contemplated, may, according to its investment policy, be invested in units of other UCITS or other UCIs; and
  - voting rights, if any, attaching to the shares of the Target Compartment are suspended for as long as they are held by the Investing Compartment concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
  - the value of such securities is not taken into account for the calculation of the net assets of the Investing Compartment for the purpose of verifying the minimum threshold of net assets imposed by the 2010 Law.

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### 3. FINANCIAL DERIVATIVE INSTRUMENTS

As specified in section 1.(A) (1) f) above, the Fund may in respect of each Compartment make use of financial derivative instruments.

The Fund shall ensure that the global exposure of each Compartment relating to financial derivative instruments does not exceed the total net assets of that Compartment.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

Each Compartment may invest, as a part of its investment policy and within the limits laid down in section 1.(A) (1) f) and section 1.(C)(v), in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in sections 1.(C)(i) to (vii). When a Compartment invests in index-based financial derivative instruments compliant with the provisions of sections 1.(C)(i) to (vii), these investments do not have to be combined with the limits laid down in section 1.(C). When a transferable security or money market instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of these instrument restrictions. The Compartments may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the 2010 Law. Under no circumstances shall the use of these instruments and techniques cause a Compartment to diverge from its investment policy or objective. The risks against which the Compartments could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

### 4. USE OF TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

The Fund may, on behalf of each Compartment and subject to the conditions and within the limits laid down in the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions, employ techniques and instruments relating to transferable securities and money market instruments provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against exchange risk. Such techniques and instruments may include, but are not limited to, engaging in transactions in financial derivative instruments such as futures, forwards, options, swaps and swaptions. New techniques and instruments may be developed which may be suitable for use by the Fund and the Fund (subject as aforesaid) may employ such techniques and instruments in accordance with the regulations.

To the maximum extent allowed by, and within the limits set forth in, the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions, in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the Luxembourg law of 20 December 2002 relating to undertakings for collective investment and of (ii) CSSF circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to transferable securities and money market instruments (as these pieces of regulations may be amended or replaced from time to time), (iii) CSSF circular 14/592



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relating to conduct guidelines from the European Securities Market Authority on ETFs and other UCITS issues, each Compartment may for the purpose of generating additional capital or income or for reducing costs or risks (A) enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions and (B) engage in securities lending transactions.

Compartments may use total return swap instruments. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the Management Company or the Investment Manager. At no time will a counterparty in a transaction have discretion over the composition or the management of the Compartment's investment portfolio or over the underlying of the total return swap.

Unless otherwise provided in the relevant Appendix for a particular Compartment, the Fund will not engage in repurchase agreement, reverse repurchase agreement, securities lending transactions or any other transactions requiring the Fund to receive collateral (i.e. the Fund will not accept any collateral). The Fund will disclose in the annual report the identity of the entity(ies) to which direct and indirect costs and fees are paid, the amounts paid (if any) and indicate if these are related parties to the Management Company or the Depositary Bank.

As the case may be, cash collateral received by each Compartment in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Compartment in (a) shares or units issued by money market undertakings for collective investment calculating a daily Net Asset Value and being assigned a rating of AAA or its equivalent, (b) short-term bank deposits, (c) money market instruments as defined in the above referred Grand-Ducal regulation, (d) short-term bonds issued or guaranteed by a Member State of the EU, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope, (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity, and (f) reverse repurchase agreement transactions according to the provisions described under section I.C.a) of the above referred CSSF circular. Such reinvestment will be taken into account for the calculation of each concerned Compartment's global exposure, in particular if it creates a leverage effect.

The following types of assets can be subject to total return swaps: fixed income mutual funds, ETFs, closed-end funds, listed futures contracts, FX, FX forwards, options, CFDs, OTC credit derivatives, bonds, convertible bonds, MLPs, preferred stocks, listed stock.

The following types of assets can be subject to securities lending transactions: any types of assets held by the Fund capable of being subject to securities lending transactions.

The following types of assets can be subject to repurchase and reverse repurchase transactions: any types of assets held by the Fund capable of being subject to repurchase and reverse repurchase transactions.

The risks related to the use of counterparty default, of securities lending transactions and of repurchase and reverse repurchase transactions, together with the effect on investors returns are described under section "Miscellaneous", sub-section "Risks of Investment".

No more than 50% of the net assets of a Compartment will be subject to total return swaps, securities lending transactions, repurchase agreements or/and reverse repurchase agreements, except as otherwise provided in the Appendix.

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The selection of counterparties to such transactions will generally be financial institutions based in an OECD member state and have an investment grade credit rating. Details of the selection criteria and a list of approved counterparties is available from the registered office of the Management Company.

Generally, no more than 20% of the gross revenue arising from efficient portfolio management techniques (including total return swaps, repurchase and reverse repurchase agreements and securities lending) may be deducted from the revenue delivered to the Compartment as direct and indirect operational expenses. Details of such amounts and the security clearing body or financial institution arranging the transactions will be disclosed in the financial report of the Fund to the extent required by applicable laws and regulations.

### 5. RISK-MANAGEMENT PROCESS

The Management Company, on behalf of the Fund, will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Compartment in accordance with CSSF circular 11/512, as amended, or any other applicable circular of the CSSF. The Management Company, on behalf of the Fund, will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Upon request of an Investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments. This supplementary information includes the VaR levels set for the Compartments using such risk measure.

The risk management framework is available upon request from the Fund's registered office.

Unless otherwise explicitly stated in the relevant Appendix for a Compartment, all Compartments will apply the commitment approach for measuring risk.

### 6. MISCELLANEOUS

- A. The Fund may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraph 1. (A) (1) or of ancillary liquid assets shall not be deemed to be the making of a loan and that the Fund shall not be prevented from acquiring such securities above which are not fully paid.
- B. The Fund need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.
- C. When investing in American Depositary Receipts (ADRs) Global Depositary Receipts (GDRs) or similar securities, such securities shall not incorporate a derivative (so-called delta 1 securities).

