

# **GAM MULTIBOND**

**A SICAV UNDER LUXEMBOURG LAW**

## **PROSPECTUS**

**21 MAY 2025**

Subscriptions are validly made only on the basis of this Prospectus or the Key Information Document in conjunction with the most recent annual report and the most recent semi-annual report where this is published after the annual report.

No information other than that contained in this Prospectus or in the Key Information Document may be given.

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## 1. INTRODUCTORY REMARKS

GAM Multibond (the “**Company**”, “**GAM Multibond**”) is established as a “*société d’investissement à capital variable*” (SICAV) in accordance with the current version of the law of the Grand Duchy of Luxembourg dated August 10, 1915 (the “**1915 Law**”) and authorised as an undertaking for collective investments in transferable securities (UCITS) under Part I of the law dated December 17, 2010 (the “**2010 Law**”).

The Company has an “umbrella structure”, which means that various Subfunds (“**Subfunds**”) can be created. The various Subfunds reflect different investment portfolios and can be issued in different categories of shares.

The Board of Directors of the Company is authorised to issue shares (“**Units**”, “**Shares**”) without par value in various investment portfolios relating to the Subfunds described in the section “Investment objectives and investment policy”, and where for each Subfund share categories (“**Share Categories**”) with different characteristics can be issued, as defined in the section “Description of Shares”.

Shares are issued at prices that are denominated in the currency of the Subfund in question or, if applicable, in the currency of the Share Category in question. As described in the section “Issue of Shares / Application procedure”, a selling fee of up to 3% may be charged in addition to the Issue Price.

### OVERVIEW OF SUBFUNDS: DENOMINATION / CURRENCY / INITIAL SUBSCRIPTION PERIOD

| Denomination of Subfund: GAM MULTIBOND                                    | Currency | Initial subscription period |
|---------------------------------------------------------------------------|----------|-----------------------------|
| <b>ABS</b>                                                                | EUR      | 29 – 30 April 2004          |
| <b>EMERGING BOND</b><br>(Until April 5th, 2016: EMERGING BOND FUND (USD)) | USD      | 13 – 17 October 1997        |
| <b>LOCAL EMERGING BOND</b>                                                | USD      | 17 – 27 April 2000          |
| <b>ESG LOCAL EMERGING BOND</b>                                            | USD      | 06 – 19 January 2021        |

The shareholders will be informed about an extension of the subscription period for the above mentioned Subfunds, according to the regulations defined in section “General meeting of shareholders and reporting”. In such case, this Prospectus will be adapted accordingly. During the initial subscription period, distributing as well as accumulating Shares may be offered in the various Subfunds.

The Company may issue Shares in new, additional Subfunds at any time. In this case, this Prospectus will be supplemented accordingly.

The Company currently issues Share Categories with different fee structures (see sections “Issue of Shares / Application procedure” and “Fees and costs”).

Investors may purchase Shares either directly from the Company or via an intermediary acting in its own name but for the investor’s account. In the latter case, an investor may not necessarily be able to assert all his/her investor’s rights directly against the Company. For details, reference is made to the section “Issue of Shares / Application procedure”, under “Nominee Service”.

Shares may be redeemed at a price described in the section “Redemption of Shares”. Shares may be switched using the formula described in the section “Switching of Shares”.

The respective Shares Categories of the Company may be listed on the Luxembourg Stock Exchange.

In addition to the Prospectus, a Key Information Document is produced for each share category and is handed to each purchaser before he/she subscribes to Shares (“**Key Information Document**”). By subscribing the Shares, each purchaser declares that he/she has received the Key Information Document prior to effecting the subscription.

Subscriptions are only accepted on the basis of the valid Prospectus or the valid Key Information Document in conjunction with (i) the most recent annual report of the Company or (ii) the most recent semi-annual report where this is published after the annual report.

Under the 2010 Law, the Company is authorised to produce one or more special Prospectuses for the distribution of Shares in one or more Subfunds or for one specific distribution country.

This Prospectus, the Key Information Document and any special Prospectuses do not constitute an offer or advertisement in those jurisdictions where such an offer or advertisement is prohibited, or in which persons making such offer or advertisement are not authorised to do so, or in which the law is infringed if persons receive such offer or advertisement.

The information in this Prospectus is in accordance with the current law and rules and regulations of the Grand Duchy of Luxembourg and is thus subject to alterations.

