

# MercLin II SICAV

Investment Company with Variable Capital (*Société d'Investissement à Capital Variable*)

**PROSPECTUS**  
July 2019

## **MercLin II SICAV**

Investment Company with Variable Capital (*Société d'Investissement à Capital Variable*)  
R.C. Luxembourg, number B 150.351

<b>Registered office</b>	12, Rue Eugène Ruppert L-2453 Luxembourg
<b>Board of Directors</b>	
<b>Chairman</b>	<b>Vincent PLANCHE</b>  Director, Member of the Management Committee of DEGROOF PETERCAM ASSET MANAGEMENT S.A., Brussels
<b>Directors</b>	<b>Stéphane MERCIER</b>  Director of Mercier Vanderlinden Asset Management, Anvers  <b>Jean SANDERS</b>  Compliance and Risk Management Manager of Mercier Vanderlinden Asset Management, Anvers  <b>John PAULY</b>  President of the management board, Degroof Petercam Asset Services
<b>Management company</b>	<b>DEGROOF PETERCAM ASSET SERVICES</b>  12, rue Eugène Ruppert L-2453 Luxembourg
<b>Manager</b>	<b>MERCIER VANDERLINDEN ASSET MANAGEMENT</b>  Lange Lozanastraat 254 B-2018 Anvers Belgium
<b>Custodian Bank</b>	<b>BANQUE DEGROOF PETERCAM LUXEMBOURG S.A.</b>  12, rue Eugène Ruppert L-2453 Luxembourg
<b>Investment advisor for the Patrimonium sub-fund</b>	<b>ARLINGTON VALUE CAPITAL, L.L.C.</b>  10 West Broadway, Suite 600 Salt Lake City, Utah 84101 USA

**Company Auditors**

**KPMG LUXEMBOURG SOCIETE COOPERATIVE**

39, Avenue John F. Kennedy  
L-1855 Luxembourg

## NOTICE

**MercLin II SICAV** (hereinafter the "SICAV ") is a société d'investissement à capital variable umbrella fund incorporated under Luxembourg law subject to Part I of the Law of 17 December 2010 on undertakings for collective investment ("Law of 2010").

The SICAV is listed on the official list of UCIs in accordance with the Law of 2010 and is subject to Part I of that Law. This listing should not, under any circumstances or in any way whatsoever, be considered as a positive appraisal by the Commission de Surveillance du Secteur Financier ("CSSF") of the contents of this Prospectus or as to the quality of the shares offered and held by the SICAV. Any statement to the contrary would be unauthorised and illegal.

The Board of Directors of the SICAV (hereinafter the "Board of Directors") has taken all necessary precautions to ensure that the facts set out in the Prospectus are accurate and precise and that there were no material facts whose omission may render inaccurate any of the statements referred to herein.

The Board of Directors accepts responsibility for the accuracy of the information contained in the Prospectus as at the date of its publication. Accordingly, any information or statement not contained in the Prospectus, in the appendices to the Prospectus, if any, in the key investor information documents (the "KIID") or in the annual and half-yearly reports that form an integral part of it, should be regarded as unauthorised.

This Prospectus is subject to updates that take into account significant changes to this Prospectus. Potential subscribers are therefore requested to inquire with the SICAV as to the publication of any more recent Prospectuses.

The Prospectus may not be used for the purpose of offer or solicitation for sale in any jurisdiction or in any circumstances in which such an offer or solicitation is not permitted. Potential subscribers who receive a copy of the Prospectus or of the subscription form in a country other than the Grand Duchy of Luxembourg may not consider such documents to be an invitation to purchase or subscribe to the shares unless such an invitation is fully legal in the country concerned and may take place without any registration or other procedure. It is necessary to verify before any subscription in which country or countries the SICAV is registered, and more specifically which sub-funds, classes or classes of shares are authorised for sale, as well as any legal constraints and exchange restrictions relating to the subscription, purchase, possession or sale of shares of the SICAV. The SICAV is authorised for sale in Luxembourg and Belgium.

No action under the US Investment Company Act of 1940 ("Investment Company Act"), its amendments or any other law relating to transferable securities has been undertaken to register the SICAV or its securities with the US Securities and Exchange Commission. Accordingly, this Prospectus may not be introduced, transmitted or distributed in the United States of America or its territories or possessions, and delivered to a "US Person" as defined in Regulation S of the Securities Act of 1933 ("Regulation S of the US Securities Act of 1933", as amended), except in the framework of transactions exempt from registration under the Securities Act of 1933. Failure to comply with these restrictions may constitute a violation of US securities laws.

The shares of the SICAV (hereinafter the "Shares") may not be offered or sold to "US Persons" or to persons who may not be legally entitled to do so or to whom solicitation for sale is illegal (hereinafter "unauthorised persons").

The Board of Directors will require the immediate redemption of Shares purchased or held by unauthorised persons, including investors who become unauthorised persons after the securities have been acquired.

Investors are required to notify the SICAV and/or the Management Company (i) if they become unauthorised persons, or (ii) if they hold Shares in violation of legal/regulatory provisions, of the Prospectus or the articles of association of the SICAV, or (iii) of any circumstances which may entail adverse tax or legal/regulatory consequences for the SICAV or the shareholders or which may otherwise be adverse to the interests of the SICAV or the other shareholders.

The SICAV draws investors' attention to the fact that an investor can only fully exercise his rights directly against the SICAV, in particular the right to participate in General Meetings of shareholders, if he is listed in the SICAV's register of shareholders. In cases where an investor invests in the SICAV through an intermediary investing in the SICAV in its name but on behalf of the investor, certain rights attached to the status of shareholder may not necessarily be exercisable by the investor directly vis-à-vis the SICAV. Investors are recommended to obtain information on their rights.

Investments in the SICAV involve risks, including those related to the equity and bond markets, currency exchange rates and volatility in interest rates. There is no guarantee that the investment objectives of the SICAV will be achieved. The value of the capital and income from investments of the SICAV is subject to fluctuation and investors may not get back the amount originally invested. In addition, past performance is not indicative of future results.

Before investing in the SICAV or in case of doubt about the risks associated with an investment in the SICAV or the suitability of a sub-fund about the risk of the investor with regard to his personal situation, investors are invited to consult their own financial, legal and tax advisors in order to determine whether an investment in the SICAV is appropriate for them and to request their assistance in order to be fully informed with regard to any legal or fiscal consequences and any repercussions concerning exchange restrictions or controls that may result from the subscription, holding, redemption, conversion or transfer of shares under the laws in force in their country of residence, domicile or place of establishment.

Any reference in this Prospectus to:

- "Euro" or "EUR" refers to the currency of the member countries of the European Union participating in the single currency.
- "Bank Business Day" refers to a day when banks are open in Luxembourg (except Saturday and public and banking holidays).

Copies of the Prospectus are available under the conditions described above, at the head office of the SICAV.

## **Use of personal data**

In accordance with the provisions of the data protection act applicable in the Grand Duchy of Luxembourg, and Regulation No. 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data applicable since 25 May 2018 (the "**Data Protection Act**"), the SICAV, acting as data controller, gathers, stores and processes, electronically or otherwise, data provided by investors for the purposes of providing the services required by investors and complying with its legal and regulatory obligations. The data processed includes in particular the name, contact details (including postal or e-mail address), bank details and the amount invested by each investor (or, where the investor is a legal person, the data of its contact persons and/or owner(s)) ("**Personal Data**").

Investors may, at their discretion, refuse to disclose their Personal Data to the SICAV. In this case, however, the Fund may reject a subscription application.

In accordance with the conditions set out in the Data Protection Act, each investor has the right:

- to access their Personal Data;
- to request that their Personal Data be corrected if they are inaccurate or incomplete;
- to oppose the processing of their Personal Data;
- to request the deletion of their Personal Data;
- to request that their Personal Data be transferred.

Each investor may exercise the above rights by writing to the registered office of the Fund. Investors also acknowledge the existence of their right to file a complaint with a data protection supervisory authority.

The Personal Data provided by investors is processed in particular in order to process subscriptions, redemptions and conversions of shares and the payment of distributions to investors, account management, client relationship management, tax identification required by Luxembourg or foreign laws and regulations (including laws and regulations relating to CRS/FATCA) and compliance with applicable anti-money laundering rules. Personal Data provided by investors are also processed for the purpose of keeping the SICAV's shareholder register up to date. In addition, Personal Data may also be processed for commercial purposes. All investors have the right to object to the use of their personal data for commercial purposes by notifying the SICAV's registered office in writing of their refusal.

To this end, personal data may be transferred to affiliated and third-party entities supporting the activities of the SICAV, notably the Management Company, the Delegated Managers, the Investment Advisers, the Administrative Agent, the Registrar and Transfer Agent, the Domiciliary Agent, the Distributors, the Statutory Auditor and/or any other agent of the SICAV, all acting as sub-contractors (the "**Sub-contractors**").

The sub-contractors are located in the European Union. The SICAV may transfer Personal Data to third parties such as government or regulatory agencies, including tax authorities, within or outside the European Union, in accordance with applicable laws and regulations. In particular, such personal data may be disclosed to the Luxembourg tax authorities, which, in turn, as data controller, may disclose them to foreign tax authorities.

Personal data will not be stored longer than necessary for the purposes of data processing, subject to the applicable legal retention periods provided for by law.

**The shares in the various sub-funds are only subscribed on the basis of the information contained in the key investor information document (the KIID). The KIID is a pre-contractual document that**

contains key information for investors. It contains appropriate information about the basic profile of each class or category of shares in a given sub fund.

If you plan to subscribe to shares, you should first carefully read the KIID, the Prospectus and its annexes, if applicable, which contain specific information about the investment policies of the various sub-funds. You should also read the latest annual and half yearly reports published by the SICAV, copies of which are available on the website <http://funds.degroofpetercam.lu/>, from local agents or entities retailing the shares in the SICAV. On request, free copies of the document can be obtained from the SICAV's head office.

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## I. GENERAL DESCRIPTION

**MercLin SICAV** is a Société d'Investissement à Capital Variable ("SICAV ") umbrella fund incorporated under Luxembourg law in Luxembourg on 21 December 2009 in the form of a Société Anonyme (public limited company) for an indefinite period. The SICAV was originally constituted in the form of a UCI governed by Part II of the Law of 2010. The historical performance of the Patrimonium sub-fund, as defined below, was achieved in the framework of an undertaking for collective investment under Part II of the Law of 2010. This performance was achieved between the date of constitution of the SICAV and 20 June 2014. These circumstances are no longer relevant as the investment restrictions and policy have been changed. In view of these changes, the SICAV's sales documents will not be able to mention the historical performance of the SICAV.

The SICAV is subject, in particular, to Part I of the Law of 2010 and the Law of 10 August 1915 on commercial companies (the "Law of 1915").

The minimum capital of the SICAV is EUR 1,250,000 .- (one million two hundred and fifty thousand euros), which must be reached within six months from the date of approval of the SICAV. The capital of the SICAV will at all times be equal to the sum of the net asset value of all sub-funds of the SICAV and is represented by fully paid-up shares with no par value. The capital of the SICAV is expressed in euro.

Changes in capital occur automatically and without the publicity and registration measures in the Register of Commerce and Companies of Luxembourg prescribed for increases and decreases of capital of public limited companies.

The articles of association of the SICAV were published in "Mémorial C, Recueil des Sociétés et Associations" (the "Compendium") on 13 January 2010 and were filed with the Luxembourg Court Registry. The Articles of Association were amended at an Extraordinary General Meeting of Shareholders on 20 June 2014; the amendments will be published in the Mémorial on 10 July 2014. They may be consulted electronically on the website of the Registre de Commerce et des Sociétés (Commercial Register) in Luxembourg ([www.rcsj.lu](http://www.rcsj.lu)). Copies of the articles of association are also available on request and free of charge at the registered office of the SICAV and can be consulted on the website [www.fundsquare.net](http://www.fundsquare.net).

The SICAV is registered in the Registre de Commerce et des Sociétés (Commercial Register) in Luxembourg with the number B-150.351.

The SICAV may consist of different sub-funds, each representing a pool of specific assets and liabilities, each corresponding to a separate investment policy and reference currency specific to it.

Within each sub-fund, the shares may be different classes of shares and within these classes, the shares may be of different categories (capitalisation shares and distribution shares).

The SICAV is therefore designed to be an umbrella fund UCI which enables investors to choose between one sub-fund or another whose management strategy best corresponds to their objectives and their profile.

At the time of issue of the Prospectus, a single sub-fund is available to investors:

- MercLin II SICAV – Patrimonium (hereinafter referred to as "Patrimonium")

The Board of Directors may decide to create new sub-funds. Therefore, the Prospectus will be amended accordingly and will contain detailed information on these new sub-funds, including the investment policy and terms of sale.

In each sub-fund, the Board of Directors may decide at any time to issue different classes of shares ("share classes" or "classes"), the assets of which will be jointly invested in accordance with the specific investment policy of the sub-fund in question, but will be subject to a specific fee structure or will have other distinctive characteristics for each class.

In the Patrimonium sub-fund, shares are available in seven share classes which differ depending on the type of investors and, where applicable, the applicable management fee, minimum investment and performance fee (see Chapter IV "The Shares" and Chapter VIII "Costs and Expenses"):

- "C"
- "C-dis"
- "R"
- "R-dis"
- "F"
- "F-dis"
- "I"

Classes F, F-Dis and I are inactive as of the date of this prospectus. They may be launched by simple decision of the Board of Directors at a unit price of EUR 1,000 per share.

The definition of these share classes is included in Chapter IV "The Shares", paragraph 2. "Characteristics of the Shares", section (a) "Classes and Classes of Shares".