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If the limits referred to in the paragraphs in this section and in the Appendix are exceeded for reasons beyond the control of the Fund, or as a result of the exercise of subscription rights, the Board of Directors must, as a priority, take all steps as necessary within a reasonable period of time to rectify that situation, taking due account of the interests of its Shareholders.

### **RISKS OF INVESTMENT**

The nature of the Fund's investments involves certain risks and the Fund may utilise investment techniques which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should consider, among others, the following factors before subscribing for Shares:

#### **Suspension of Share dealings**

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be suspended (see "SUSPENSION OF THE CALCULATION OF NET ASSET VALUE, ISSUE / REDEMPTION AND CONVERSION PRICES").

#### **Business Risk**

There can be no assurance that the Fund or any Compartment will achieve its investment objective. There is no operating history by which to evaluate their likely future performance. The investment results of the Fund or any Compartment are reliant upon the success of the Investment Managers and the performance of the markets the Compartments invest in.

#### **Concentration of Investments**

Although it will be the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

#### **Debt Securities**

The Fund may invest in fixed income securities which may be unrated by a recognised credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments.

### **Liquidity and Market Characteristics**

In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

### **Counterparty Risk**

The Fund will be subject to the risk of the inability of any counterparty (including the clearing broker) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### **Net Asset Value Considerations**

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share at the time of such redemption is less than the subscription price paid by such Shareholder. It should be remembered that the value of the Shares and the income (if any) derived from them can go down as well as up.

### **Currency Exposure**

The Shares may be denominated in different currencies and Shares will be issued and redeemed in those currencies. Certain of the assets of the Fund may, however, be invested in securities and other investments which are denominated in other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Fund will be subject to foreign exchange risks. The Fund may engage in currency hedging but there can be no guarantee that such a strategy will prevent losses. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the USD and such other currencies.

### **Profit Sharing**

In addition to receiving management and advisory fees, the Investment Managers may also receive a performance fee based on the appreciation in the Net Asset Value per Share and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a performance fee may be paid on unrealised gains which may subsequently never be realised.

### **Potential Conflicts of Interest**

The Management Company, the Investment Manager(s), the Administrative Agent or the Depositary Bank may from time to time act as management company, investment manager, central administrator or depositary bank in relation to, or be otherwise involved in, other investment schemes which have similar investment objectives to those of the Fund or any Compartment. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Fund or any Compartment. In such

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event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Fund or any Compartment. In particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly. There is no prohibition on the Fund entering into any transactions with the Management Company, the Investment Manager(s), the Administrative Agent, the Depository Bank, or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length.

The Investment Managers may effect transactions in which the Investment Managers have, directly or indirectly, an interest which may involve a potential conflict with the Investment Manager's duty to the Fund. The Investment Manager shall not be liable to account to the Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Managers' fees, unless otherwise provided, be abated.

### **Regulatory Risk**

The Fund is domiciled in Luxembourg and investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally, Compartments may be registered in non-EU jurisdictions. As a result of such registrations these Compartments may be subject to more restrictive regulatory regimes. In such cases these Compartments will abide by these more restrictive requirements. This may prevent these Compartments from making the fullest possible use of the investment limits.

### **Credit Risk**

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when a Compartment owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Compartment's Investment Manager may consider the highest rating for the purposes of determining whether the security is investment grade. A Compartment will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Compartment's Investment Manager will consider whether the security continues to be an appropriate investment for the Compartment. Some of the Compartments will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Investment Manager.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk

than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

### **Futures, Options and Forward Transactions Risk**

The Compartments may use options, futures and forward contracts on currencies securities, indices, volatility, inflation and interest rates for hedging and investment purposes.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Compartment. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Compartment is fixed, the Compartment may sustain a loss well in excess of that amount. The Compartment will also be exposed to the risk of the purchaser exercising the option and the Compartment will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Compartment holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Forward transactions, in particular those traded over-the-counter, have an increased counterparty risk. If a counterparty defaults, the Compartment may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

### **Market and Settlement Risks**

The securities markets in some countries lack the liquidity, efficiency and regulatory controls of more developed markets. Lack of liquidity may adversely affect the ease of disposal of assets. The absence of reliable pricing information in a particular security held by a Compartment may make it difficult to assess reliably the market value of assets. The share register may not be properly maintained and the ownership or interest may not be (or remain) fully protected. Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.

The provision for custody of assets may be less developed than in other more mature markets and thus provides an additional level of risk for the Compartments. Settlement procedures may be less developed and still be in physical as well as in dematerialised form.

Limitations may exist with respect to the Compartments ability to repatriate investment income, capital or the proceeds from the sale of securities by foreign investors. The Compartment can be adversely affected by delays in, or refusal to grant, any required governmental approval for such repatriation.

### **Specific risks linked to securities lending and repurchase transactions**

In relation to repurchase transactions, investors must notably be aware that (A) in the event of the failure of the counterparty with which cash of a Compartment has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Compartment to meet redemption requests, security purchases or, more generally, reinvestment; and that (C) repurchase transactions will, as the case may be, further expose a Compartment to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of this Prospectus.

In relation to securities lending transactions, investors must notably be aware that (A) if the borrower of securities lent by a Compartment fail to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Compartment, or (iii) yield a sum less than the amount of collateral to be returned; and that (C) delays in the return of securities on loans may restrict the ability of a Compartment to meet delivery obligations under security sales.

### **Swaps**

In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realised on particular pre-determined investments or instruments. Swaps contracts can be individually traded and structured to include exposure to different types of investment or market factors. Depending on their structure, these swap operations can increase or decrease the exposure of the Compartment to strategies, shares, short- or long-term interest rates, foreign currency values, borrowing rates or other factors. Swaps can be of different forms, and are known under different names; they can increase or decrease the overall volatility of the Compartment, depending on how they are used. The main factor that determines the performance of a swap contract is the movement in the price of the underlying investment, specific interest rates, currencies and other factors used to calculate the payment due by and to the counterparty. If a swap contract requires payment by the Compartment, the latter must at all times be able to honour said payment. Moreover, if the counterparty loses its creditworthiness, the value of the swap contract entered into with this counterparty can be expected to fall, entailing potential losses for the Compartment.