In this Prospectus, figures in "Swiss Francs" or "CHF" refer to the currency of Switzerland; "US Dollars", "Dollars" or "USD" to the currency of the United States of America; "Euro" or "EUR" to the currency of the European Economic and Monetary Union; "£ Sterling" or "GBP" to the currency of Great Britain; "Japanese Yen" or "JPY" to the currency of Japan; "SEK" to the currency of Sweden; "SGD" or "Singapore Dollar" to the currency of Singapore; "NOK" to the currency of Norway; "DKK" to the currency of Denmark, "ZAR" or "South African rand" to the currency of South Africa and "AUD" to the currency of Australia.

**Potential purchasers of Shares are responsible for informing themselves about the foreign exchange regulations that are relevant to them and about the legal and tax regulations applicable to them.**

Because Shares in the Company are not registered in the USA in accordance with the United States Securities Act of 1933, they may neither be offered nor sold in the USA including the dependent territories, unless such offer or such sale is permitted by way of an exemption from registration in accordance with United States Securities Act of 1933.

In general, Shares in the Company may neither be offered, nor sold nor transferred to persons engaging in transactions within the scope of any US American defined benefit plan. Exceptions hereto are possible, provided the Board of Directors of the Company has issued a corresponding special authorization for it. In this sense, a "defined benefit pension plan" means any (i) "defined benefit pension plan for employees", within the meaning of Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") that is subject to the provisions of Part 4 of Title I of ERISA, (ii) individual retirement account, Keogh Plan or other plan described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended, (iii) entity whose underlying assets include "plan assets" by reason of 25% or more of any class of equity interest in the entity being held by plans described in (i) and (ii) above, or (iv) other entity (such as segregated or common accounts of an insurance company, a corporate group or a common trust) whose underlying assets include "plan assets" by reason of an investment in the entity by plans described in (i) and (ii) above. Should investors participating in a defined benefit pension plan hold more than 25% of a share category, the company's assets shall be considered, in accordance with ERISA, "plan assets", which could have an adverse effect on the Company and its shareholders. In this case, the Company may, if appropriate, require the compulsory redemption of the Shares affected.

## 2. ORGANISATION AND MANAGEMENT

The Company's registered office is at 5, Heienhaff, L-1736, Senningerberg Niederaanven, Grand Duchy of Luxembourg.

### BOARD OF DIRECTORS OF THE COMPANY

#### CHAIRMAN

|              |                                                                                       |
|--------------|---------------------------------------------------------------------------------------|
| Martin Jufer | Global Chief Operating Officer,<br>GAM Investment Management (Switzerland) AG, Zurich |
|--------------|---------------------------------------------------------------------------------------|

#### MEMBERS

|                   |                                                                                             |
|-------------------|---------------------------------------------------------------------------------------------|
| Jean-Michel Loehr | Independent Director, Luxembourg                                                            |
| David Kemp        | Global Head of Legal & Compliance and GAM UK Chief Executive Officer,<br>GAM (U.K.) Limited |

### MANAGEMENT COMPANY

FundRock Management Company S.A., 5, Heienhaff, L-1736, Senningerberg Niederaanven, Grand Duchy of Luxembourg

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

#### CHAIRMAN

|                       |                                                |
|-----------------------|------------------------------------------------|
| Michel Marcel Vareika | Independent Non-Executive Director, Luxembourg |
|-----------------------|------------------------------------------------|

#### MEMBERS

|                    |                                    |
|--------------------|------------------------------------|
| Frank de Boer      | Executive Director, Luxembourg     |
| Karl Führer        | Executive Director, Luxembourg     |
| Carmel McGovern    | Independent Non-Executive Director |
| Mr David Rhydderch | Non-Executive Director, Luxembourg |
| Dirk Franz         | Independent Non-Executive Director |

### CONDUCTING OFFICERS OF THE MANAGEMENT COMPANY

|                |                                                                                                              |
|----------------|--------------------------------------------------------------------------------------------------------------|
| Frank de Boer  | CO in charge of Accounting, Portfolio Management, Administration of UCIs, Branches, HR and Client Management |
| Karl Führer    | Cloud and Outsourcing Officer, CO in charge of IT, Marketing and Valuation Functions                         |
| Michael Durand | RR, CO in charge of Compliance, AML/CFT, Legal and Company Secretary (subject to CSSF approval)              |
| Hugues Sebenne | CO in charge of Risk Management                                                                              |