In each sub-fund and/or class of shares, the Board of Directors may also decide at any time to issue two categories of shares ("share categories" or "categories") which will differ according to their distribution policy:

- The category "distribution shares", corresponding to the distribution shares that will entitle the holder to a dividend
- The category "capitalisation shares", corresponding to the capitalisation shares that will not entitle the holder to a dividend

Each shareholder may request the redemption of shares by the SICAV, subject to the terms and conditions set out below under Chapter IV "The Shares", section 4. "Redemption of shares"

The SICAV is a sole and single legal entity vis-à-vis third parties. The assets of a given sub-fund only cover the debts, liabilities and commitments of that sub-fund. With regard to relations between shareholders, each sub-fund is treated as a separate entity.

## II. MANAGEMENT AND ADMINISTRATION

### 1. BOARD OF DIRECTORS

The Board of Directors has full powers to act in all circumstances, in the name of the SICAV, subject to the powers expressly granted by Luxembourg law to the General Meeting of Shareholders.

The Board of Directors is responsible for the administration and management of the assets of each sub-fund of the SICAV. It may perform all acts of management and administration on behalf of the SICAV, including the purchase, sale, subscription or exchange of all securities, determine the objectives and investment policies to be followed by each sub-fund and exercise all rights directly or indirectly attached to the assets of the SICAV.

### 2. MANAGEMENT COMPANY

The Board of Directors has appointed, under its responsibility and control, **Degroof Petercam Asset Services** ("DPAS") as the management company of the SICAV (hereinafter the "Management Company").

Degroof Petercam Asset Services is a Luxembourg company, which was established for an unlimited period in Luxembourg on 20 December 2004. Its registered office is at 12, Rue Eugène Ruppert, L-2453 Luxembourg. The subscribed, paid-up share capital is EUR 2,000,000.

Its Management Board is made up of the following:

- Mister John Pauly
- Miss Sandra Reiser
- Mister Frank Van Eylen
- Mister Jérôme Castagne.

Its Supervisory Board is made up of the following:

- Mister Bruno Houdmont
- Mister Hugo Lasat
- Mister Pascal Nyckees
- Mister Frédéric Wagner

DPAS is governed by chapter 15 of the Law of 2010 and, as such, is responsible for the collective portfolio management of the SICAV. This activity covers, in accordance with Annex II of the Law of 2010, the following tasks:

(I) portfolio management. In this context, DPAS can:

- provide all advice and recommendations as to investments to be made,
- enter into contracts, buy, sell, exchange and deliver all transferable securities and any other assets,
- exercise, on behalf of the SICAV, all voting rights attached to the securities constituting the assets of the SICAV.

(II) Administration, including:

- a) the legal and accounting services of the SICAV,
- b) follow-up of clients' requests for information,
- c) portfolio valuation and determination of the value of the shares of the SICAV (including tax aspects),
- d) verification of compliance with regulatory provisions,

- e) maintenance of the register of shareholders of the SICAV,
- f) distribution of the income of the SICAV,
- g) issue and redemption of shares of the SICAV (i.e. activity of Transfer Agent),
- h) settlement of agreements (including mailing certificates),
- i) registration and records of transactions,

(III) sale of shares of the SICAV.

In accordance with the laws and regulations in force and with the prior approval of the Board of Directors of the SICAV, DPAS is authorised to delegate, at its own expense, its functions and powers or any part thereof to any person or company it deems appropriate (hereinafter "delegate(s)"), provided that the Prospectus is updated in advance and DPAS retains full responsibility for the actions of such delegate(s).

The management, central administration and marketing functions of the SICAV are currently delegated.

### 3. **MANAGER**

The Management Company manages the sub-funds of the SICAV. It may delegate their management to an authorised manager.

The Management Company has delegated the management of the sub-funds of the SICAV to the Belgian company **MERCIER VANDERLINDEN ASSET MANAGEMENT** (the "Manager").

To this end, a management agreement has been entered into between the Management Company and the Manager, for an unlimited period. Under that agreement, the Manager is responsible for the day-to-day management of the portfolio assets in each sub-fund of the SICAV which it is responsible for managing, and it will comply with any specific management instructions in this regard.

**MERCIER VANDERLINDEN ASSET MANAGEMENT** was established under the name Optimum Asset Management in Antwerp (Belgium) on 18 September 2000 in the form of a public limited liability company incorporated under Belgian law. Its primary activity is portfolio management and its supervisory authority is the Autorité des Services et Marchés Financiers, Belgium.

### 4. **INVESTMENT ADVISORS**

The Investment Manager is assisted by an investment advisor who will provide recommendations, opinions and advice on the selection of investments and the selection of assets for inclusion in the portfolios of the sub-funds.

**Arlington Value Capital, L.L.C.** (Hereinafter the "Investment Advisor") has accepted the function of investment advisor of the sub-fund **Patrimonium**.

To this end, an investment advisory contract has been entered into between the Investment Manager and the Investment Advisor in the presence of the SICAV and the Management Company for an unlimited period.

### 5. **CUSTODIAN BANK AND PAYING AGENT**

Banque Degroof Petercam Luxembourg S.A. was appointed as the SICAV's custodian (the "Custodian") under Article 33 of the 2010 Law.

Banque Degroof Petercam Luxembourg S.A. is a Luxembourg registered public limited liability company. It was incorporated in Luxembourg on 29 January 1987 for an unlimited period, under the name Banque

Degroof Luxembourg S.A.. It is headquartered at L-2453 Luxembourg, 12, Rue Eugène Ruppert, and has performed banking activities since its incorporation.

The Custodian fulfils its duties under the terms of an open-ended custodian agreement made between Banque Degroof Petercam Luxembourg S.A. and the SICAV.

Under the terms of that agreement, Banque Degroof Petercam Luxembourg S.A. also acts as a paying agent for the financial service relating to the SICAV's shares.

The Custodian fulfils the obligations and duties as described by the Luxembourg law and in particular, carries out the missions described in Article 33-37 of the 2010 Law.

The Custodian has to act in an honest, loyal, professional, and independent way and solely in the interest of the SICAV and the SICAV shareholders.

The Custodian may not exercise any activity with regard to the SICAV or the Management SICAV acting on its behalf, in a way that would cause a conflict of interest between the SICAV, its shareholders, the Management Company and the Custodian itself. An interest is a source of advantage of any nature, and a conflict of interests is a situation in which, in performing the activities of the Custodian, the latter's interests are in competition with those particularly of the SICAV, the shareholders and/or the management company.

The Custodian can directly or indirectly present the SICAV with a series of bank service provisions, in addition to custodian services in the strict sense of the word.

Supplying additional service provisions as well as the capital links between the Custodian and certain SICAV participants may lead to some conflicts of interest between the SICAV and the Custodian.

Situations that present a potential conflict of interest during the Custodian's activities may, among others, be the following:

- the Custodian can potentially realise financial gain or avoid financial loss at the expense of the SICAV;
- in performing its activities the Custodian has an interest which differs from the interest of the SICAV;
- for financial or other reasons the Custodian is prompted to favour the interests of a client over those of the SICAV;
- from another counterparty than the SICAV the Custodian receives or will receive an advantage related to its activities, other than the usual commissions;
- the Custodian and the management company are directly or indirectly connected with Banque Degroof Petercam S.A. and some staff members of Banque Degroof Petercam S.A. are members of the management company;
- the Custodian has recourse to agencies and subagents to fulfil its functions;
- the Custodian can present the SICAV with a series of bank service provisions in addition to the services of Custodian.

The Custodian can perform this type of activity if, in the functional and hierarchic field, the latter has separated the performance of its tasks as Custodian from its other possibly conflicting tasks and if the potential conflicts of interest are duly detected, managed, monitored and communicated to the shareholders of the SICAV.

In order to mitigate, identify, prevent and reduce possibly emerging conflicts of interest, procedures and measures regarding conflicts of interest have been set up within the Custodian bank to ensure that in case of the emergence of a conflict of interest the interest of the Custodian will not be unfairly favoured.

In particular:

- the staff members of Banque Degroof Petercam Luxembourg S.A. who are members of the board of directors of the SICAV shall not interfere in the management of the SICAV, which remains delegated to the management company that will provide or delegate it according to its own procedures, rules of conduct and staff;
- no staff member of Banque Degroof Petercam Luxembourg S.A., fulfilling or participating in custodial, supervisory and/or appropriate cash-flow monitoring duties can be a member of the board of directors of the SICAV;

The Custodian has published a list of the agents and sub-agents used on its behalf, on the website <http://www.degroof.lu/?lang=fr#!/page/investisseur-institutionnel/uci-establishment-and-administration>.

The selection and control of the subagents of the Custodian occurs in accordance with the Law of 2010. The Custodian controls potential conflicts of interest with its subagents that may arise. At present the Custodian has not noted any conflicts of interest with its subagents.

If, in spite of the measures set up to mitigate, identify, prevent and reduce conflicts of interest that may emerge with the Custodian, such a conflict arises, the Custodian must at all times comply with its legal and contractual obligations towards the SICAV. If a conflict of interest threatens to have a significant and unfavourable effect on the SICAV or its shareholders and it cannot be resolved, the Custodian duly notifies the SICAV which has to take appropriate action.

The shareholders can obtain up-to-date information about the Custodian on request.

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

The Management Company carries out the central administration duties for the SICAV (hereinafter the "Central Administration").

The Management Company fulfills the duties of Domiciliation Agent, Administrative Agent and Transfer Agent and Registrar for the SICAV. In this context, it fulfils the administrative functions required by Luxembourg law, such as keeping the Company's books and accounts, as well as the register of shareholders. It is also responsible for periodically calculating the net share value for each share in each sub-fund and in each class/category, as applicable.

## **7. DISTRIBUTORS AND NOMINEES**

The Management Company may, at any time, decide to appoint distributors and / or Nominees to assist it with the distribution and placement of the various sub-funds of the SICAV.

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

In accordance with these agreements, the Distributor actively manages the marketing, placement and sale of the shares of the sub-funds of the SICAV. The Distributor intervenes in relations between the investors and the Management Company with regard to subscription to the shares of the SICAV. The Distributor will be authorised to receive subscription, redemption and conversion orders from investors and shareholders on behalf of the SICAV, and offer shares at a price based on the respective net share value for those shares, plus any entry fee. The Distribution sends the Management Company the subscription and/or redemption and/or conversion orders it receives. The Distributor may also receive and make payments relating to the subscription and redemption orders it receives.

In accordance with these agreements, the Nominee will be entered in the register of shareholders in place of the clients who have invested in the SICAV. Inter alia, the terms and conditions of the distribution agreement stipulate that a client who has invested in the SICAV through the Nominee may at any time request the transfer in his name of the shares subscribed through the Nominee, whereby the client will be registered under his own name in the register of shareholders of the SICAV upon receipt of instructions to that effect from the Nominee.

Shareholders may subscribe for shares of the SICAV directly with the SICAV without having to subscribe through a distributor or Nominee, unless the use of a Nominee is essential, or even compulsory, for legal, regulatory or enforcement reasons.

The list of distributors will be mentioned in the annual and half-yearly reports of the SICAV.

#### **8. OPERATIONAL CONTROL OF THE SICAV**

KPMG Luxembourg Société Coopérative has been appointed as Statutory Auditor of the SICAV and fulfils the obligations and duties prescribed by law.

### **III. INVESTMENT OBJECTIVES, POLICIES AND RESTRICTIONS**

#### **1. GENERAL PROVISIONS**

##### **a) Objectives of the SICAV**

The objective of the SICAV, through the available sub-funds, is to provide investors with as high a return as possible on the capital invested, while allowing them to benefit from wide risk diversification.

The SICAV seeks, as a primary objective, the preservation of capital in real terms and the long-term growth of the assets of each sub-fund.

##### **b) Investment Policy of the SICAV**

The SICAV mainly expects to fulfil this objective through the active management of the eligible financial asset portfolios. In accordance with the conditions and limits contained in section 3 above, and in accordance with the investment policy for each sub-fund as defined below, the eligible financial assets may, in particular, consist of units of UCITS and/or UCI, securities, money market instruments, bank deposits and/or derivative financial instruments without, however, excluding other types of eligible assets.

Each sub-fund may (a) invest in derivatives with a view to realising the investment objectives and for the purposes of hedging and effective portfolio management, and (b) use techniques and instruments related to the securities and money market instruments with a view to effective portfolio management, under the terms and conditions laid down by law, regulations and administrative practice, in accordance with the restrictions mentioned in sections 2. "Investment objectives and policies of the various sub-funds" and 3. "General policies of the sub-funds" below.

Each sub-fund of the investment company with variable capital must ensure that its overall exposure relating to derivatives does not exceed the total net value of its portfolio.

Overall exposure is a measurement designed to limit the leverage generated for each sub-fund by using derivatives. The method used to calculate overall exposure for each sub-fund of the investment company

with variable capital is the 'commitment method'. The commitment method entails converting positions on derivatives into equivalent positions on underlying assets and then aggregating the market value of these equivalent positions.

According to the commitment methodology, the maximum level of derivative leverage is 100%.

The investment policy of each sub-fund of the SICAV will be differentiated depending on the type and proportion of eligible financial assets and/or in terms of the geographical, industrial or sector diversification.

**c) Risk Profile of the SICAV**

The risks specific to each sub-fund and their management objective are described more fully in the investment policy for each sub-fund.

As the various sub-funds are subject to fluctuations in the financial markets and to the risks inherent in any investment in securities, it cannot be guaranteed that these objectives will be achieved.

Therefore, there can be no guarantee that the objectives of the SICAV and of the sub-funds will be met and that the investors will recover the amount of their initial investment.

The conditions and limits set out in section 3 below are therefore aimed at ensuring the diversification of portfolios to reduce these risks.