### **Credit default swap risk**

A credit default swap allows the transfer of default risk. This allows a Compartment to effectively buy insurance on a reference obligation it holds (hedging the investment), or buy protection on a reference obligation it does not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of the protection, and a payment is due to the buyer if there is a credit event (a decline in credit quality, which will be predefined in the agreement between

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the parties). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. In addition, if there is a credit event and the Compartment does not hold the underlying reference obligation, there may be a market risk as the Compartment may need time to obtain the reference obligation and deliver it to the counterparty. Furthermore, if the counterparty becomes insolvent, the Compartment may not recover the full amount due to it from the counterparty. The market for credit default swaps may sometimes be more illiquid than the bond markets. The Fund will mitigate this risk by monitoring in an appropriate manner the use of this type of transaction.

### **Investment in Russia and CIS**

Investments in Russia and CIS either through the Moscow Interbank Currency Exchange Russian Trading System (MICEX-RTS) or on other non-Regulated Markets are subject to increased risk with regard to ownership and custody of securities.

There are significant risks inherent in investing in Russia and the CIS including: (a) delays in settling transactions and the risk of loss arising out of the systems of securities registration and custody; (b) the lack of corporate governance provisions or general rules or regulations relating to investor protection; (c) pervasiveness of corruption, insider trading, and crime in the Russian and CIS economic systems; (d) difficulties associated in obtaining accurate market valuations of many Russian and CIS securities, based partly on the limited amount of publicly available information; (e) tax regulations are ambiguous and unclear and there is a risk of imposition of arbitrary or onerous taxes; (f) the general financial condition of Russian and CIS companies, which may involve particularly large amounts of inter-company debt; (g) banks and other financial systems are not well developed or regulated and as a result tend to be untested and have low credit ratings and (h) the risk that the governments of Russia and CIS member states or other executive or legislative bodies may decide not to continue to support the economic reform programs implemented since the dissolution of the Soviet Union.

The concept of fiduciary duty on the part of a company's management is generally non-existent. Local laws and regulations may not prohibit or restrict a company's management from materially changing the company's structure without shareholder consent. Foreign investors cannot be guaranteed redress in a court of law for breach of local laws, regulations or contracts. Regulations governing securities investment may not exist or may be applied in an arbitrary and inconsistent manner.

Evidence of legal title in many cases will be maintained in "book-entry" form and a Compartment could lose its registration and ownership of securities through fraud, negligence or even oversight. Securities in Russia and in the CIS are issued only in book entry form and ownership records are maintained by registrars who are under contract with the issuers. The registrars are neither agents of, nor responsible to, the Fund, its Depositary Bank or their local agents in Russia or in the CIS. Transferees of securities have no proprietary rights in respect of securities until their name appears in the register of holders of the securities of the issuer. The law and practice relating to registration of holders of securities are not well developed in Russia and in the CIS and registration delays and failures to register securities can occur. Although Russian and CIS sub-custodians will generally maintain copies of the registrar's records ("Records") on its premises, such Records may not, however, be legally sufficient to establish ownership of securities. Further a quantity of forged or otherwise fraudulent securities, Records or other documents are in circulation in the Russian and CIS



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markets and there is therefore a risk that a Compartment's purchases may be settled with such forged or fraudulent securities. In common with other emerging markets, Russia and the CIS have no central source for the issuance or publication of corporate actions information. The Depository Bank therefore cannot guarantee the completeness or timeliness of the distribution of corporate actions notifications.

Although exposure to these equity markets is substantially hedged through the use of ADRs and GDRs, Compartment may, in accordance with their investment policy, invest in securities which require the use of local depository or custodial services.

### **Investments in the People's Republic of China**

Shareholders should be aware of the following risks associated with an investment in the People's Republic of China ("PRC"):

- a) *Political, Economic and Social Risks:* Any political changes, social instability and unfavourable diplomatic developments which may take place in or in relation to the PRC could result in the imposition of additional governmental restrictions including expropriation of assets, confiscatory taxes or nationalisation of some of the assets of a Compartment. Shareholders should also note that any change in the policies of the PRC may adversely impact on the securities markets in the PRC as well as the performance of the Compartment.
- b) *PRC Economic Risks:* The economy in the PRC has experienced rapid growth in recent years. However, such growth may or may not continue, and may not apply evenly across different sectors of the PRC economy. The PRC government has also implemented various measures from time to time to prevent overheating of the economy. Furthermore, the transformation of the PRC from a socialist economy to a more market-oriented economy has led to various economic and social disruptions in the PRC and there can be no assurance that such transformation will continue or be successful. All these may have an adverse impact on the performance of the Compartment.
- c) *Legal System of the PRC:* The legal system of the PRC is based on written laws and regulations. However, many of these laws and regulations are still untested and the enforceability of such laws and regulations remains unclear. In particular, the PRC regulations which govern currency exchange in the PRC are relatively new and their application is uncertain. Such regulations also empower the CSRC and the State Administration of Foreign Exchange ("SAFE") to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application.
- d) *Government Control of Currency Conversion and Future Movements in Exchange Rates:* Since 1994, the conversion of CNY into USD has been based on rates set by the People's Bank of China, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of CNY to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. There can be no assurance that the CNY exchange rate will not fluctuate widely against the USD or any other foreign currency in the future. Any appreciation of CNY against USD will increase the value of a Compartment's Net Asset Value, which will be quoted in USD, and vice versa.

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- e) *Accounting and Reporting Standards:* Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may differ from those in countries that have more developed financial markets. These differences may lie in areas such as different valuation methods of the properties and assets, and the requirements for disclosure of information to investors.

### **Specific China A-Shares risks**

China A-Shares are listed and traded on PRC's domestic stock exchanges comprising the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Purchase and ownership of China A-Shares is generally restricted to Chinese investors and only accessible to foreign investors under certain regulatory frameworks in the PRC. Where a Compartment is invested in securities marked in the PRC the repatriation of funds from the PRC may be subject to applicable local regulations in effect from time to time. There are uncertainties in the application of the PRC local regulations and there is no certainty that no restrictions apply to the repatriation of funds by a Compartment in the PRC in the future.