### DEPOSITARY BANK,

### CENTRAL ADMINISTRATION AND PRINCIPAL PAYING AGENT

### REGISTRAR AND TRANSFER AGENT

State Street Bank International GmbH, Luxembourg Branch, 49, Avenue John F. Kennedy, L-1885 Luxembourg

**DOMICILIARY AGENT**

FundRock Management Company S.A., 5, Heienhaff, L-1736, Senningerberg Niederaanven, Grand Duchy of Luxembourg

**INVESTMENT MANAGERS**

GAM Investment Management (Switzerland) AG, Hardstrasse 201, 8005 Zurich, Switzerland

GAM International Management Limited, 8 Finsbury Circus, London EC2M 7GB, United Kingdom

GAM USA Inc., 1 Rockefeller Plaza, New York, NY 10020, United States of America

**DISTRIBUTORS**

The Management Company, with the approval of the Company, has appointed Bridge Fund Management Limited, Ireland ("**Bridge**") as global distributor. Bridge, an Apex Group company, is a limited company registered in Ireland (No. 573961) with its registered office at Percy Exchange, 8/34 Percy Place, Dublin, Ireland. Bridge is authorised by the Central Bank of Ireland to act as a fund management company pursuant to the UCITS Directive and an alternative investment fund manager (AIFM) pursuant to Directive 2011/61/EU on alternative investment fund managers, as amended. Bridge may appoint distributors, platform operators, introducers, listing and placement agents, finders and similar persons to sell or market Shares in various jurisdictions.

**AUDITOR OF ANNUAL REPORT**

PricewaterhouseCoopers *Société coopérative*, 2 rue Gerhard Mercator, L-2182 Luxembourg has been appointed auditor of the Company's accounts.

**LEGAL ADVISER**

Linklaters LLP, 35, Avenue John F. Kennedy, L-1855 Luxembourg is the legal adviser to the Company in Luxembourg.

**SUPERVISORY AUTHORITY IN LUXEMBOURG**

*Commission de Surveillance du Secteur Financier* ("**CSSF**"), 283, route d'Arlon, L-1150 Luxembourg.

Further information and documents on the Company and the individual Subfunds may also be consulted on the website [www.funds.gam.com](http://www.funds.gam.com), on which investors can also find a form for submitting complaints.

### 3. INVESTMENT OBJECTIVES AND INVESTMENT POLICY

The investment objective of the Company is to achieve an appropriate return by applying the principle of risk diversification by investing mainly in fixed-interest or floating-rate securities and in money market instruments which are quoted/traded on official securities exchanges in recognised countries or on other Regulated Markets in recognised countries and may have different credit risk valuations (in accordance with the investment policy, investment restrictions and further investment guidelines). In this context, a "recognised country" is a member state of the Organisation for Economic Cooperation and Development ("**OECD**"), and all other countries in Europe, North and South America, Africa, Asia and the Pacific Rim (hereafter "**Recognised Country**"). A Regulated Market is a market which is recognised and open to the public, and whose operation is properly regulated (hereafter "**Regulated Market**").

In addition to securities and the other assets permitted as described in the section "Investment limits", it is also possible to hold liquid assets, these being in principle of an ancillary nature.

In order to pursue the investment objectives, the Subfunds may, in the context of the guidelines and limits established on the basis of Luxembourg law, use the investment techniques and financial instruments described below in the section "Financial instruments and investment techniques", which includes specific, but not exhaustive, risk warnings.

**Although the Company makes every effort to achieve the investment objectives of the individual Subfunds, no guarantee can be given of the extent to which the investment objectives will be achieved. As a result, the net asset values of the Shares may become greater or smaller, and different levels of positive as well as negative income may be earned.**

**Consequently, a Shareholder runs the risk that he/she may not recover the amount originally invested. Depending on the orientation of the individual Subfunds this risk may differ from Subfund to Subfund. It is also noted that there are increased risks in relation to the settlement of the Company's securities transactions, above all the risk that the securities may be delivered late or not at all. Currency risks may also arise for shareholders whose reference currency differs from the investment currency of a Subfund. The following description of the Subfunds shall not be construed as a recommendation to acquire Shares in a particular Subfund. Rather, each shareholder should consult his/her financial adviser regarding the acquisition of Shares in the Company and the selection among the Subfunds and their Share Categories.**