Investors who would like to know about the past performance of the sub-funds are asked to read the section of the KIID that relates to the sub-fund in question, and gives the figures for the last three financial years. Investors should note that this data is in no way intended to be an indication of the future performance of the various sub-funds of the SICAV.

The investment objectives and policies determined by the Board of Directors, along with the risk profile and the profile of the typical investor are as follows, for each sub fund.

**2. INVESTMENT OBJECTIVES AND POLICIES, RISK PROFILE AND INVESTOR PROFILE OF THE DIFFERENT SUB-FUNDS**

Within the limits and subject to the restrictions set out below, the investment policy of the different sub-funds is as follows:

**a) MercLin II SICAV – Patrimonium**

The management objective of the **Patrimonium** sub-fund corresponds to a medium level of risk in relation to the equity and bond markets of the OECD member countries and Hong Kong, without excluding other countries.

The global exposure to emerging and frontier market countries will not exceed 40% of the net assets in the sub-fund, with a specific limit of 15% for frontier countries.

This exposure may be realised either directly or through UCITS and/or UCI, or through American, European or international/global certificates of deposit, or through ADR, EDR or IDR/GDR.

ADR, EDR or IDR/GDR consist of underlying securities issued by companies domiciled in emerging and frontier markets but traded on a regulated market outside the emerging or frontier market in question, mainly in North America or in Europe. By investing in ADR, EDR and IDR/GDR, the sub-fund anticipates

being able to mitigate some of the settlement risks associated with its investment policy, as well as other risks, such as exposure to monetary risk.

*ADR, EDR and IDR/GDR are certificates typically issued by a bank and/or major financial institutions in industrialised countries, which entitle their holders to receive securities issued by a foreign or domestic company. Certificates of deposit do not eliminate exchange-rate risks and economic risks associated with the underlying shares of a company exercising its activity in another country. It is specified that the ADR, EDR or IDR/GDR will not contain any embedded derivative financial instrument.*

With regard to the investments in China, the sub-fund does not intend to invest directly in the Chinese market of A-shares. In addition, the sub-fund will not invest in OTC derivative products on P-notes issued by foreign institutional investors for the Indian market. Nevertheless, it may do so indirectly through the use of linked shares or participation notes issued by institutions having the status of QFII (Qualified Foreign Institutional Investor) or via UCITS investment investing directly or indirectly in A-Shares or P-Notes. These investments will however be limited to 10% of the sub-fund's net assets.

It is specified that the Russian Trading System Stock Exchange ("RTS Stock Exchange") and the "Moscow Interbank Currency Exchange" ("MICEX") are considered to be regulated Russian markets.

Primarily, the sub-fund dynamically divides asset classes into a portfolio consisting of: equities and other equity-equivalent securities, bonds and convertible bonds, money market instruments (such as negotiable debt securities, certificates of deposit, commercial papers, etc.), cash and cash equivalents and other marketable securities giving the right to acquire such securities by way of subscription or exchange. However, it is specified that investments in the equity markets may fluctuate between 0% and 75% of the sub-fund's net assets.

The Sub-fund may invest up to 15% of its assets in ABS (asset-backed securities) and/or MBS (mortgage-backed securities). In adverse market conditions, the assets underlying these securities may prove illiquid and react negatively in the event of payment defaults and/or interest rate increases.

Although investments may be made directly, the sub-fund may also invest through units or shares of undertakings for collective investment ("UCITS") and/or collective investment undertakings ("UCI" ), including through exchange-traded funds (ETFs), as defined in Article 1(2) a) and b) of Directive 2009/65/EC , that are regulated, open-ended and diversified, with a risk distribution comparable to that of Luxembourg UCI governed by Part I of the Law of 2010.

***It should be noted that the activity of a UCI or a sub-fund that invests in other UCIs may result in the duplication of certain costs. In addition to the expenses borne by the sub-fund in the course of its day-to-day operation, general fees and management fees will be indirectly charged to the assets of the sub-fund via the UCITS and/or other target UCI which it holds. Cumulative management fees may not exceed 5%. If the sub-fund invests in UCI that are managed directly or by authority, by the Management Company or by any other company to which the management company is linked as part of collective management or control or via a major direct or indirect investment, no entry or exit commission attached to the UCI in which the units or shares have been bought can be charged to the sub-fund.***

In addition, and up to a maximum of 20% of its net assets, the sub-fund may decide to invest in the commodity markets through exchange-traded commodities (ETC), provided that they meet the definition of transferable securities under Article 41(1) of the Law of 17 December 2010, Article 2 of the Grand Ducal Regulation (*Règlement Grand-Ducal*) of 8 February 2008 and point 17 of the recommendations issued by ESMA 07-044b; these products must not contain derivatives and must not result in physical delivery of the underlying commodities. The sub-fund may also invest, within this 20% limit described in this paragraph, in

derivative financial instruments on commodity indices, provided that they comply with Article 50(1)(g) of Directive 2009/65/EC and Article 9 of European Directive 2007/16/EC).

The sub-fund may also invest a maximum of 25% of its assets in structured products. The expression "structured products" refers to securities issued by first-class financial institutions with the aim of restructuring the investment profiles of certain other investments (the "underlying assets"). As such, financial institutions issue securities (the "structured products") whose performance is linked to that of the underlying assets. These underlying assets must meet the definition of transferable securities under Article 41(1) of the Law of 17 December 2010, Article 2 of the Grand Ducal Regulation (*Règlement Grand-Ducal*) of 8 February 2008 and point 17 of the recommendations issued by ESMA 07-044b; these products must reflect the investment policy and objectives for the sub-fund in question. The risks to which the underlying assets are inherently exposed may not exceed the investment limits set out below.

The sub-fund may, in a secondary capacity, hold liquid assets.

However, and if justified by market conditions, the sub-fund may invest up to 100% of its net assets in liquid funds, term deposits, rate contracts or monetary instruments such as bonds, money market instruments traded on a regulated market with a residual maturity of no more than 12 months, cash UCITS or UCI. However, the sub-fund will make sure to avoid any overconcentration of assets in a single other cash UCITS or UCI and in general will comply with the investment limitations and rules on risk distribution as described in section 4 below. There is no restriction as to the currency in which the securities are issued. However, term deposits and cash may not exceed 49% of the Sub-fund's net assets; term deposits and cash held with any one counterparty, including the Custodian Bank may not exceed 20% of the Sub-fund's net assets.

Within the framework of the proper management of its portfolio and within the limits of the investment restrictions described in section 3, the sub-fund may use techniques and instruments relating to transferable securities and money market instruments.

The use of these techniques and instruments entails certain risks, and there is no guarantee that the desired objectives from using the techniques and instruments can be attained.

In order to optimise the performance of its portfolio, the sub-fund may use derivatives and techniques for investment purposes and for effective portfolio management and/or for hedging purposes in accordance with the conditions and limits stipulated in section 3 below. Investors should note that the use of derivatives for investment purposes has a leverage effect. This increases the volatility of the fund's returns.

The sub-fund must nevertheless ensure that its global exposure relating to financial derivative instruments does not exceed its total net assets. The global exposure of the fund may therefore not exceed 200% of its total net assets. In addition, this global exposure may not be increased by more than 10% through temporary borrowing, and so that the global risk exposure of the sub-fund can never exceed 210% of its total net assets.

The change in the net asset value of the share may be uncertain, as it is subject to fluctuations in equity markets and interest rates. This may result in volatility in its price and a decrease in its price. This sub-fund cannot therefore guarantee that its objectives will be realised. Investment in equities generally involves a higher risk than investment in bonds. This is in part due to the fact that the price of the shares fluctuates according to the market, the change in competitors and the information published. Given the higher risk, the potential income from investment in equities is generally higher than investment in bonds.

The net asset value of the sub-fund is expressed in euros.

### **Risk profile**

The assets of the **Patrimonium** sub-fund are subject to market fluctuations and, principally, to the risks inherent in any investment in equities or bonds.

### **Investor profile**

The **Patrimonium** sub-fund is directed at investors who are seeking to benefit from growth of the equities market.

The **Patrimonium** sub-fund is directed at individual clients and institutional investors. The SICAV is recommended for investors with an investment horizon of 3 to 5 years.

### **3. ELIGIBLE FINANCIAL ASSETS**

The investments of the various of funds in the SICAV must comprise exclusively:

#### **Transferable securities and money market instruments**

- a) convertible securities and money market instruments listed or traded on a regulated market as accredited by the Member State of origin and included on the list of regulated markets published in the Official Gazette of the European Union ("EU") or on its website (the "Regulated Market");
- b) securities and money market instruments traded on another market located in a Member State of the European Union, which is regulated, operates on a regular basis, is recognised and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the European Union or traded on another market in a non-Member State of the European Union which is regulated, operates regularly, is recognised and open to the public;
- d) newly-issued transferable securities and money market instruments provided that (i) the terms of the issue include an undertaking that application will be made for admission to official listing on a stock exchange or another regulated market, which operates regularly, is recognised and open to the public; and (ii) admission is obtained no later than one year from the date of issue;
- e) money market instruments other than those traded on a regulated market insofar as the issue or issuer of these instruments are themselves subject to regulations protecting investors and savings and providing these instruments are:
  - issued or guaranteed by a central, regional or local government authority, by a central bank of a Member State, by the European Central Bank, by the European Union or by the European Investment Bank, by another country or, in the case of a federal state, by one of the members of the federation, or by an international public body of which one or more Member States are members; or
  - issued by a company whose shares are traded on the regulated markets referred to under points a), b) and c) above; or
  - issued or guaranteed by an institution subject to prudential supervision in line with the criteria defined by Community law, or by an institution subject to and complying with prudential rules considered by the CSSF to be at least as strict as those stipulated in Community legislation; or

- issued by other bodies belonging to the categories approved by the CSSF, insofar as investments in these instruments are subject to investor protection rules which are equivalent to those laid down under the first, second or third points, and that the issuer is a company with capital and reserves amounting to at least ten million euros (EUR 10,000,000) and which presents and publishes its annual accounts pursuant to the Fourth Directive 78/660/EEC, or a body which, within a group of companies including one or more listed companies, is dedicated to the financing of the group, or a body dedicated to financing securitisation vehicles benefiting from a line of bank finance.

Any sub-fund of the SICAV may also invest its net assets up to 10 % of the maximum, in transferable securities and money market instruments other than those mentioned in points a) to e) above.

### **Units in Collective Investment Undertakings**

- f) units in undertakings for collective investment in transferable securities ("UCITS") and/or other collective investment undertakings ("UCI") as defined in Article 1(2), points a and b of European Directive 2009/65/EC, whether or not they are situated in an EU Member State, provided that:
- such other UCIs are authorised under a law which provides that they are subject to supervision considered by the CSSF (*Commission de Surveillance du Secteur Financier*, Luxembourg's financial sector supervisory authority) to be equivalent to that laid down in Community law and that cooperation between authorities is sufficiently assured;
  - the level of protection for unit holders in such other UCIs is equivalent to that provided for unit holders of UCITS and, in particular, that the rules on asset segregation, borrowings, lending and short selling of transferable securities and money market instruments are equivalent to the requirements of European Directive 2009/65/EC;
  - the business of such other UCIs is reported in half yearly and annual reports enabling an assessment to be made of the assets, liabilities, revenues and operations over the reporting period;
  - the proportion of the assets that such UCITS or other UCIs may acquire in units of other UCITS or UCIs may not, according to their management regulations or formation documents, be more than 10% invested in aggregate in units of other UCITS or other UCIs.

### **Deposits with a credit institution**

- g) deposits with a credit institution repayable on demand or which can be withdrawn and maturing in no more than twelve months, provided that the credit institution has its registered office in a Member State of the European Union or, if its registered office is in a non-Member State, that it is subject to prudential rules considered by the CSSF to be equivalent to those laid down in Community law.

### **Derivative financial instruments**

- h) financial derivatives, including equivalent instruments giving rise to a settlement in cash, which are traded on a regulated market of the type referred to in points a), b) and c) above, or derivative financial instruments traded over-the counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by points a) to g) above, of financial indices, interest rates, foreign exchange rates or foreign currencies in which the SICAV may invest according to its investment objectives;

- the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF;
- the OTC derivative instruments are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed out by an offsetting transaction at any time and at their fair value at the initiative of the SICAV; and
- under no circumstances may these operations cause the SICAV to deviate from its investment objectives.

The SICAV may in particular intervene in transactions relating to options, forward contracts on financial instruments and options on such contracts.

### **Cross investments**

A sub-fund of the SICAV ("Investor Sub-fund") may subscribe to, acquire and/or hold securities issued or to be issued by one or more other sub-funds of the SICAV (each referred to as a "Target Sub-fund"), without the SICAV being subject to the requirements stipulated by the Law of 1915, in terms of the subscription, acquisition and/or holding by a company of its own shares, providing however that:

- the Target Sub-fund does not in turn invest in the Investor Sub-fund which is invested in this Target Sub-fund; and
- the total proportion of assets that the Target Sub-funds to be acquired may invest in the units of other Target Sub-funds of the same UCI in accordance with their investment policy does not exceed 10%; and
- any voting rights attached to the securities held are suspended for as long as they are held by the Investor Sub-fund, without prejudice to an appropriate treatment in the accounts and the periodic reports; and
- in any case, for as long as these securities are held by the Investor Sub-fund, their value is not taken into account in the calculation of the SICAV's net assets for verification of the minimum threshold of net assets imposed by the Law of 2010; and

there is no duplication of management, subscription or redemption fees with respect to the Investor Sub-fund and the Target Sub-fund.

The SICAV may, in a secondary capacity, hold liquid assets.

## **4. INVESTMENT RESTRICTIONS**

### **Transferable securities and money market instruments**

1. The SICAV may not invest its net assets in transferable securities and money market instruments from the same issuer in proportions that exceed the limits stipulated below, on the understanding that (i) these limits must be respected within each sub-fund, and that (ii) the issuing companies grouped for accounts consolidation purposes are treated as a single entity when calculating the limitations described in points a) to e) below.