Furthermore since there may potentially be limits on the total shares acquired by investors in listed PRC companies, the capacity of a Compartment to make investments in China A-Shares may be limited and/or affected.

### **Specific Shanghai-Hong Kong and Shenzhen – Hong Kong Stock Connect risks**

Certain Compartments may invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong and the Shenzhen – Hong Kong Stock Connect ("Stock Connect"). The Stock Connect is a securities trading and clearing linked program developed by The Stock Exchange of Hong Kong Limited ("SEHK"), Hong Kong Securities Clearing Company Limited ("HKSCC"), China Securities Depository and Clearing Corporation Limited ("ChinaClear"), Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Connect ("SZSE"), respectively, with an aim to achieve mutual stock market access between the PRC (excluding Hong Kong, Macau and Taiwan) and Hong Kong.

The Stock Connect comprises a Northbound Trading Link (for investment in China A-Shares) by which investors, through their Hong Kong brokers and a securities trading service company to be established by the SEHK, may be able to place orders to trade eligible shares listed and traded on SSE and SZSE, respectively, by routing orders to SSE or SZSE.

Under the Stock Connect, overseas investors (including any Compartment) may be allowed, subject to rules and regulations issued/amended from time to time, to trade certain China A-Shares listed and traded on the SSE and SZSE, respectively, (the "Chinese Securities") through the Northbound Trading Link.

The Chinese Securities listed on the SSE include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SSE-listed shares which are not traded in Renminbi (RMB) and (ii) those SSE-listed shares which are included in the "risk alert board". The list of Chinese Securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

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The Chinese Securities listed on the SZSE include any constituent stock of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which has a market capitalization of at least RMB 6 billion, and all the SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SZSE-listed shares which are not traded in Renminbi (RMB) and (ii) those SZSE-listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant PRC regulators from time to time.

Further information about the Stock Connect is available online at the website:

[http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm)

### *Home Market Rules*

A fundamental principle of trading securities through Stock Connect is that the laws, rules and regulations of the home market of the applicable securities shall apply to investors in such securities. In respect of Chinese Securities, the PRC is the home market and thus the Compartment should observe PRC laws, rules and regulations. If such laws, rules or regulations are breached, the SSE or the SZSE, respectively, has the power to carry out an investigation, and may require SEHK exchange participants to provide information about the relevant Compartment and assist in investigations.

Nevertheless, certain Hong Kong legal and regulatory requirements will also continue to apply to the trading of Chinese Securities.

### *Quota limitations risk*

There is a daily quota that limits the maximum value of all buy trades that can be executed on each trading day ("Daily Quota"). The Daily Quota may change from time to time without prior notice. The SEHK, the SZSE and the SSE may also set pricing and other restrictions on buy orders in order to prevent the artificial use or filling of the Daily Quota. Such quota and other limitations may restrict the Compartments' ability to invest in Chinese Securities on a timely basis, and the Compartments may not be able to effectively pursue their investment policies.

The Compartments may sell their Chinese Securities regardless of whether there has been a breach of the Daily Quota.

### *Suspension risk*

The SEHK, SZSE and SSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which would adversely affect the Compartments' ability to access the PRC market.

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### *Differences in trading day*

The Stock Connect operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the Compartments) cannot carry out any trading via Stock Connect. The Compartments may be subject to a risk of price fluctuations in Chinese Securities during the time when the Stock Connect is not trading as a result.

### *No Day Trading*

Day (turnaround) trading is not permitted on the PRC A-Share market. If a Compartment buys Chinese Securities on T day, it can only sell the Chinese Securities on or after settlement has been completed (normally on T+1 day).

### *No Off-exchange Trading and Transfers*

With certain limited exceptions, Chinese Securities may not be traded or transferred otherwise than through Stock Connect.

### *No Manual Trade or Block Trade*

There will be no manual trade facility or block trade facility for trading under Stock Connect.

### *Placing Orders*

Only limit orders with a specified price are allowed pursuant to the Stock Connect rules, where buy orders may be executed at or lower than the current best price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

### *SSE Price Limits*

SSE Securities are subject to a general price limit of a  $\pm 10\%$  based on the previous trading day's closing price. In addition, SSE Securities which are on the risk alert board are subject to a  $\pm 5\%$  price limit based on the previous trading day's closing price. The price limit may be changed from time to time. All orders in respect of SSE Securities must be within the price limit.

### *Delisting of SSE-listed and SZSE-listed Companies*

According to the SSE and the SZSE rules, if any SSE-listed or SZSE-listed company is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of it being delisted or exposing investors' interests to undue damage, the SSE-listed or the SZSE-listed company will be earmarked and moved to the risk alert board. Any change to the risk alert board may occur without prior notice. If a Chinese Security which is originally eligible for Stock Connect trading is subsequently moved to

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the risk alert board, the relevant Compartment will be allowed only to sell the relevant Chinese Security and will be prohibited from further buying.

### *Special Chinese Securities*

SEHK will accept or designate securities which cease to meet the eligibility criteria for Chinese Securities as Special Chinese Securities (provided that they remain listed on SSE or on the SZSE). In addition, any securities or options (which are not eligible for Stock Connect trading) received by the relevant Compartment as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or abnormal trading activities will be accepted or designated by SEHK as Special Chinese Securities. The relevant Compartment will only be able to sell, but not buy, any Special Chinese Securities.

### *Disclosure of Interests*

Under PRC laws, rules and regulations, if a Compartment holds or controls shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same PRC Listco (as defined below), whether the relevant holdings are through Stock Connect, the QFII/RQFII regime or other investment channels) in a PRC incorporated company which is listed on a PRC Stock Exchange (a "PRC Listco") above a certain threshold as may be specified from time to time, the relevant Compartment must disclose such interest within a specified period, and must not buy or sell any such shares within such period. The relevant Compartment must also disclose any substantial change in its holding.

Such disclosures may expose the Compartments' holdings to the public with an adverse impact on the performance of the Compartments.