**The performance of each Subfund is illustrated in the Key Information Document.**

The investment objectives and the investment policy of the Board of Directors ("**Board of Directors**") for each Subfund are the following:

#### **GAM MULTIBOND – ABS**

The investment objective of the Company in relation to GAM Multibond – ABS ("**ABS**") is to achieve above-average returns while observing the principle of risk diversification through investing at least two thirds of the assets of the Subfund in floating-rate or fixed-interest asset-backed securities, issued by issuers from recognised countries. Asset-backed securities, including i.e. Collateralised Loan Obligations, are, in principle, securities, the payments of which (interest payments and principal re-payments) are securitised by a pool of receivables. In this context, the risks mentioned in the chapter "Risks associated with the use of derivatives and other special investment techniques and financial instruments", in particular the "Risks associated with asset backed securities ("**ABS**") and mortgage-backed securities ("**MBS**") transactions", should be noted.

The Company may invest up to a maximum of one third of the assets of the Subfund in fixed-interest or floating-rate securities, issued by issuers from recognised countries, as well as in Shares and other equity securities and equity rights deriving from conversions of debt securities or claims, as well as from restructuring measures on the part of the issuers (up to a maximum of 10% of the assets of the Subfund).

Furthermore, up to a maximum of 33% of the assets of the Subfund may be invested in securities which do not have a credit quality of at least investment grade.

Additional liquid assets may amount to up to 20% of the Subfund's total assets. These additional liquid assets are limited to demand deposits, such as cash, which are held in the Subfund's current bank accounts and are available at all times. The 20% limit may only be exceeded temporarily for an absolutely necessary period if circumstances so require due to exceptionally unfavourable market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such an excess is justified taking into account the best interests of the investors.

The Subfund may invest in liquid assets for liquidity purposes, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

**For securities of issuers which, according to market assessments, do not have good credit standing (non-investment grade) and may promise higher returns than comparable government bonds, a higher-than-average volatility must be expected and even the complete loss of some investments cannot be ruled out.** In order to reduce such risks, however, the issuers are carefully monitored and are widely diversified.

ABS is denominated in Euro. The investments may be denominated in Euro or other currencies. Currency risks may be hedged entirely or partially against the reference currency. Depreciation due to exchange rate fluctuations cannot be ruled out.

In order to achieve the investment objective, derivative financial instruments or, as the case may be, special investment techniques and financial instruments may also be employed on a larger scale, in particular, those to manage interest rate and credit risks. For the use of such derivative financial instruments or, as applicable, of special investment techniques the restrictions defined in the section "Financial instruments and investment techniques" will be applicable.

The Subfund is actively managed with reference to risk-free interest rates that vary depending on the relevant currency of the share class, such as the Euro Short-Term Rate (ESTR) for EUR share classes or the Swiss Average Rate Overnight (SARON) for CHF share classes (the "**Benchmark**"), which in each case is used exclusively for performance comparison purposes. However, the Benchmark is not used to define the portfolio composition of the Subfund or as performance target and the Subfund may be wholly invested in securities which are not constituents of the Benchmark.

#### **SUSTAINABILITY RISKS**

The investments of this Subfund are subject to sustainability risk, as outlined and defined in the Responsible Investment Policy and summarised in the "Sustainability" section of the Prospectus. Investment into diversified asset backed securities are generally understood to be investments into instruments where any event or condition in one underlying asset is not likely to have a material impact on the investment due to the underlying diversification. The ability to review sustainability risks of each underlying instrument depends on the sustainability data coverage and level of 'look-through'.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk is integrated into the investment process of the Subfund in the manner further detailed in the "Sustainability" section of the Prospectus and the Responsible Investment Policy.

Sustainability risks will be considered in the respective investment process of the Subfund alongside other relevant risk factors. The assessment of sustainability risks and how these are integrated into investment decisions may be quantitative or substantially qualitative and will vary between investment strategies.

#### **PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

Principal adverse impacts on sustainability factors are not considered in accordance with Article 7 of SFDR. More information can be found in the GAM Principal Adverse Sustainability Impacts Statement.