- a) A sub-fund may invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same issuer.

The total value of the transferable securities and money market instruments held by the sub-fund with issuers in each of which it invests more than 5 % of its net assets may not exceed

40 % of the total value of its net assets. This limit does not apply to deposits with financial institutions which are subject to prudential supervision or to OTC derivative transactions with such institutions.

- b) The same sub-fund may invest a cumulative figure of up to 20 % of its net assets in transferable securities or money market instruments issued by a single group.
- c) The limit of 10 % mentioned in point a) above may be increased to 35 % as a maximum, if the transferable securities and money market instruments are issued or guaranteed by an EU Member State, by its regional authorities, by a non-EU state or by international public bodies of which one or more EU member states are members.
- d) The 10 % limit mentioned in point a) above may be increased up to a maximum of 25 % certain bonds if they are issued by a credit institution headquartered in an EU member state and are subject, by law, to special public supervision designed to protect bondholders. In particular, the amounts resulting from the issue of these bonds must be invested, by law, in assets that provide sufficient coverage throughout the validity of the bonds, for the resulting obligations and which are allocated in priority to the repayment of capital and the payment of interest accruing, in the event of a default by the issuer. To the extent that a sub-fund invests more than 5 % of its net assets in the bonds mentioned above, issued by the same issuer, the total value of those investments may not exceed 80 % of the value of the net assets.
- e) The transferable securities and money market instruments mentioned in points c) and d) above are not taken into consideration to apply the 40 % limit mentioned in point a) above.
- f) **By way of exception, any sub-fund may, according to the risk distribution principle, invest up to 100 % of its net assets in different issues of transferable securities and money market instruments issued or guaranteed by an EU Member State, by its regional authorities, by an OECD member state, by another member state of the Group of 20 ("G-20"), Singapore, Brazil, Russia or by international public bodies of which one or more EU member states are members.**

If a sub-fund takes advantage of this option, it must hold securities from at least six different issues, and the securities from a single issue may not exceed 30 % of the total value of the net assets.

- g) Without prejudice to the limitations imposed in point 7 below, the 10 % limit mentioned in point a) above will be increased to a maximum of 20 % for investments in bonds and/or debt securities issued by the same entity, if the sub-fund's investment policy is aimed at reproducing the composition of a specific share or debt securities index recognised by the CSSF, on the following basis:
  - the composition of the index is sufficiently diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - it is published in an appropriate manner.

The 20 % limit will be increased to 35 % if and when this proves to be justified by exceptional market conditions, in particular on regulated markets where certain transferable securities or certain money market instruments are highly dominant. Investment up to this limit is permitted for only one issuer.

### **Deposits with a credit institution**

2. The SICAV may not invest more than 20 % of the net assets of each sub-fund in bank deposits with the same entity. Companies grouped for the purposes of account consolidation shall be treated as a single entity for the purposes of calculating this limitation.

### **Derivative financial instruments**

3.
  - a) The counterparty risk in an OTC derivative instrument transaction may not exceed 10 % of its net assets if the counterparty is one of the credit institutions referred to in section 3 point g) above, or 5 % of its net assets in other cases.
  - b) Investments in derivatives may be made, provided that globally the risks to which the underlying assets are exposed do not exceed the investment limits stipulated in points 1. a) to e), 2., 3. a) above and 5. and 6. below. If the SICAV invests in derivative financial instruments which are based on an index, these investments will not be combined with the limits set forth in points 1. a) to e), above and 5. and 6. below.
  - c) If a transferable security or money market instrument is a derivative, it must be taken into account when applying the provisions of points 3. d) and 6. below, and the appreciation of the risks of transactions on derivatives, if the global risk of the financial derivatives does not exceed the total net value of the assets.
  - d) Each sub-fund must ensure that its overall risk relating to derivatives does not exceed the total net value of its portfolio. The risk is calculated taking account of the current value of the underlying assets, counterparty risk, foreseeable market trends and the time available to liquidate the positions.

### **Units in Collective Investment Undertakings**

**Subject to other more restrictive specific provisions relating to a given sub-fund and described in section 2 above, if applicable:**

4.
  - a) The SICAV may not invest more than 20 % of the net assets of each sub-fund in the units of the same UCITS or other open UCI, as defined in section 3 point f) above.
  - b) Total investments in the units of other UCIs may not exceed a total of 30 % of the SICAV's net assets.  
  
If a sub-fund acquires units of UCITS and/or other UCIs, the assets of these UCITS or other UCIs are not combined for the purposes of the limits set forth in point 7. a) to e) below.
  - c) When the SICAV invests in units or shares of other UCITS and/or other CIS which are managed directly or on a delegated basis by the same Management Company or by any other company to which the Management Company is linked by common management or control or by a significant direct or indirect equity interest, the Management Company or other company may not invoice subscription or redemption fees for the SICAV's investment in units or shares of other UCITS and/or CIS.

The maximum management fee that may be charged to both the SICAV and the UCITS and/or other UCIs in which the SICAV intends to invest will be that indicated in the particular investment policy of the relevant sub-fund.

To the extent that the UCITS or UCI is a legal entity with multiple sub-funds, all the assets in a sub-fund correspond exclusively to the rights of the investors in that sub-fund and those of the creditors whose debt arose from the formation, operations or liquidation of this sub-fund, each sub-fund is considered as a separate issue, for the purposes of applying the above risk distribution rules.

### **Combined limits**

5. Notwithstanding the individual limits set in points 1.a.), 2. and 3.a) above, a sub-fund may not combine several of the following components if this would result in the investment of more than 20% of its net assets in a single entity:
  - investments in transferable securities or money market instruments issued by said entity,
  - deposits with said entity, or
  - risks stemming from OTC derivative instrument transactions with said entity.
6. The limits stated in points 1.a., 1.b., 1.c., 3.d. and 5.e. may not be combined. Consequently the investments in the transferable securities and money market instruments issued by a single entity in deposits or in derivative instruments with this entity in accordance with points 1.a., 1.b., 1.c., 2.d. and 5.e. may not exceed 35 % of the sub-fund concerned.

### **Limitations on control**

7.
  - a) The SICAV may not acquire shares carrying voting rights which would enable it to exercise a significant influence over the management of an issuer.
  - b) The SICAV may not acquire more than 10 % of non-voting shares of the same issuer.
  - c) The SICAV may not acquire more than 10 % of the debt securities from the same issuer.
  - d) The SICAV may not acquire more than 10 % of money market instruments from a single issuer.
  - e) The SICAV may not acquire more than 25 % of units in the same UCITS and/or other UCI within the meaning of Article 2(2) of the Law of 2010.

The limits laid down in points 7. c) to e) above may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or money market instruments, or the net amount of the securities issued, cannot be calculated.

The limits laid down in points 7. a) to e) do not apply to:

- transferable securities and money market instruments issued or guaranteed by a European Union Member State or its regional public authorities;
- transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
- transferable securities and money market instruments issued by public international bodies of which one or more European Member States are members;

- the shares held in the capital of a non-EU country, provided that (i) the company essentially invested assets in securities from issuers who are nationals of that country where, (ii) under the laws of that country, such investment is the only possibility the SICAV has to invest in securities from issuers of that country, and (iii) that company, in its investment policy, respects the rules of risk diversification, counterparty and limitation of controls as set out in points 1. a), 1. c), 1. d), 2., 3. a), 4. a) et b), 5., 6. and 7. a) - e) above;
- shares held in the capital of subsidiaries carrying on the activities of management, advisory services or sales in the country where the subsidiary is based, as regards the redemption of units at the request of shareholders, exclusively on its or their behalf.

### Loans

8. Each sub-fund may loan up to 10 % of its net assets provided that the loans are temporary. Each sub-fund may also acquire currencies by means of a back-to-back loan.

Commitments related to options contracts, purchases and sales of futures contracts are not considered as loans for the purposes of calculating this investment limit.

### Finally, the SICAV ensures that the investments of each sub-fund comply with the following rules:

9. The SICAV may not grant loans or act as guarantor behalf of a third party. This restriction does not prevent the acquisition of transferable securities, money market instruments or other financial instruments which are not fully paid-up.
10. The SICAV may not short-sell transferable securities, money market instruments or other financial instruments referred to in section 3 points e), f) and h) above.
11. The SICAV may not acquire immovable property except where the purchase is essential for the direct exercise of its business.
12. The SICAV may not acquire commodities, precious metals or certificates representing them.
13. The SICAV may not use its assets to guarantee securities.
14. The SICAV may not issue warrants or other instruments giving the right to buy shares in the SICAV.

### Notwithstanding the foregoing provisions:

15. The above limits may not always be respected at the time of the exercise of subscription rights to the transferable securities or money market instruments of which the sub-fund's assets are made up.

While ensuring compliance with the principle of risk diversification, the SICAV may deviate from the limits set forth above for a period of six months following the date of its being approved.

16. Where the maximum percentages indicated above are exceeded for reasons beyond the SICAV's control, or following the exercise of rights tied to the portfolio securities, the SICAV shall, in its sales operations, prioritise the regularisation of the situation, and take into account the shareholders' interests.

The SICAV may, at any time, introduce other investment restrictions provided that they are essential in order to comply with the laws and regulations in force in certain countries in which the SICAV's shares may be offered and sold.

## Master-Feeder Structures

Each sub-fund can act as a feeder sub-fund (the "Feeder") of another UCITS or sub-fund thereof (the "Master") that is not itself a UCITS/feeder sub-fund and does not hold shares/units of a UCITS/feeder sub-fund. In this case the Feeder shall invest at least 85% of its assets in shares/units of the Master.

The Feeder may not invest more than 15% of its assets in one or more of the following:

- a) cash on an ancillary basis in accordance with Article 41 (2), second subparagraph of the Law of 2010;
- b) derivative financial instruments, which can be used only for the purpose of hedging, in accordance with Article 41(1) (g) and 42, paragraphs (2) and (3) of the Law of 2010;
- c) the moveable assets and real estate essential for the direct exercise of the activity of the SICAV.

Where a sub-fund qualified as a Feeder invests in shares/units of a Master, the Master may not charge a subscription or redemption fee to the Feeder sub-fund for the acquisition or disposal of the shares/units of the Master.

If a sub-fund qualifies as a Feeder, a description of all fees and all reimbursements of costs owed by the Feeder because of its investment in shares/units of the Master, and the total expenses of the Feeder and the Master will be indicated in the Prospectus. The annual report of the SICAV will mention the total cost of the Feeder and the Master.

If a sub-fund is qualified as a Master of another UCITS, this sub-fund will not charge subscription or redemption fees to the Feeder.

## 5. FINANCIAL TECHNIQUES AND INSTRUMENTS

Subject to the specific provisions contained in the investment policy for each sub-fund (Chapter III. section 2. "Investment objectives and policies, risk profile and investor profile of the different sub-funds", the SICAV may utilise techniques and instruments relating to the transferable securities and money market instruments such as securities lending, repurchase transactions and repurchase agreements and reverse repurchase agreements, with a view to the effective management of the portfolio under the terms and conditions dictated by the Law of 2010, regulations and good practice, in accordance with Circular CSSF 14/592 concerning the guidelines of the European Financial Markets Authority (AEMF/ESMA) on exchange traded funds (ETF) and other issues related to UCITS (ESMA/2014/937) as described below.

The net exposures (i.e. the SICAV's exposures less the sureties received by the SICAV towards a counterparty as a result of securities lending, repurchase transactions and repurchase/reverse repurchase agreements must be taken into account up to the limit of 20%, of Article 43(2) of the 2010 Law in accordance with point 2 of section 27 of the ESMA 10-788 guidelines. The SICAV is permitted to consider a security that complies with the requirements set out under (c) below to reduce the counterparty risk in transactions involving securities lending, repurchase transactions and repurchase agreements and reverse repurchase agreements.

Any revenue resulting from such techniques will be returned in full to the sub-fund concerned, minus any direct and indirect operating costs.

The SICAV is prohibited from lending securities.

**UNLESS OTHERWISE SPECIFIED IN ITS INVESTMENT POLICY, NO SUB-FUND OF THE SICAV SHALL RESORT TO ANY KIND OF 'SECURITIES FINANCING TRANSACTIONS' AND/OR WILL NOT INVEST IN 'TOTAL RETURN SWAP', AS THESE TERMS ARE DEFINED IN THE REGULATION (EU) 2015/2365 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL OF 25 NOVEMBER 2015 ON TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND OF REUSE.**

**THE PROSPECTUS WILL BE UPDATED IF A SUB-FUND USES THESE TRANSACTIONS.**

**a) Securities lending**

Each sub-fund may only lend securities in the special cases indicated below, following the liquidation of securities sale transactions: (i) if the securities are awaiting registration ; (ii) if the securities were loaned and not returned in time; and (iii) to avoid a delay in liquidation if the Custodian is unable to deliver the sold securities.

**b) Repurchase agreements and/or reverse repurchase agreements**

All sub-funds may engage in repurchase transactions which consist in agreements for the purchase and sale of securities, the terms of which grant the seller the right to repurchase from the purchaser the securities sold at a price and at a term stipulated by the two parties at the time the agreement is entered into.

All sub-funds may engage in repurchase and reverse repurchase transactions which consist in agreements for the purchase and sale of securities, the terms of which grant the seller the right to repurchase from the purchaser the securities sold at a price and at a term stipulated by the two parties at the time the agreement is entered into.

Each sub-fund may intervene either as buyer or as seller in the repurchase transactions and the reverse repurchase agreements.

All sub-funds may only deal with counterparties who are subject to prudential supervision, and who are considered by the CSSF to be equivalent to that provided for under community legislation.