Where a PRC incorporated company has both H Shares listed on the SEHK and A Shares listed on the SSE or the SZSE, if a Compartment is interested in more than a certain threshold (as may be specified from time to time) of any class of voting shares (including A Shares purchased through Stock Connect) in such PRC incorporated company, such Compartment is under a duty of disclosure pursuant to Part XV of the Securities and Futures Ordinance (Cap 571) (the "SFO"). Part XV of the SFO does not apply where the PRC incorporated company has not listed any shares on the SEHK.

### *Foreign Ownership Limits*

Under PRC laws, there is a limit to how many shares a single foreign investor (including the Compartments) is permitted to hold in a single PRC Listco, and also a limit to the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company, whether the relevant holdings are through Stock Connect, the QFII/RQFII regime or other investment channels). The single foreign investor limit is currently set at 10% of the shares of a PRC Listco and the aggregate foreign investor limit is currently set at 30% of the shares of a PRC Listco. Such limits are subject to change from time to time.

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### *Risk of ChinaClear Default*

HKSCC and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and *settlement* of cross-boundary trades. As the national central counterparty of the PRC's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC has stated that it may (but shall have no obligation to) take any legal action or court proceedings to seek recovery of the outstanding Chinese Securities and monies from ChinaClear through available legal channels or through ChinaClear's liquidation (if applicable). As ChinaClear does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of ChinaClear's positions. HKSCC will in turn distribute the Chinese Securities and/or monies recovered to clearing participants on a pro rata basis. The relevant broker through which the relevant Compartment trades shall in turn distribute Chinese Securities and/or monies to the extent recovered directly or indirectly from HKSCC.

Although the likelihood of a default by ChinaClear is considered to be remote, if such event occurs, a Compartment may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A-Shares traded through Shanghai-Hong Kong Stock Connect are issued in scripless form, so investors such as the Compartments will not hold any physical China A-Shares. Hong Kong and overseas investors, such as the Compartments, who have acquired Chinese Securities through Northbound trading should maintain the Chinese Securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Fund.

### *Risk of HKSCC Default*

Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement of Chinese Securities and/or monies in connection with them and a Compartment's ability to access the PRC market will be adversely affected and such Compartment may suffer losses as a result.

### *Operational risk*

The Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Compartments, to access the China stock market directly.

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information

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technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The Compartments' ability to access the China A-Share market (and hence to pursue their investment strategy) will be adversely affected.

### *Nominee arrangements in holding China A-Shares*

HKSCC is the "nominee holder" of the Chinese Securities acquired by overseas investors (including the Compartments) through the Stock Connect. The CSRC Stock Connect rules expressly provide that investors such as the Compartments enjoy the rights and benefits of the Chinese Securities acquired through the Stock Connect in accordance with applicable laws. The CSRC has clarified in Frequently Asked Questions published on 15 May 2015 that (i) the concept of nominee shareholding is recognised in Mainland China, (ii) overseas investors shall hold Chinese Securities through HKSCC and are entitled to proprietary interests in such securities as shareholders, (iii) Mainland China law does not expressly provide for a beneficial owner under the nominee holding structure to bring legal proceedings, nor does it prohibit a beneficial owner from doing so, (iv) as long as certification issued by HKSCC is treated as lawful proof of a beneficial owner's holding of Chinese Securities under the Hong Kong Special Administrative Region law, it would be fully respected by CSRC and (v) as long as an overseas investor can provide evidential proof of direct interest as a beneficial owner, the investor may take legal actions in its own name in Mainland China courts.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the Chinese Securities in Mainland China or elsewhere. Therefore, although the Compartments' ownership may be ultimately recognised and the HKSCC confirmed that it is prepared to provide assistance to the beneficial owners of Chinese Securities where necessary, the Compartments may suffer difficulties or delays in enforcing their rights China A Shares. Moreover, whether Mainland China courts will accept the legal action independently initiated by the overseas investor with the certification of holding in Chinese Securities issued by HKSCC has yet to be tested.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depository Bank and the Compartments will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Compartments suffers losses resulting from the performance or insolvency of HKSCC.

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### *Segregation*

The securities account opened with ChinaClear in the name of HKSCC is an omnibus account, in which the Chinese Securities for more than one beneficial owner are commingled. The Chinese Securities will be segregated only in the accounts opened with HKSCC by clearing participants, and in the accounts opened with the relevant sub-custodians by their clients (including the Compartments).

### *Investor compensation*

Investments of the Compartments through Northbound trading under the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund.

On the other hand, since the Compartments are carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, they are not protected by the China Securities Investor Protection Fund in the PRC.

### *Trading costs*

In addition to paying trading fees and stamp duties in connection with China A-Share trading, the Compartments may be subject to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities.

### *Regulatory risk*

The CSRC Stock Connect rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognize such rules, e.g. in liquidation proceedings of PRC companies.

The Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. The Compartments investing in the PRC markets through the Stock Connect may be adversely affected as a result of such changes.



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### *Taxation*

On 14 November 2014, the Ministry of Finance ("MOF"), State of Administration of Taxation ("SAT") and CSRC jointly issued a notice in relation to the taxation rule on the Stock Connect under Caishui 2014 No.81 ("Notice No.81"). In addition, on 1 December 2016, MOF, SAT and CSRC jointly issued a notice in relation to the taxation rule on Shenzhen-Hong Kong Stock Connect under Caishui 2016 No.127 ("Notice No.127"). Under Notice No.81, corporate income tax ("CIT"), individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Compartments) on the trading of China A-Shares through the Stock Connect with effect from 17 November 2014. Under Notice No.127, CIT, individual income tax and value-added tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Compartments) on the trading A-shares under the Shenzhen-Hong Kong Stock Connect Program with effect from 5 December 2016. However, Hong Kong and overseas investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. If the Hong Kong and overseas investors such as the Compartments are eligible for treaty relief on dividends, the Hong Kong and overseas investors can apply for the entitlement of treaty relief and refund of the overpaid tax with the PRC tax authority of the A-share issuing company.

However, the exemption may be amended, discontinued or revoked in the future. In such case, prospective retrospective tax liability may arise. There is also a risk that the PRC tax authorities may seek to collect tax on a retrospective basis, without giving any prior warning. If such tax were to be collected, the tax liability would be payable by the Compartments. However, this liability may be mitigated under the terms of an applicable tax treaty.