The securities in a reverse repurchase contract or a repurchase agreement may only take the form of:

- (a) Short-term bank certificates or money market instruments as mentioned in chapter III, section 3, points a) to e), or
- (b) bonds issued and/or guaranteed by an OECD member state or by their regional public authorities or by supranational Community, regional or global institutions and bodies, or
- (c) bonds issued by non-governmental issuers offering adequate liquidity, or
- (d) shares or units issued by monetary UCIs that calculate a daily net asset value and rated triple A, or with any other equivalent rating, or
- (e) shares listed or traded on a regulated market of an EU member state or on the exchange of an OECD Member State and listed on a major index.

During the life of a repurchase or reverse repurchase contract, the sub-fund may not sell or pledge the securities in question until the counterparty has completed the repurchase of the securities or the repurchase period has expired, unless the sub-fund has other means of coverage.

As the sub-funds are open to redemption, each sub-fund must ensure that the scale of its securities lending transactions is maintained at a level such that it is able to meet its share repurchase obligations at all times.

The securities of each sub-fund received in connection with a repurchase contract or reverse repurchase contract must be among the assets eligible for the investment policy as defined in Chapter III. sections 2 and 3. In order to meet the obligations contained in Chapter III section 4 "Investment restrictions", each sub-fund shall take into account any positions held directly or indirectly via the repurchase and reverse repurchase transactions.

**c) Collateral management**

In the context of repurchase and reverse repurchase transactions, each sub-fund must receive sufficient collateral, for which the value is at least equal to the total counterparty risk.

In accordance with the ESMA guidelines intended for the supervisory authorities and the UCITS management companies (ESMA/2014/937), the collateral must be sufficiently diversified in terms of country, market and issuer. The diversification criterion will be considered to have been met with regard to the concentration of issuers if the SICAV receives a basket of assets from the counterparty with an exposure to a given issue of no more than 20% of its net asset value, in the context of efficient portfolio management and OTC derivative instrument transactions. If the SICAV has exposure towards different counterparties, the various collateral baskets must be aggregated, to calculate the 20% exposure limit for a single issuer. However, according to Circular CSSF 14/592, and the ESMA/2014/937 guidelines, the SICAV may be fully guaranteed by different transferable securities or money market instruments issued or guaranteed by a Member State, by its regional public authorities, by a non-member state or by a public international body of which one or more member states are party, provided that the transferable securities received from at least six different issues, or the transferable securities from a single issue do not represent more than 30% of the SICAV's net asset value.

The collateral must be frozen in the SICAV's favour and should take the form of:

- (a) cash, other acceptable forms of liquid funds and money market instruments as mentioned in chapter III, section 3, points a) to e), or
- (b) bonds issued and/or guaranteed by an OECD member state or by their regional public authorities or by supranational Community, regional or global institutions and bodies, or
- (c) bonds issued or guaranteed by first-class non-governmental issuers offering adequate liquidity, or
- (d) shares listed or traded on a regulated market of an EU member state or on the exchange of an OECD Member State and listed on a major index, or
- (e) shares or units issued by monetary UCIs that calculate a daily net asset value and rated triple A, or with any other equivalent rating, or
- (f) shares or units issued by a UCITS that mainly invests in the bonds and/or equities mentioned in (c) and (e) above.

The SICAV may reinvest the collateral received in the form of cash, in the following assets:

- (a) short-term bank assets, or
- (b) money market instruments as mentioned in chapter III, section 3, points a) to e), or
- (c) short-term bonds issued and/or guaranteed by an EU member state, Switzerland, Canada, Japan or the United States or by their regional public authorities or by supranational Community, regional or global institutions and bodies, or
- (d) bonds issued or guaranteed by first-class non-governmental issuers offering adequate liquidity, or
- (e) reverse repurchase transactions as described above, or
- (f) shares or units issued by monetary UCIs that calculate a daily net asset value and rated triple A, or with any other equivalent rating.

**d) Discount policy/Crisis simulation policy**

- a. If the SICAV resorts to one of the efficient portfolio management techniques mentioned above, it will apply a discount policy for each asset class received by the SICAV/the sub-fund(s) by way of lateral or financial guarantee. The discount policy takes into account the profile of each asset class including the credit rating/issuer rating, price volatility of the collateral and the results of crisis simulations carried out in accordance with the current procedure. The discount is a percentage deducted from the market value of the securities given as collateral/by way of financial guarantee. The aim is to reduce the risk of loss in the case of a default by the counterparty.
- b. If the SICAV (or one or more sub-funds) receives collateral/financial guarantee for at least 30% of its net assets, a crisis simulation policy will be applied in order to ensure that the crisis simulations are validly carried out, under normal and extraordinary liquidity conditions, to enable the SICAV (or its sub-funds) to evaluate the liquidity risk related to the collateral/financial guarantee.
- c. Points a) and b) will also apply to any collateral/financial guarantee that the SICAV (or one or more sub-funds) receives in connection with operations related to OTC derivatives (according to the purpose and meaning of this prospectus).
- d. The following discounts will be applied by the SICAV (the SICAV reserves the right to review this policy at any time, in which case the prospectus will be amended accordingly):

Asset class	Minimum accepted rating	Margin	Maximum per issuer
1/ Cash, other acceptable forms of liquid assets and money market instruments	/	100% -110%	20%
2/ Bonds issued and/or guaranteed by an OECD member state or by their regional public authorities or by supranational Community, regional or global institutions and bodies	AA-	100% -110%	20 %
3/ Bonds issued or guaranteed by first-class non-governmental issuers offering adequate liquidity	AA-	100% -110%	20%
4/ Shares listed or traded on a regulated market of an EU member state or on the exchange of an OECD Member State and listed on a major index.	/	100% -110%	20%
5/ Shares or units issued by monetary UCIs that calculate a daily net asset value and rated triple A, or with any other equivalent rating.	UCITS - AAA	100% -110%	20%
6/ Shares or units issued by a UCITS that mainly invests in the bonds and/or equities mentioned in 3 and 5 above.	/	100% -110%	20%

## IV. THE SHARES

### 1. GENERAL PROVISIONS

The capital of the SICAV is represented by the assets of the various sub-funds of the SICAV. Subscriptions are invested in the assets of the respective sub-fund.

All shares of the SICAV must be fully paid up. Their issue is not limited in number.

The shares of each sub-fund must have no indication of nominal value, and do not benefit from any preferential subscription rights during the issue of new shares. The rights attached to shares are those set out in the Law of 1915, unless exempted by the Law 2010. Each full share confers the right to one vote at general meetings of shareholders, regardless of its net asset value.

The SICAV is a sole and single legal entity. However, the assets of a given sub-fund only cover the debts, liabilities and commitments of that sub-fund. In relations between shareholders, each sub-fund is considered as a separate entity.

## **2. CHARACTERISTICS OF THE SHARES**

### **a) Classes and categories of shares**

For each sub-fund, the Board of Directors may decide at any time to issue different share classes, which can also be subdivided into different share categories (capitalisation shares or distribution shares).

At the date of the Prospectus, the Board of Directors has decided to issue the following share classes for the Patrimonium sub-fund, which are distinguished in particular by the type of investors and, where applicable, the different management or performance fees or a minimum investment amount:

- "C": offered to natural and legal persons.
- "C-dis": distribution shares offered to natural and legal persons.
- "R": reserved for natural and legal persons with a management or advisory mandate with Mercier Vanderlinden Asset Management or approved by the Board of Directors.
- "R-dis": distribution shares reserved for natural and legal persons with a management or advisory mandate with Mercier Vanderlinden Asset Management or approved by the Board of Directors.
- "F": reserved for natural persons and legal entities approved by the Board of Directors and whose initial minimum subscription is EUR 250,000.
- "F-dis": distribution shares reserved for natural persons and legal entities approved by the Board of Directors and whose initial minimum subscription is EUR 250,000.
- "I": shares reserved for institutional investors approved by the Board of Directors.

Classes F, F-dis and I are inactive as of the date of this prospectus. They may be launched by simple decision of the Board of Directors at a unit price of EUR 1,000 per share.

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In principle, distribution shares give their owners the right to receive dividends in cash, taken from the quota of net assets of the sub-fund or class attributable to the distribution shares in that sub-fund or that class (in this regard, see Chapter VI "Distributions").

Capitalisation shares do not confer the right to receive dividends. Following each annual or interim cash distribution of dividends on the distribution shares, the quota of net assets in the sub-fund or class attributed to all the distribution shares will be reduced by an amount equal to the amount of dividends

distributed, and this will therefore reduce the percentage of net assets in the sub-fund or class attributable to all the distribution shares; while the quota of net assets in the sub-fund or class attributable to all the capitalisation shares will remain the same, thus leading to an increase in the percentage of net assets of the sub-fund or class attributable to all the capitalisation shares.

The breakdown of the value of net assets in a sub-fund or class, between all the distribution shares on the one hand and all the capitalisation shares on the other, is carried out in accordance with Article 14 of the articles of association.

The net value of a share thus depends on the value of the net assets in the sub-fund or class for which that share was issued and, within the same sub-fund or the same share class, its net value may vary depending on whether it is a distribution share or an accumulation share.

The Board of Directors will create a separate pool of net assets for each sub-fund. With regard to relations between shareholders, this pool will be attributed only to the shares issued for the sub-fund concerned, taking into account, if applicable, the breakdown of that pool between the classes and the distribution shares and accumulation shares in that sub-fund.

The Board of Directors may subdivide the existing shares of each class and/or category of shares into a number of shares it determines itself, the total net asset value of these shares being equivalent to the net asset value of the existing subdivided shares at the time of subdivision.

**b) Registered and paperless shares**

Regardless of the sub-fund, class or category to which they relate, all shares may be issued in registered or paperless form, at the shareholder's option, with the exception of class "I" shares, which will only be issued in the form of dematerialised shares.

Registered shares are registered in the register of shares of the SICAV. A confirmation of registration will be provided to the shareholder. No registered certificate will be issued to the shareholders.

Transfer documents for transfers of registered shares are available at the registered office of the SICAV or from the Management Company.

Paperless shares are represented by an entry in a securities account in the name of their owner or holder, with an approved account holder or settlement body.

The entry in the securities account will apply in the absence of specific instructions.

Registered shares may be converted into paperless shares and vice versa at the request and expense of the shareholder.

**c) Fractional Shares**

Fractions of shares may be issued, up to 3 decimal places. Fractions of shares do not have the right to vote at General Meetings. Conversely, fractions of shares have the right to dividends or other distributions that may be paid out.

**d) ISIN codes**

	<b>Class</b>	<b>ISIN code</b>
MercLin II SICAV – Patrimonium	R	LU0476058226
MercLin II SICAV – Patrimonium	R-dis	LU1082460731

MercLin II SICAV – Patrimonium	C	LU0819995118
MercLin II SICAV – Patrimonium	C-dis	LU1082460491
MercLin II SICAV – Patrimonium	F	LU2017800397
MercLin II SICAV – Patrimonium	F-dis	LU2017800637
MercLin II SICAV – Patrimonium	I	LU2017800710

### 3. ISSUE AND SUBSCRIPTION PRICE OF SHARES

The Board of Directors is authorised to issue shares of each sub-fund and class at any time and without limitation.

#### a) Subscriptions

Classes F, F-Dis and I are inactive as of the date of this prospectus. They may be launched by simple decision of the Board of Directors at a unit price of EUR 1,000 per share.

After the initial subscription period, the shares are issued at a price equal to the value of the net assets per share of the respective share class within the relevant sub-fund, corresponding to a Valuation Day, plus an entry fee of a maximum of 3% (only for subscriptions in class "C", "C-dis", "F", "F-dis" and "I") in favour of the approved intermediaries.

Subscription applications received by the Management Company no later than 2:00 pm (Luxembourg time) on the Valuation Day will be processed, if accepted, at the net asset value per share of the respective sub-fund and class determined on that Valuation Day. Subscription requests received after this cut-off time will be processed on the following Valuation Day.

#### b) Payment of subscriptions

The subscription price of each share is payable within 2 Business Days following the applicable NAV Calculation Day.

The subscription amount of the shares shall be applied in the currency in which the net asset value per share is calculated in the respective sub-fund or share class concerned.

The Board of Directors reserves the right to delay subscription applications if it is uncertain that the corresponding payment will reach the Custodian Bank within the payment deadlines.

If a payment is received in connection with a subscription application after the expiry of the deadline provided for, the Board of Directors or its agent may process the request by either (i) applying a charge which reflects the interest owed at the customary market rate, or (ii) cancelling the allocation of the shares and, if necessary, accompanying it with a request for compensation for any loss resulting from the non-payment before the expiry of the deadline.

The SICAV may also accept subscriptions in the form of a transfer of an existing portfolio provided that the securities and assets in that portfolio compatible with the investment policy and investment restrictions applicable to the sub-fund concerned. For all securities and assets accepted in settlement of a subscription, a report shall be drawn up by the auditor of the SICAV in accordance with the provisions of Article 26-1 of the Law of 1915. Unless otherwise decided by the Board of Directors, the investor concerned will be liable for the costs of this report.

#### c) Suspension and refusal of subscriptions

The Board of Directors of the SICAV may at any time suspend or interrupt the issue of the shares of a sub-fund of the SICAV. In particular, it may do so in the circumstances described in Chapter V "Net Asset Value of the Shares", section 2 "Suspension of the calculation of the Net Asset Value and the issue, redemption and conversion of shares". In addition, it may at its discretion and without justification:

- (a) refuse all or part a share subscription application,
- (b) redeem at any time shares held by persons who are not authorised to buy or hold shares in the SICAV.

When the Board of Directors decides to resume the issue of the shares of a sub-fund after suspending the issue for any period of time, all pending subscriptions will be executed on the basis of the same net asset value corresponding to the Valuation Day of the resumption of calculation.

**d) Combating late trading and market timing**

The Management Company of the SICAV will put in place adequate procedures to ensure that the request for subscription, redemption and conversion are received prior to the deadline for acceptance of orders, for the applicable Valuation Day. Subscriptions, redemptions and conversion orders are executed at an unknown net asset value.

The SICAV does not authorise Late Trading or Market Timing as defined in Circular CSSF 04/146. Both the Active Trading and Market Timing practices are unfavourable to other shareholders as they affect the performance of the sub-fund and disrupt the management of assets.

The Board of Directors may reject any subscription or conversion orders that are suspected of late trading or market timing. The Board of Directors may take all necessary measures to protect the other shareholders of the SICAV when such practices are suspected, in particular by applying an additional redemption fee of up to 2% in favour of the sub-fund; under this scenario, the shareholder will be notified beforehand to enable him to withdraw his redemption request.

**e) Combating money laundering and terrorism financing**

In connection with the fight against money laundering and terrorism financing, the SICAV will apply national and international measures which obligate subscribers to prove their identity to the SICAV. This is why, in order for a subscription to be deemed valid and acceptable by the SICAV, the subscriber must attach to the subscription form,

- if an *individual*, a copy of an identity document (passport or ID card), or,
- for a *legal entity*, a copy of the corporate documents (coordinated articles of association, published financial statements, excerpts from the commercial register, list of authorised signatories, a list of shareholders who hold, directly or indirectly, 25% or more of the capital or the voting rights, a list of directors), an ID document (passport or identity card) of the financial beneficiaries and the persons authorised to give instructions to the transfer and registration agents.

The documents must be duly certified by a public authority (that the Notary Public, police commissioner, consulate, or ambassador) in the country of residence.

This obligation is absolute, unless:

- a) the subscription form was delivered to the SICAV by one of its distributors (i) in a European Union member state, in the European economic area or in a third-party country with equivalent obligations to those in the amended law of 12 November 2004 on the fight against money laundering and

terrorism financing, or (ii) by a branch or subsidiary of one of its distributors located in another country, if the parent company of that subsidiary or office is located in one of these countries and if the laws in that country and the internal rules of the parent company can guarantee the application of rules on the prevention of money laundering and terrorism financing, for that branch or subsidiary, or

- b) the subscription form is sent directly to the SICAV and the subscription is paid either by:
- a bank transfer originated by a financial institution resident in one of these countries, or
  - a cheque drawn on the personal account of the subscriber, in a bank resident in one of these countries, or a banker's draft issued by bank resident in one of these countries.

However, the Board of Directors must obtain a copy of the above ID documents, upon first request, from its Distributors or directly from the investor.

**Before accepting a subscription, the SICAV may carry out additional enquiries in accordance with the national and international measures currently in force with regard to money laundering and the financing of terrorism.**

#### **4. REDEMPTION OF SHARES**

##### **a) General Provisions**

By virtue of the Articles of Association and subject to the following provisions, any shareholder may at any time request that the SICAV redeem his shares. Shares redeemed by the SICAV will be cancelled.

##### **b) Redemption procedure**

Shareholders wishing to have the SICAV redeem all or part of their shares must make an irrevocable written request to the SICAV or the Management Company. The application must contain the following information: the identity and full address of the person requesting the redemption, with the fax number, number of shares to be redeemed, the sub-fund in question, the class (if applicable), details of whether the shares are registered or paperless, distribution or accumulation shares, if applicable, the name in which the shares are registered, the name and bank details of the person who will receive the payment.

The redemption request must be accompanied by the documents necessary to carry out the transfer, before the redemption price can be paid.

All shares presented for redemption to the Management Company no later than 2:00 pm (Luxembourg time) on the Valuation Day will be processed at the net asset value per share of the respective sub-fund and class determined on that Valuation Day, without application of an exit fee. Redemption requests received after this cut-off time will be processed on the following Valuation Day.

There will be no issue of shares for a sub-fund during any period in which the calculation of the net value of the shares in that sub-fund has been temporarily suspended by the SICAV by virtue of its powers under Article 15 of the Articles of Association.

In the case of large requests for redemption and/or conversion representing more than 10% of the net assets in a given sub-fund, the SICAV may redeem the shares but only at the redemption price it has determined after it was able to sell the necessary assets, as quickly as possible, taking into account the interests of all the sub-fund's shareholders, and when it has access to the proceeds of those sales.. In such a case, a single price will be calculated for all the redemption, subscription and conversion requests submitted at the same time for that sub-fund;

Any request for redemption may also be delayed in exceptional circumstances if the Board of Directors considers that the execution of a request for redemption or conversion on a Valuation Day may adversely affect or prejudice the interests of the sub-fund or the SICAV.

**c) Payment of redemption**

The redemption price of the shares will normally be paid within 2 Business Days following the NAV Calculation Day, provided that all documents attesting the redemption have been received by the Management Company.

Payment will be made in the currency in which the net asset value of the relevant sub-fund or class/class of shares is calculated or in another currency in accordance with the instructions set out in the redemption request, in which case conversion costs will be borne by the shareholder.

The redemption price of the SICAV's shares may be higher or lower than the purchase price paid by the shareholder at the time of subscription, depending on whether the net asset value has appreciated or depreciated.

**5. CONVERSION OF SHARES**

In accordance with the Articles of Association and subject to the following provisions, each shareholder may request the conversion of all or part of their shares into shares of another sub-fund or another class/category (and with such other sub-fund, either of the same class/category or of another class/category) at a price based on the respective net asset values of the shares of the different sub-funds and classes/categories concerned.

Any shareholder requesting such conversion may make a written request to the Transfer Agent and Registrar stating the number and form of the shares to be converted and specifying whether the shares of the new sub-fund/the new class/category are to be registered or paperless. The procedure and prior notice regarding the redemption of shares also applies to conversion.

The number of shares to be allocated in the new sub-fund or the new class/category is determined using the following formula:

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

- A: represents the number of shares to be allocated in the new sub-fund or the new class/category,
- B: represents the number of shares to be converted in the initial sub-fund or class/category,
- C: represents the net asset value, on the applicable Valuation Day, of the shares to be converted in the initial sub-fund or class/category,
- D: is the exchange rate coefficient on the applicable Valuation Day between the currencies of the two sub-funds or classes/categories concerned. If the two compartments or classes/categories are held in the same currency, the coefficient is equal to 1,
- E: represents the net asset value, on the applicable Valuation Day, of the shares to be allocated in the new sub-fund or class/category.

Fractions of shares that may result from the conversion will be allocated up to 3 decimal places.

After the conversion, the Management Company will inform the shareholders of the number of new shares obtained upon conversion, as well as their price.

There will be no conversion of shares for a sub-fund during any period in which the calculation of the net value of the shares in question has been temporarily suspended by the SICAV by virtue of its powers under Article 15 of the Articles of Association.

In the case of large requests for redemption and/or conversion representing more than 10 % of the net assets in a given sub-fund, the SICAV may redeem the shares but only at the redemption price it has determined after it was able to sell the necessary assets, as quickly as possible, taking into account the interests of all the sub-fund's shareholders, and when it has access to the proceeds of those sales. In such a case, a single price will be calculated for all the redemption, subscription and conversion requests submitted at the same time for that sub-fund;

## V. NET ASSET VALUE OF THE SHARES

### 1. DEFINITION AND CALCULATION OF THE NET ASSET VALUE

The net asset value per Share (the "Net Asset Value" or "NAV") of each sub-fund and for each class/category, if applicable, of shares of the SICAV is calculated in Luxembourg by the Central Administration under the responsibility of the Board of Directors of the SICAV.

A net asset value is calculated on **each Thursday** that is a Business Day (hereinafter the "Valuation Day"). If this Valuation Day is not a Business Day, the Valuation Day shall be the Business Day preceding the Valuation Day.

The net asset value is dated on this Valuation Day and **is calculated and communicated** on the **Friday** following this Valuation Day (hereinafter the "NAV Calculation Day") on the basis of the prices known on that Valuation Day. Such prices are published by the stock exchanges concerned and by reference to the value of the assets held on behalf of the respective sub-fund in accordance with Article 14 of the SICAV's Articles of Association. If this NAV Calculation Day is not a Business Day, the NAV Calculation Day will be the next Business Day.

The net asset value per share of each sub-fund and class and category of shares is obtained by dividing the net assets of the sub-fund, class and category concerned, if any, by the number of shares outstanding of such sub-funds, classes and categories, if any, and is rounded to two places after the decimal point, except for those currencies for which there are no decimals.

If the Board of Directors considers that the net asset value calculated for a given Valuation Day is not representative of the actual value of the shares of the sub-fund or class/category of shares concerned or, if since the calculation of the net asset value there have been significant fluctuations on the stock exchanges concerned, the Board of Directors may decide the same day to update the net asset value. In these circumstances, all subscription, redemption and conversion requests received for that day will be honoured on the basis of the net asset value as updated prudently and in good faith.

The Board of Directors will create a separate pool of net assets for each sub-fund. With regard to shareholder relations between themselves and with third parties, this pool will be attributed only to the shares issued for the sub-fund concerned, taking into account, if applicable, the breakdown of that pool between the categories and/or classes of shares of the sub-fund in accordance with the provisions of the Articles of Association.

For the purpose of establishing these different pools of net assets:

1. If two or more classes/categories of shares relate to a specific sub-fund, the assets allocated to such classes and/or categories will be invested together according to the investment policy of the relevant sub-fund, subject to the specific requirements associated with those classes and/or categories of shares;
2. The proceeds resulting from the issue of shares of a class and/or class of shares of a given sub-fund will be allocated in the books of the SICAV to the relevant class and/or category of that sub-fund, it being understood that if several classes and/or categories of shares are issued for that sub-fund, the corresponding amount will increase the proportion of the net assets of that sub-fund attributable to the class and/or category of shares to be issued;
3. The assets, liabilities, income and expenses relating to such sub-fund/class and/or category will be allocated to such sub-fund/class and/or category;
4. if an asset derives from another asset, the latter will be allocated in the accounts of the SICAV to the same sub-fund as the asset from which it derives, and each time an asset is revalued, any increase or decrease in value will be allocated to the corresponding sub-fund;
5. if the SICAV has a liability that is attributable to an asset of a specific sub-fund or a transaction undertaken in connection with the assets of a particular sub-fund, that liability will be allocated to that sub-fund;
6. if one of the SICAV's assets or liabilities cannot be allocated to a particular sub-fund, it will be allocated to all sub-funds in proportion to the net asset value of the classes and/or categories of shares concerned or in such other manner as the Board of Directors shall determine in good faith;
7. following the payment of dividends to distribution shares of a given class and/or category, the net asset value of this class and/or category attributable to these distribution shares will be reduced by the amount of such dividends.

The assets of each sub-fund will be valued according to the following principles:

The assets of the SICAV include:

- 1) 1. all cash in hand or on deposit, including interest due that is not yet received and accrued interest on such deposits until the Valuation Day;
- 2) all sight and demand drafts payable and accounts receivable, included proceeds from the sale of securities, the price of which has not yet been settled;
- 3) all securities, units, shares, bonds, subscription rights, warrants, options and other securities, financial instruments and similar assets owned by the SICAV or contracted by it, it being understood that the SICAV may make adjustments in a way that is not inconsistent with paragraph (a) below with regards to fluctuations in the market value of the securities caused by practices such as ex-dividend or ex-rights trading or similar processes;
- 4) all units or shares of other eligible undertakings for collective investment.
- 5) all dividends in cash or shares and distributions receivable by the SICAV in cash to the extent that the SICAV could reasonably be aware of them;
- 6) all accrued interest on the interest-bearing assets belonging to the SICAV, unless such interest is included or reflected in the price of such assets;
- 7) the SICAV's formation expenses insofar as they have not been amortised;

- 8) all other eligible assets held by the SICAV, of any type, including prepaid expenses.

The value of these assets shall be determined as follows:

- (a) The value of cash in hand or on deposit, the sight notes and bills and accounts receivable, prepaid expenses, dividends and interest that are announced or due, as mentioned above, but not yet received, shall consist of the nominal value of these assets. If, however, it is unlikely that this value will be collected in full, the value will be determined by subtracting an amount that the SICAV deems appropriate to reflect the true value of such assets.
- (b) The valuation of all of the securities negotiated or listed on a stock exchange will be determined using the last price known in Luxembourg which is normally the principal market for that security.
- (c) The valuation of all of the securities or any other asset that are traded on another regulated market which operates regularly, is recognized and which is open to the public (a "Regulated Market") will be based on its last available price in Luxembourg.
- (d) If transferable securities are not traded or quoted on a stock exchange or on another regulated market, or if the price determined for securities traded or quoted on such stock exchange or market in accordance with the provisions of (b) or (c) above is not, in the opinion of the Board of Directors, representative of the probable realisation value, they will be valued on the basis of their probable realisation value, which will be estimated prudently and in good faith;
- (e) Units or shares of undertakings for collective investment (including shares issued by the sub-funds of the SICAV that may be held by another sub-fund of the SICAV) will be valued at their last determined and available net asset value or, if such price is not, in the opinion of the Board of Directors, representative of the fair market value of these assets, then the price will be determined by the Board of Directors on a fair and equitable basis.
- (f) The liquidation value of spot contracts, forward contracts and option contracts which are not traded on the stock exchanges or other Regulated Markets shall be their net liquidation value defined in accordance with the policies set out by the Board of Directors on a basis which is applied consistently to each type of contract. The liquidation value of spot contracts, forward contracts or option contracts traded on stock exchanges or other Regulated Markets will be based on the last available settlement price for these contracts on the stock exchanges Regulated Markets on which these spot contracts, forward contracts or option contracts are traded by the investment company with variable capital; however, if a spot contracts, forward contracts or option contracts cannot be liquidated on the day the net assets are valued, the basis used to determine the liquidation value of this contract shall be determined by the Board of Directors in a fair and reasonable manner. Swaps are measured at their market value.
- (g) The value of money market instruments not traded or quoted on a stock exchange or other Regulated Market and having a residual maturity of less than 12 months and more than 90 days will be their nominal value plus accrued interest. Money market instruments with a residual maturity equal to or less than 90 days will be valued on an amortised cost basis, which approximates market value.
- (h) Interest rate swaps shall be valued at their market value which shall be calculated based on the curve for the applicable interest rates.
- (i) Values expressed in a currency other than the currency of expression of the sub-fund or class of shares in question are translated at the exchange rate on the Valuation Day. If exchange rates are not available, they are determined prudently and in good faith in accordance with the procedures established by the Board of Directors;

All the other assets are valued on the basis of the probable realisation value, which should be estimated with prudence and good faith.