### **Investing in Emerging Markets and Frontier Markets**

In emerging markets and frontier markets, in which some of the Compartments will invest, the legal, judicial and regulatory infrastructure is still developing and there is much legal uncertainty both for local market participants and their overseas counterparts. Frontier markets are differentiated from emerging markets in that frontier markets are considered to be somewhat less economically developed than emerging markets. Some markets carry significant risks for investors who should therefore ensure that, before investing, they understand the relevant risks and are satisfied that an investment is suitable.

The following statements are intended to summarise some of the risks in emerging markets and frontier markets countries, but are not exhaustive.

### **Political and Economic Risks**

- Economic and/or political instability could lead to legal, fiscal and regulatory changes or the reversal of legal/fiscal/regulatory/market reforms. Assets could be compulsorily acquired without adequate compensation.
- A country's external debt position could lead to the sudden imposition of taxes or exchange controls.
- High inflation can mean that businesses have difficulty obtaining working capital.

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- Local management are often inexperienced in operating companies in free market conditions.
- A country may be heavily dependent on its commodity and actual resource exports and therefore be vulnerable to weaknesses in world prices for these products.

### **Legal Environment**

- The interpretation and application of decrees and legislative acts can be often contradictory and uncertain particularly in respect of matters relating to taxation.
- Legislation could be imposed retrospectively or may be issued in the form of internal regulations which the public may not be made aware of.
- Judicial independence and political neutrality cannot be guaranteed.
- State bodies and judges may not adhere to the requirements of the law and the relevant contract.
- There is no certainty that investors will be compensated in full or in part for any damage incurred or loss suffered as a result of legislation imposed or decisions of state bodies or judges.

### **Accounting Practices**

- The accounting and audit systems may not accord with international standards.
- Even when reports have been brought into line with international standards, they may not always contain correct information.
- Obligations of companies to publish financial information may also be limited.

### **Shareholder Risk**

Existing legislation may not yet be adequately developed to protect the rights of minority shareholders.

There is generally no concept of fiduciary duty to shareholders on the part of management.

There may be limited recourse for violation of such shareholders' rights as pertain.

### **Market and Settlement Risks**

The securities markets of some countries lack the liquidity, efficiency, regulatory and supervisory controls of more developed markets.

Lack of liquidity may adversely affect the value or ease of disposal of assets.

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The share register may not be properly maintained and the ownership interests may not be, or remain, fully protected.

Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.

The provision for custody of assets may be less developed than in other more mature markets and thus provides an additional level of risk for the Compartments.

### **Price Movement and Performance**

- Factors affecting the value of securities in some markets cannot easily be determined.
- Investment in securities in some markets carries a high degree of risk and the value of such investments may decline or be reduced to zero.

### **Currency Risk**

- Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed.
- The value of the currency in some markets, in relation to other currencies, may decline such that the value of the investment is adversely affected.
- Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations.

### **Execution and Counterparty Risk**

- In some markets there may be no secure method of delivery against payment which would avoid exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds.

### **Taxation**

Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries into which a Compartment invests or may invest in the future (in particular Russia, China and other emerging markets) is not clearly established. Tax law and practice may equally be subject to change in developed countries, where governments implement fiscal reforms. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

## VAM FUNDS (LUX)

### APPENDIX: COMPARTMENTS IN OPERATION

#### 1. VAM Funds (Lux) – US Mid Cap Growth Fund

##### **Objectives and investment policy**

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective the Compartment will invest in an unleveraged portfolio of equity and equity-convertible securities and cash or cash equivalents.

The Compartment's assets will consist primarily of equity or equity-convertible securities of companies with perceived high growth potential and listed in the United States or dealt in on another United States Eligible Market with aggregate market capitalizations, at the time of purchase, within the current market capitalization ranges for indices such as the S&P Midcap 400 Index, the Russell Midcap® Growth Index and the Russell 2500 Index. However, the Investment Manager may cause the Compartment to invest in companies with higher or lower market capitalizations. The Compartment may invest in American Depository Receipts, American Depository Shares and exchange traded funds, providing an exposure to the assets described above.

The Compartment may use derivative techniques and instruments for hedging purposes within the limits set out in the investment restrictions.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

**Investors should note that the use of derivative instruments entails certain risks that may have a negative impact on the performance of the Compartment.**

There can be no assurance that the Compartment will achieve its objective.

##### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

##### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the US economy. It is also suitable for investors wishing to

## VAM FUNDS (LUX)

diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the US equity markets.

### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## VAM FUNDS (LUX)

### 2. VAM Funds (Lux) – US Small Cap Growth Fund

#### **Objectives and investment policy**

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective, the Compartment will invest in an unleveraged portfolio of equity and equity convertible securities and cash or cash equivalents.

The Compartment's assets will consist primarily of equity or equity convertible securities of companies with perceived high growth potential and listed in the United States or dealt in on another United States Eligible Market with aggregate market capitalizations, at the time of purchase, within the current market capitalization ranges for indices such as the Russell 2000 Growth Index and the Russell 2000 Index. However, the Investment Manager may cause the Compartment to invest in companies with higher or lower market capitalizations. The Compartment may invest in American Depository Receipts (ADRs), American Depository Shares and exchange traded funds, providing an exposure to the assets described above.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

There can be no assurance that the Compartment will achieve its objective.

#### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

#### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the US economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the US equity markets.

#### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

## VAM FUNDS (LUX)

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## VAM FUNDS (LUX)

### 3. VAM Funds (Lux) – US Micro Cap Growth Fund

#### **Objectives and investment policy**

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective the Compartment will invest in an unleveraged portfolio of equity and equity-convertible securities and cash or cash equivalents.

The Compartment's assets will consist primarily of equity or equity-convertible securities of companies with perceived high growth potential and listed in the United States or dealt in on another United States Eligible Market with aggregate market capitalizations, at the time of purchase, within the current market capitalization ranges for indices such as the Russell Microcap Growth Index and the Russell Microcap Index. However, the Investment Manager may cause the Compartment to invest in companies with higher or lower market capitalizations. The Compartment may invest in American Depository Receipts (ADRs), American Depository Shares and exchange traded funds, providing an exposure to the assets described above.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

There can be no assurance that the Compartment will achieve its objective.

#### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

#### **Classes of Shares**

The features of the Share Classes of this Compartment may differ from those described in the main part of this Prospectus to the extent described herein and under section "Management fees specific to this Compartment".

#### **Management fees specific to this Compartment**

Class E Shares: 1.00% per annum



## VAM FUNDS (LUX)

### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the US economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the US equity markets.

### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## VAM FUNDS (LUX)

### 4. VAM Funds (Lux) – US Large Cap Growth Fund

#### **Objectives and investment policy**

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective the Compartment will invest in an unleveraged portfolio of equity and equity-convertible securities and cash or cash equivalents.

The Compartment's assets will consist primarily of equity and equity-convertible securities of companies with perceived high growth potential and listed in the United States or dealt on another United States Eligible Market with aggregate market capitalizations, at the time of purchase, within the current market capitalization ranges for generally followed large-cap indexes, such as the S&P 500 Index and the Russell 1000® Growth Index. However, the Investment Manager may cause the Compartment to invest in companies with higher or lower market capitalizations. While the Compartment will invest primarily in the securities of U.S. companies, the Compartment will also invest in American Depositary Receipts (ADRs), American Depositary Shares and exchange traded funds.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

There can be no assurance that the Compartment will achieve its objective.

#### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

#### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the US economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the US equity markets.

#### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

## VAM FUNDS (LUX)

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## 5. VAM Funds (Lux) – Emerging Markets Growth Fund

### Objectives and investment policy

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective the Compartment will invest primarily in equity securities of companies in emerging markets. The Compartment may invest in companies with limited operating histories.

The Compartment uses a growth style of investment by investing in stocks the Investment Manager believes have some or all of the following characteristics:

- dominant products or market niches
- improved sales outlook or opportunities
- demonstrated sales growth and earnings
- cost restructuring programmes which are expected to positively affect company earnings
- increased order backlogs, new product introductions, or industry developments which are expected to positively affect company earnings.

The Compartment may invest directly up to 10% of its net assets in China A-Shares through the Shanghai-Hong Kong Stock Connect, Shenzhen – Hong Kong Stock Connect (the "Stock Connect"). A detailed description of the Stock Connect programs as well as risks linked thereto can be found under section "Specific Stock Connect risks" in section "Risks of Investment" in the main part of this Prospectus.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

**The Compartment will invest in securities of issuers of emerging countries and investors should be aware that such investments are more speculative and subject to greater risk than those in securities of issuers of developed countries. Emerging markets may be volatile and illiquid and the investments of the Compartment in such markets may be subject to significant delays in settlement. The risk of significant fluctuations in the Net Asset Value and of the suspension of redemptions in the Compartment may be higher than for Compartments investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in less developed or emerging markets. The assets of the Compartment, as well as the income derived therefrom, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the Net Asset Value of the Compartment's Shares may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets. There are no specific limitations on the percentage of assets that may be invested in the securities of issuers located in any one country at a given time; the Compartment may invest significant assets in any single emerging market country.**

## VAM FUNDS (LUX)

**Foreign securities may include securities of companies located outside of the United States, American Depositary Receipts (ADRs) Global Depositary Receipts (GDRs), exchange traded funds and other international and global investment instruments providing an exposure to the assets described above.**

There can be no assurance that the Compartment will achieve its objective.

### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the emerging markets economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the emerging markets stocks, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the emerging markets.

### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## 6. VAM Funds (Lux) – World Growth Fund

### Objectives and investment policy

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective the Compartment will invest in an unleveraged portfolio of equity and equity-convertible securities and cash or cash equivalents.

The Compartment invests primarily in equity securities of both U.S. and non-U.S. companies exhibiting strong growth characteristics. Under normal market conditions, the Compartment primarily invests in common stocks and other equity securities, including preferred stocks, both within and outside the U.S., whose market capitalization is greater than USD 1.0 billion at the time of investment, although the Compartment may invest in companies with lower market capitalizations if market conditions suggest doing so will help the Compartment achieve its objective. The Compartment seeks to be opportunistic in pursuing companies that meet its criteria regardless of geographic location and, therefore, at certain times, the Compartment could have sizeable positions in either developed countries or emerging markets. The Compartment may invest in companies with limited operating histories.

The Compartment may invest directly up to 10% of its net assets in China A-Shares through the Shanghai-Hong Kong Stock Connect, Shenzhen – Hong Kong Stock Connect (the "Stock Connect"). A detailed description of the Stock Connect programs as well as risks linked thereto can be found under section "Specific Stock Connect risks" in section "Risks of Investment" in the main part of this Prospectus.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

**The Compartment may invest in securities of issuers of emerging countries and investors should be aware that such investments are more speculative and subject to greater risk than those in securities of issuers of developed countries. Emerging markets may be volatile and illiquid and the investments of the Compartment in such markets may be subject to significant delays in settlement. The risk of significant fluctuations in the Net Asset Value and of the suspension of redemptions in the Compartment may be higher than for Compartments investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in less developed or emerging markets. The assets of the Compartment, as well as the income derived therefrom, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the Net Asset Value of the Compartment's Shares may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets.**

## VAM FUNDS (LUX)

**Foreign securities may include securities of companies located outside of the United States, American Depositary Receipts (ADRs) Global Depositary Receipts (GDRs), exchange traded funds and other international and global investment instruments providing an exposure to the assets described above.**

There can be no assurance that the Compartment will achieve its objective.

### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the global economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the global equity markets.

### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## 7. VAM Funds (Lux) – International Real Estate Equity Fund

### Objectives and investment policy

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective the Compartment will invest in an unleveraged portfolio of equity and equity-convertible securities and cash or cash equivalents.