The Board of Directors may, at its sole discretion, approve the use of a different valuation method if it believes that such valuation better reflects the fair value of an asset held by a SICAV.

**2. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE, THE ISSUE PRICE, REDEMPTION AND CONVERSION OF SHARES**

The Board of Directors is authorised to temporarily suspend the calculation of the value of the net assets of one or more sub-funds of the SICAV, and the issue, redemption and conversion of shares in such sub-fund(s) in the following cases:

- a) during any period during when a market or a stock exchange which is the principal market or stock exchange on which a substantial portion of the SICAV's investments are listed at a particular time is closed except on the usual closing days, or during which trade is subject to significant restrictions or suspended;
- b) when the political, economic, military, monetary or social situation or any event of force majeure beyond the responsibility or power of the SICAV makes it impossible to dispose of its assets by reasonable and normal means without seriously harming the interests of the shareholders;
- c) during any disruption in communications normally used to determine the price of any investment of the SICAV or current prices on any market or stock exchange whatsoever;
- d) when restrictions on foreign exchange or movement of capital prevent the execution of transactions on behalf of the SICAV or when purchases or sales of assets of the SICAV cannot be carried out at normal exchange rates;
- e) in the event of the notification or publication (i) of a notice for a General Meeting at which the dissolution and the liquidation of the SICAV or of a sub-fund(s), or the decision of the Board of Directors to liquidate one or more sub-funds, or (ii) to the extent that such a suspension is justified by the need to protect shareholders, following publication of the notice for a General Meeting called to decide on the merger of the SICAV or of one or more sub-funds, or following a notice informing shareholders of the Board of Directors' decision to merge one or more sub-funds,
- f) in respect of a Feeder sub-fund when its Master UCITS temporarily suspends the redemption, repurchase or subscription of its units either on its own initiative or at the request of its competent authorities, for the same duration as the suspension period imposed at the level of the Master UCITS,
- g) In any other circumstance in which the absence of suspension could give rise for the SICAV, one of its sub-funds or its shareholders, certain commitments, pecuniary disadvantages or any other harm which the SICAV, the sub-fund or its shareholders would not otherwise have incurred.

Subscribers and shareholders offering shares for redemption or conversion will be appropriately notified of the suspension of the calculation of the net asset value.

Pending subscriptions and requests for redemption or conversion may be withdrawn by written notification provided that such notification is received by the SICAV before the end of the suspension.

Subscriptions, redemptions and/or conversions will be considered on the first Valuation Day following the end of the suspension.

## VI. DISTRIBUTIONS

### **Distribution policy**

At the annual General Meeting the shareholders in the SICAV will determine, upon a proposal by the Board of Directors, the total cash distributions to be made on the distribution shares for the various sub-funds or classes of shares in question, in accordance with the limits imposed by the Law of 2010 and by the Articles of Association. Therefore, the distributed amounts may not reduce the SICAV's capital below the fixed minimum of EUR 1,250,000.

The Board of Directors may decide, in any sub-fund and in each share class, if any, to distribute interim cash dividend on the distribution shares, in accordance with current laws.

### **Payment**

Dividends and interim dividends allocated to distribution shares will be paid at the time and place determined by the Board of Directors.

Any declared dividend that has not been claimed by the beneficiary within five years from the date of allocation may not be claimed and shall revert to the sub-fund or the share class in question. No interest will be paid on a dividend declared by the SICAV and kept for the availability of the beneficiary.

## VII. TAXATION

### 1. FISCAL TREATMENT OF THE SICAV

The SICAV is subject in Luxembourg to a tax corresponding to 0.05% p.a. of its net assets. This tax falls to 0.01% p.a. of net assets in the case of classes intended for institutional investors. This tax is calculated and payable quarterly on the basis of the net assets of the SICAV at the end of the relevant quarter. Subscription tax is not payable on round lots of assets invested in UCIs already subject to this tax.

No stamp duty or other tax is payable in Luxembourg at the time of issue of shares in the SICAV.

No taxes are paid in Luxembourg on any gains that are realised or not realised on the SICAV's assets. The income on investments received by the SICAV may be subject to variable levels of withholding tax in the countries concerned. These withholding taxes cannot, on principle, be recovered. The above indications are based on the laws and current practices and are subject to change.

### 2. FISCAL TREATMENT OF SHAREHOLDERS

From the fact of their ownership of shares of the SICAV, shareholders are not required to pay any tax in Luxembourg on income and capital gains tax, withholding tax (except, however, in respect of shareholders having their domicile or residence or permanent establishment in Luxembourg, and certain categories of former residents of Luxembourg if they own more than 10% of the share capital of the SICAV).

### 3. AUTOMATIC EXCHANGE OF INFORMATION

European Directive 2014/107/EU of 9 December 2014 (the "Directive") amending Directive 2011/16/EU regarding the automatic and mandatory exchange of tax information, along with other international agreements such as those made and to be made within the framework of the standard in terms of exchanges of information produced by the OECD (more generally known under the name of "Common Reporting Standards" or "CRS") requires participating jurisdictions to obtain information from their financial institutions and to exchange this information with effect from 1 January 2016.

Pursuant notably to the Directive, investment funds, as financial institutions, are required to collect specific information in order to properly identify their investors.

The Directive also stipulates that investors' personal and financial data<sup>1</sup> are:

- of natural or legal persons required to make declarations<sup>2</sup> or
- passive non-financial entities (NFE)<sup>3</sup> which are controlled by persons who are required to submit declarations<sup>4</sup>,

will be sent by the financial institution to the local taxation authorities, which will in turn send this information to the tax authorities in the one or more countries where the investor is resident.

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<sup>1</sup> notably but not restricted to: name, address, country of residence, tax identification number, place and date of birth, bank account number, income, value of sales redemption or repayment proceeds, valuation of the "account" at the end of the calendar year or at the end thereof.

<sup>2</sup> Physical or natural persons not residing in the country of incorporation of the Fund but residing in a participating country. The list of countries which participate in the automatic exchange of information can be found on the <http://www.oecd.org/tax/automatic-exchange/> website.

<sup>3</sup> Non-financial entity, that is an Entity which is not a financial institution pursuant to the Directive.

<sup>4</sup> Physical or natural persons not residing in the country of incorporation of the Fund but residing in a participating country. The list of countries which participate in the automatic exchange of information can be found on the <http://www.oecd.org/tax/automatic-exchange/> website.

If the units of the Fund are held in an account with a financial institution, it is the responsibility of the latter to exchange the information.

Consequently, the Fund , directly or indirectly (i.e. through an intermediary appointed to this effect):

- may have cause, at any time, to request and obtain from each investor an update of the documents and information already supplied as well as any other document or additional information for whatever purposes;
- is required pursuant to the Directive to notify all or some of the information supplied by the investor in connection with the investment in the Fund to the respective local taxation authorities.

Investors are advised of the potential risk of inaccurate and/or incorrect exchange of information in the event that the information they provide is no longer accurate or complete. In the event of a change affecting the notified information, the investor undertakes to inform the Fund (or any intermediary appointed to this effect), as soon as possible and to provide, where applicable, new certification within 30 days with effect from the event that rendered this information inaccurate or incomplete.

The mechanisms and scope of application of these arrangements for exchanging information may change in future. It is recommended that all investors should consult their own tax advisers to ascertain the possible impact of CRS regulations on an investment in the Fund.

#### **4. FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")**

The Foreign Account Tax Compliance Act ("FATCA"), consisting of the American HIRE Law, was adopted in the USA in 2010 and came into force on 1 July 2014. It obligates financial institutions established outside of the USA (foreign financial institutions - FFI) to transmit information about the financial accounts held by Specified US Persons or non-US entities of which one or more controlling persons is/are a Specified US Person(s) (These financial accounts are collectively referred to as "Declarable US Accounts") to the Internal Revenue Service, "IRS") each year. A 30% withholding tax is also levied on income originating from the USA paid to an FFI that is not conform to the FATCA requirements ("Non-participating FFI").

On 28 March 2014, the Grand Duchy of Luxembourg made an intergovernmental agreement with the USA ("the Luxembourg IGA"). The Funds, considered as FFI, are obliged to conform to the Luxembourg IGA as enacted into national law following ratification, rather than directly complying with the FATCA regulations as issued by the American government.

Under the Luxembourg IGA, the Funds are required to collect specific information to identify their shareholders/unit holders and all intermediaries ("Nominees") acting on their behalf. The data on the Declarable US Accounts held by the Fund, and information about the non-participating FFI will be shared with the Luxembourg tax authorities who will automatically exchange the information with the relevant authorities in the USA.

The SICAV is committed to respecting the provisions of the Luxembourg IGA as enacted into national law following ratification, in order to be deemed compliant with FATCA, and may not be subjected to the withholding tax of 30% on its investments than American or deemed to be such. In order to guarantee such compliance, the SICAV and its authorised agents

- a. may require information or additional documentation including American tax forms (Forms W-8 / W-9), a GIIN (Global Intermediary Identification Number) if required, or any other documentary evidence identifying the Shareholder, the intermediary and their status with regard to FATCA regulations.

- b. will inform the Luxembourg tax authorities of information about a Shareholder and his account, if deemed to be a Declarable US Account under the Luxembourg IGA, or whether that account is deemed to be held by a non-participating FFI for FATCA purposes, and
- c. if required by the situation, it may ensure that the US withholding taxes applicable to the payments made to certain Shareholders/Unitholders in accordance with FATCA, are made.

The concepts and terms of FATCA must be interpreted and understood in the light of the definitions of the Luxembourg IGA and the terms of its enactment into national law, and only on a secondary basis according to the definitions in the Final Regulations issued by the American government. ([www.irs.gov](http://www.irs.gov)).

The SICAV may, in accordance with FATCA compliance, be required to inform the American tax authorities or Luxembourg tax authorities of personal data related to certain US persons, non-participating FFI and passive non-financial foreign entities (Passive NFFE), of which one or more of the controlling Persons is a US Person.

In the case of any doubt as to their status for FATCA purposes or regarding the implications of the FATCA law or the IGA in their personal circumstances, investors should consult their financial, legal or fiscal advisers before subscribing to shares in the SICAV.

## VIII. COSTS AND EXPENSES

### 1. PRINCIPAL COSTS AND EXPENSES OF THE SICAV

#### a) Launch expenses

The expenses relating to the formation and launch of the SICAV have been estimated at EUR 12,500 and will be amortised over the first five financial years.

If a new sub-fund is created during this five-year period, it shall bear the costs of creating the SICAV that have not yet been amortised, and on a pro rata basis on its net assets. During the same five-year period and in return, the costs of establishing this new sub-fund will also be borne by the other sub-funds pro rata to the net assets of all the sub-funds. After this five-year period, specific costs of creating a new sub-fund will be fully amortised, from the time they appear on the assets of the sub-fund.

#### b) Management Company fees

In return for its services, the Management Company receives an annual fee from the SICAV. This fee is calculated at an annual rate of 0.05%, and a maximum of EUR 200,000, per year.. This fee is payable on a quarterly basis and calculated based on average net assets of each of the share classes during the quarter under review.

Furthermore, in return for management services, the Asset Management Company receives an annual fee, shown in the table below, from the investment company with variable capital. This is payable on a quarterly basis and calculated based on average net assets in each of the share classes over the course of the quarter under review.

Sub-funds	Share classes	Management fee rate
Patrimonium	C	1.20 % p.a.
Patrimonium	C-dis	1.20 % p.a.
Patrimonium	R	0.80 % p.a.
Patrimonium	R-dis	0.80 % p.a.
Patrimonium	F	0.60 % p.a.
Patrimonium	F-dis	0.60 % p.a.
Patrimonium	I	0.60 % p.a.

#### c) Manager fees

In remuneration for its services, the Manager receives from the Management Company the annual fee set out in point b) above, with the exception of the Management Company's own commission.

#### d) Investment Advisor fee

For its services, the Investment Advisor, Arlington Value Capital, L.L.C. receives an annual fee of 1.50% from the SICAV. This fee is payable on a quarterly basis and calculated based on average net assets in the relevant sub-fund during the quarter under review for which the Advisor provides advice.

e) **Custodian Bank and Paying Agent fee**

In return for its services, the Custodian Bank will receive an annual fee from the investment company with variable capital, which may be no more than 0.07% and no less than EUR 20.000 per annum for the SICAV as a whole. This fee is payable on a quarterly basis and calculated based on average net assets in each of the sub-funds during the quarter under review.

f) **Domiciliary Agent, Administrative Agent, Transfer Agent and Registrar fees**

In remuneration for its functions as Domiciliary Agent, Administrative Agent, Transfer Agent and Registrar of the SICAV, the Management Company will receive, at the expense of the SICAV, an annual commission of a maximum of 0.035% of the average net assets of the SICAV, all services combined, with a minimum of EUR 25,000 and a maximum of EUR 35,000 per annum and per sub-fund.

2. **OTHER FEES CHARGED TO THE SICAV**

The SICAV shall bear all other operating costs, including, without limitation, the costs of incorporation, offering and further amendment to the Articles of Association and other incorporating documents, the commissions and fees payable to the supervisory authorities, the commissions payable to the Management Company, to the investment managers and advisors, including, if applicable, performance fees, to the distributors, the fees and commissions payable to approved independent auditors and accountants, the custodian and its correspondents, if any, the domiciliary agent, administrative agent, registrar and transfer agent, listing agent, any paying agent, permanent representatives in places where the Company is subject to registration, as well as any other Company employee, directors' fees (where applicable) and employees of the Company as well as any reasonable expenditure incurred by these directors, insurance costs and reasonable travel costs incurred in relation to costs incurred through legal assistance and the audit of the Company's annual financial statements, expenses incurred in connection with legal, tax and accounting assistance and expenses incurred with the advice of other experts or consultants, the cost of registration and maintenance of registration of the Company with public authorities and stock exchanges in the Grand-Duchy of Luxembourg or abroad, costs involved in advertising including the cost of preparing, printing, translating and distributing prospectuses, key investor information documents, share certificates, the cost of reporting to shareholders, all taxes and levies imposed by public authorities and similar taxes, all expenses related to the development of the Company such as marketing expenses, other operating costs, including costs of buying and selling assets, interest, financial, banking or brokerage expenses, postage, telephone and telex charges and costs relating to the liquidation of the Company. The Company may take account of regular or periodic administrative and other costs, by estimating such liabilities for the year or any other period.

Costs and expenses that are not attributable to a particular sub-fund will be charged to the respective sub-funds in proportion to their respective net assets.

## **IX. FINANCIAL YEAR - MEETINGS**

### **1. FINANCIAL YEAR**

The financial year starts on 1 January and ends on 31 December of each year.

### **2. MEETINGS**

The annual General Meeting of Shareholders is held in Luxembourg at the registered office of the SICAV or at such other place as may be specified in the notice of meeting on the third Wednesday of April at 11:30 a.m.

If this day is not a Business Day in Luxembourg, the Annual General Meeting shall be held on the following Business Day.

The notice of the Annual General Meetings specifying the date, time, place, conditions of admission, agenda and requirements of Luxembourg law with regard to the necessary quorum and majority will be published and sent in accordance with Luxembourg law. Subject to the conditions provided for by Luxembourg laws and regulations, the notice of convocation of any General Meeting of Shareholders may specify that the applicable quorum and majority shall be determined by reference to the shares issued and outstanding at a certain date and an hour before the General Meeting (the "Registration Date"), it being understood that the right of a shareholder to attend the General Meeting of Shareholders and the voting rights attached to his share(s) will be determined by reference to the shares held by the shareholder on the Registration Date.

The shareholders of the class(es)/category(ies) of shares issued for a sub-fund may at any time hold General Meetings for the purpose of considering matters relating solely to that sub-fund.

In addition, the shareholders of the class(es)/category(ies) of shares may at any time hold General Meetings for the purpose of considering matters relating solely to that class/category of shares.

Resolutions taken at such meetings apply to the SICAV, the sub-fund and/or the class/category of shares concerned.

## **X. DISSOLUTION AND LIQUIDATION OF THE SICAV**

### **1. GENERAL PROVISIONS**

The SICAV may be dissolved on a voluntary basis or on a judicial basis.

The SICAV is, after its dissolution, deemed to exist for its liquidation. In case of voluntary liquidation, it is subject to the supervision of the CSSF.

The net product of the liquidation of each sub-fund and, if applicable, each class/category of shares, will be distributed by the liquidators to the shareholders in proportion to their quota of the net assets of the sub-fund or the class/category of shares from which the shares come, in accordance with the Articles of Association.

Liquidation proceeds which cannot be distributed to their beneficiaries within nine months of the decision to liquidate will be deposited with the Caisse de Consignation in Luxembourg in favour of their beneficiaries until the end of the legal prescription period.

## **2. VOLUNTARY LIQUIDATION**

Any voluntary liquidation will be carried out in accordance with the Law of 2010 and the Law of 1915, which define the procedure and the measures to be taken.

The SICAV may be wound up at any time by a decision of the General Meeting which shall issue its decision according to the conditions required for amendment of the Articles of Association.

In addition, if the Company's capital falls below two-thirds of the minimum capital, currently EURO 1,250,000, the Board of Directors must submit the question of dissolution of the SICAV to the General Meeting, which shall issue its decision without any conditions on attendance, according to the simple majority of the shares present or represented at the Meeting. If the capital falls to less than one-quarter of the minimum capital, the Board of Directors must submit the issue of the SICAV's dissolution to the general meeting, which shall issue a decision without any conditions on attendance; the dissolution may be declared by shareholders owning one-quarter of the shares present or represented at the Meeting. The meeting must be called in such a way that it is held within forty days of the date on which it is ascertained that the net assets have fallen below two-thirds or one quarter of the minimum capital, as the case may be.

When the SICAV is dissolved, the liquidation shall be carried out by one or more liquidators who may be individuals or legal entities, previously approved by the CSSF and appointed by the General Meeting, which shall also determine their powers and fees.

## **3. LEGAL LIQUIDATION**

Any legal liquidation will be carried out exclusively in accordance with the Law of 2010, which defines the procedure and the measures to be taken.

# **XI. LIQUIDATION OF SUB-FUNDS, CLASSES AND CATEGORIES OF SHARES**

The Board of Directors may decide to liquidate a sub-fund, a class/category of shares by compulsory redemption of all the shares issued for that sub-fund or that class/category of shares at the net asset value per share applicable on the Valuation Day on which the decision takes effect (taking into account liquidation costs) if the net assets of that sub-fund, of that class/category of shares are less than or remain less than an amount considered by the Board of Directors to be the minimum threshold below which the sub-fund, the class/category of shares can no longer be adequately managed, or if a change in the economic or political situation has a harmful influence on the sub-fund, the class/category of shares in question which would justify such liquidation.

The decision on liquidation will be notified to the shareholders of the sub-fund, the class/category of shares before the effective date of liquidation. The notification will indicate the reasons, and the liquidation procedure. Unless the Board of Directors decides otherwise in the interests of shareholders or to maintain equal treatment between them, holders of shares in the sub-fund, the class/category of shares concerned may continue to apply for the redemption or conversion of their shares, free of charge, on the basis of the applicable net asset value per share, while taking into account the estimated liquidation fees. The SICAV

will reimburse each shareholder proportionally to the number of shares they hold in the sub-fund, the class/category of shares concerned.

Liquidation proceeds which cannot be distributed to their beneficiaries within nine months of the decision to liquidate the sub-fund, the class/category of shares will be deposited with the Caisse de Consignation in Luxembourg in favour of their beneficiaries until the end of the legal prescription period.

## **XII. MERGER OF THE SICAV AND/OR SUB-FUNDS, CLASSES OR CATEGORIES OF SHARES**

### **1. MERGER DECIDED BY THE BOARD OF DIRECTORS.**

The Board of Directors may decide to proceed with a merger (within the meaning of the Law of 2010) of the SICAV or one of its sub-funds, whether as an absorbed company or sub-fund or as an absorbing company or sub-fund under the conditions and according to the procedures imposed by the Law of 2010, in particular the proposed merger and disclosures to shareholders, as follows:

#### **a) Merger of the SICAV**

The Board of Directors may decide to merge the SICAV, whether as an absorbed company or as an absorbing company, with:

- another Luxembourg or foreign UCITS (the "New UCITS"); or
- a sub-fund thereof,

and, if appropriate, to re-designate the shares of the SICAV as shares of the New UCITS, or of the relevant sub-fund of the UCITS, if applicable.

In the event that the SICAV is the absorbing company (within the meaning of the Law of 2010), only the Board of Directors will decide on the merger and the effective date thereof.

In the event that the SICAV is the absorbed company (within the meaning of the Law of 2010) and it ceases to exist because of the merger, the merger's entry into effect shall be decided by a general meeting of shareholders deliberating without quorum and by simple majority of the votes cast at such meeting.

#### **b) Merger of sub-funds**

The Board of Directors may decide to merge any sub-fund, whether as an absorbed sub-fund or as an absorbing sub-fund, with:

- another existing sub-fund of the SICAV or another sub-fund of a New UCITS (the "New Sub-Fund"); or
- a New UCITS,

and, if appropriate, to re-designate the shares of the sub-fund concerned as shares of the New UCITS, or of the New sub-fund, if applicable.

### **2. MERGER DECIDED BY THE SHAREHOLDERS**

Notwithstanding the provisions in the above section "Merger decided by the Board of Directors", the general meeting of shareholders may decide to proceed with a merger (within the meaning of the Law of 2010) of the SICAV or one of its sub-funds, whether as an absorbed company or sub-fund or as an absorbing company or sub-fund, subject to the conditions and procedures imposed by the Law of 2010, in the conditions and procedures imposed by the Law of 2010, in particular the proposed merger and disclosures to shareholders, as follows:

**a) Merger of the SICAV**

The general meeting of shareholders may decide to merge the SICAV, whether as an absorbed company or as an absorbing company, with:

- a New UCITS; or
- a sub-fund thereof,

The merger decision must be adopted by the general meeting of shareholders with (a) a quorum of at least half of the capital of the Company and (b) a majority of two thirds of the votes cast.

**b) Merger of sub-funds**

The general meeting of shareholders may decide to merge a sub-fund, whether as an absorbed sub-fund or as an absorbing sub-fund, with:

- a New UCITS; or
- a New sub-fund.

The merger decision must be adopted by the general meeting of shareholders of the sub-fund concerned with (a) a quorum of at least half of the shares of the sub-fund concerned and (b) a majority of two thirds of the votes cast.

**3. SHAREHOLDER RIGHTS AND COSTS CHARGED TO THE SHAREHOLDER**

In all mergers described in the sections below, the shareholders have the right to demand that their shares be redeemed or reimbursed, free of charges other than those deducted by the Company or the sub-fund to cover the cost of divestment, or, where possible, to be converted into shares or units of another UCITS that applies a similar investment policy managed by the Management Company or by any other company to which the management company is linked as part of collective management or control or via a major direct or indirect investment, in accordance with the provisions of the Law of 2010.

All costs associated with the preparation and realisation of the merger (such as legal, advisory or administrative costs) may not be charged to the SICAV or its shareholders.

## XIII. INFORMATION – AVAILABLE DOCUMENTS

### 1. AVAILABLE INFORMATION

#### a) Publication of the net asset value

The net asset value of each class and/or category of shares of each sub-fund, the issue prices and redemption prices shall be made public on each Valuation Day at the registered office of the SICAV. The Board of Directors may subsequently decide to publish these net asset values in the newspapers of the countries in which the shares of the SICAV are offered or sold. They can also be obtained from the Management Company.

#### b) Financial advice

Financial notices will be published in a newspaper of the country in which the SICAV is marketed whenever such publication is required by law and the applicable regulations.

With respect to the Grand Duchy of Luxembourg, financial notices may be published in a Luxembourg newspaper of regular circulation or in any other newspaper to be determined by the Board of Directors.

#### c) Periodic reports

Each year, the SICAV publishes a detailed report about its activities and the management of assets, including a balance sheet and profit and loss account expressed in Euros, a detailed breakdown of the assets in each sub-fund, and a report by the auditors.

After the end of each half-year, it will also publish a report including, the composition of the portfolio, the changes in the portfolio over the period, the number of shares in circulation and the number of shares issued and redeemed since the last publication.

The Board of Directors of the SICAV may decide to issue interim reports.

### 2. DOCUMENTS AVAILABLE TO THE PUBLIC

#### a) Available documents

In addition to the Prospectus, the subscription form, the KIID, the latest annual and half yearly reports published by the Company, copies of the articles of association of the Company may be obtained without charge during office hours, every day of the week (except Saturday, public holidays or bank holidays) from the head office of the Company at 12, Rue Eugène Ruppert, L-2453 Luxembourg.

Copies of the Prospectus, the KIID, the articles of association and the latest yearly and half yearly reports can also be obtained on the following website: [www.fundsquare.net](http://www.fundsquare.net).

Information about the procedure for the processing of investors' complaints, with a brief description of the strategy of the Management Company to determine when and how the voting rights tied to the instruments held in the sub-funds' portfolios are to be exercised can be found on the Management Company's website: [www.dpas.lu](http://www.dpas.lu).

#### b) Remuneration policy of the Management Company

The Management Company has a remuneration policy ("the Policy") under the terms of Article 111a of the 2010 Law, which is essentially designed to prevent taking of risks that are not compatible with the interests of the shareholders of the SICAV, to avoid conflicts of interest and to uncouple the decisions on control operations from the performance obtained.

This Policy is adopted by the Management Company which is also responsible for its implementation and supervision. It applies to all benefits paid by the Management Company, and to all amounts paid directly by the SICAV itself including any performance commission, and to any transfer of shares in the SICAV to a category of personnel governed by the Policy.

Its general principles are reviewed at least once a year by the Management Company, and depend on the size of the Management Company and/or on the size of the UCITS it manages.

Details of the up-to-date Policy of the Management Company can be found on the website [www.dpas.lu](http://www.dpas.lu). A hard copy can be provided free of charge, upon request.

**c) Subscription form**

The subscription form can be obtained upon request, from the head office of the SICAV.

**d) Official language**

The official language of the Inspectors and the Articles of Association is French, however the Board of Directors of the SICAV and the Custodian Bank, and the Management Company may, on their own behalf and on behalf of the SICAV, consider translations into the languages in which the SICAV's shares are offered and sold to be obligatory. The French version shall prevail in the event of any discrepancy between the French text and any other language into which the Prospectus is translated.