The Compartment invests at least 80% of its assets in a portfolio consisting of securities of companies engaged in real estate and real estate related activities outside the United States. Current income is a secondary consideration. The Compartment will seek to invest in securities of real estate companies and trusts exhibiting superior growth in earnings, dividends and assets relative to other real estate companies. Generally, such earnings, dividend and asset growth are indicative of other fundamental strengths of the securities' issuers, such as revenue growth, newly implemented cost efficiencies, acquisition/sale of real estate and industry developments. The Compartment is not limited to investing in companies of any particular size, and the Compartment will invest in companies with various levels of capitalization.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

**The Compartment may invest in securities of issuers of emerging countries and investors should be aware that such investments are more speculative and subject to greater risk than those in securities of issuers of developed countries. Emerging markets may be volatile and illiquid and the investments of the Compartment in such markets may be subject to significant delays in settlement. The risk of significant fluctuations in the Net Asset Value and of the suspension of redemptions in the Compartment may be higher than for Compartments investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in less developed or emerging markets. The assets of the Compartment, as well as the income derived therefrom, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the Net Asset Value of the Compartment's Shares may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets.**

**Foreign securities may include securities of companies located outside of the United States, American Depositary Receipts (ADRs) Global Depositary Receipts (GDRs), exchange traded funds and other international and global investment instruments providing an exposure to the assets described above.**

There can be no assurance that the Compartment will achieve its objective.



## VAM FUNDS (LUX)

### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the global economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the global equity markets primarily outside the United States.

### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## 8. VAM Funds (Lux) – International Opportunities Fund

### Objectives and investment policy

The investment objective of the Compartment is to achieve capital appreciation over each full market cycle. To achieve this objective the Compartment will gain exposure, directly or indirectly, to unleveraged portfolio of equity and equity-convertible securities and cash or cash equivalents.

The Compartment's assets will consist primarily of equity or equity-convertible securities of non-US companies with perceived high growth potential. There are no restrictions on the capitalization of companies whose securities the Compartment may buy but the investment strategy focuses on securities of smaller capitalisation companies. There are no maximum limitations on the number of countries in which the Compartment can or must invest at a given time. There are also no specific limitations on the percentage of assets that may be invested in securities or issuers located in any one country at a given time. The Compartment may invest a substantial portion of its assets in emerging markets from time to time. The Compartment may gain exposure to China through investment in B and H Shares.

The Compartment may invest directly up to 10% of its net assets in China A-Shares through the Shanghai-Hong Kong Stock Connect, Shenzhen – Hong Kong Stock Connect (the "Stock Connect"). A detailed description of the Stock Connect programs as well as risks linked thereto can be found under section "Specific Stock Connect risks" in section "Risks of Investment" in the main part of this Prospectus.

The Compartment may use derivative techniques and instruments for currency hedging purposes within the limits set out in the investment restrictions.

The Compartment may hold liquid assets on an ancillary basis. Under exceptional market situations and on a temporary basis, the Compartment may temporarily hold up to 100% of its assets in liquid assets.

**The Compartment may invest in securities of issuers of emerging countries and investors should be aware that such investments are more speculative and subject to greater risk than those in securities of issuers of developed countries. Emerging markets may be volatile and illiquid and the investments of the Compartment in such markets may be subject to significant delays in settlement. The risk of significant fluctuations in the Net Asset Value and of the suspension of redemptions in the Compartment may be higher than for Compartments investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in less developed or emerging markets. The assets of the Compartment, as well as the income derived therefrom, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the Net Asset Value of the Compartment's Shares may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets.**

## VAM FUNDS (LUX)

**Foreign securities may include securities of companies located outside of the United States, American Depositary Receipts (ADRs) Global Depositary Receipts (GDRs), exchange traded funds and other international and global investment instruments providing an exposure to the assets described above.**

There can be no assurance that the Compartment will achieve its objective.

### **Investment Manager**

Driehaus Capital Management LLC ("Driehaus") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

Driehaus is a limited liability company formed in the state of Delaware, United States. Driehaus' principal place of business is at 25 East Erie Street, Chicago, Illinois 60611, U.S.A. The principal activity of Driehaus is the provision of investment management and advisory services. It is regulated in the United States by the Securities and Exchange Commission.

### **Profile of the typical investor**

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the global economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have an investment horizon of at least five to seven years, and who seek investment opportunities in the global equity markets outside the United States.

### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

In relation to Classes of Shares available as Distribution Shares, the Fund intends to distribute an annual dividend to the Shareholders of such Class.

### **Reference currency**

The reference currency of the Compartment is the USD.

### **Frequency of calculation of NAV**

The Net Asset Value of each Class within the Compartment shall be calculated on each day that is a full bank business day in Luxembourg and the New York Stock Exchange is normally open for business (each a "Valuation Day"). The Net Asset Value of each Class thus calculated shall be published within two Luxembourg bank business days after the relevant Valuation Day.

## VAM FUNDS (LUX)

### **Addendum to the Prospectus of VAM Funds (Lux) for investors in the United Kingdom**

The UK Facilities Agent for VAM Funds (Lux) is Société Générale Securities Services (hereafter “**Facilities Agent**”), a company authorised and regulated by the UK Financial Conduct Authority (FCA).

#### **Address**

Société Générale Securities Services  
SGSS Custody London  
9th Floor  
Exchange House  
12 Primrose Street  
GB-London EC2A 2EG, United Kingdom

#### **Contact**

Phone: 44 (0) 207 676 6000

The following documents related to the Fund will be available for inspection, free of charge, during regular business hours at the office of the Facilities Agent:

- (1) The Fund’s Articles of Incorporation;
- (2) The current Prospectus for the Fund;
- (3) The current Key Investor Information Document(s) (KIIDs) for the Fund;
- (4) The latest annual and half-yearly reports.

Copies of these documents are also available to prospective investors, free of charge and upon request, at the offices of the Facilities Agent.

The Prospectus contains information describing where information can be obtained about the Fund’s most recent published sale and purchase prices of shares, where a participant in a sub-fund of the Fund may redeem shares in the relevant sub-fund and from which payment of the redemption price may be obtained. For UK investors, information in English can be obtained about prices of the scheme and where a participant may arrange for the redemption of units in the scheme and arrange payment from the Facilities Agent.

Any person wishing to make complaint about the operation of the Fund can submit a complaint to the Compliance Officer of the Facilities Agent at the address set out above.