#### **GAM MULTIBOND – EMERGING BOND**

The investment objective of the Company in relation to GAM Multibond – EMERGING BOND ("**EMERGING BOND**") is to achieve above-average returns in the long term while observing the principle of risk diversification, through investing at least two thirds of the assets of the Subfund in fixed-interest or floating-rate securities, issued by issuers from so-called emerging market countries. The term "emerging markets" is generally understood to

refer to the markets of countries that are in the process of developing into modern industrialised countries and thus display a high degree of potential but also entail a greater degree of risk. In particular, it applies to those countries included in the benchmark according to the below and Annex I or in the MSCI Emerging Markets Index. Investments in emerging market bonds involve a higher degree of risk due to their greater volatility.

EMERGING BOND is actively managed with reference to the JP Morgan Emerging Market Bond Index Global Diversified (the “**Benchmark**”) by virtue of the fact that it uses the latter in the appropriate currency for performance comparison purposes. However, the Benchmark is not used to define the portfolio composition of the Subfund or as performance target and the Subfund may be invested in securities which are not constituents of the Benchmark, while ensuring that the total overweight of securities from the Benchmark countries and the total overweight of securities not included in the Benchmark do not exceed predefined limits.

Up to a maximum of one-third of the assets of EMERGING BOND may also be invested in fixed-interest or floating-rate securities of issuers from other countries. In addition, up to a maximum of 10% of the assets of the Subfund may be invested in Shares and other equity securities and equity rights deriving from conversions of debt securities or claims, as well as from restructuring measures on the part of the issuers.

Additional liquid assets may amount to up to 20% of the Subfund's total assets. These additional liquid assets are limited to demand deposits, such as cash, which are held in the Subfund's current bank accounts and are available at all times. The 20% limit may only be exceeded temporarily for an absolutely necessary period if circumstances so require due to exceptionally unfavourable market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such an excess is justified taking into account the best interests of the investors.

EMERGING BOND may invest in liquid assets for liquidity purposes, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

EMERGING BOND may also invest directly in bonds from the Chinese mainland which are traded on the interbank bond markets in mainland China. The risks described in the chapter on "Risks associated with investments in the People's Republic of China" should be taken into account.

Furthermore, EMERGING BOND must observe following limits:

- The maximum overweight of securities of issuers from countries which are included in the Benchmark (see Annex I) may amount to a maximum of 15 percentage points against the Benchmark.
- Securities of issuers from countries which are not included in the Benchmark (see Annex I) may amount to a maximum per country of 15% and in total to a maximum of 33% of the assets of the Subfund.
- Corporate bonds of all levels of creditworthiness may amount to a maximum of 35% of the assets of the Subfund.
- The currency exposure from local emerging market currencies, after consideration of possible currency hedge transactions, may not exceed a maximum of 15% of the Subfund's assets

EMERGING BOND is denominated in US Dollars. The investments may be denominated in USD or other currencies. Currency risks may be hedged entirely or partially against the USD. Losses due to exchange rate fluctuations cannot be ruled out.

Investment in emerging market countries is associated with a higher degree of risk. In particular, the investments are subject to the following risks:

- a) trading volumes in relation to the securities may be low or absent on the securities market involved, which can lead to liquidity problems and relatively large price fluctuations;
- b) uncertainties surrounding political, economic and social circumstances, with the associated dangers of expropriation or seizure, unusually high inflation rates, prohibitive tax measures and other negative developments;
- c) political or other circumstances which restrict the investment opportunities of the Subfund, for example restrictions with regard to issuers or industries deemed sensitive to relevant national interests, and
- d) the absence of sufficiently developed legal structures governing private or foreign investments and the risk of potentially inadequate safeguards with respect to private ownership.

## **SUSTAINABILITY RISKS**

The investments of this Subfund are subject to sustainability risk, as outlined and defined in the Responsible Investment Policy and summarised in the "Sustainability" section of the Prospectus. The value of fixed income securities is tied to the context and performance of the respective issuer, which is likely to be impacted by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility of the Subfund if material to the creditworthiness of the issuer.

## **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk is integrated into the investment process of the Subfund in the manner further detailed in the "Sustainability" section of the Prospectus and the Responsible Investment Policy.

Sustainability risks will be considered in the respective investment process of the Subfund alongside other relevant risk factors. The assessment of sustainability risks and how these are integrated into investment decisions may be quantitative or substantially qualitative and will vary between investment strategies.

## **PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

Principal adverse impacts on sustainability factors are not considered in accordance with Article 7 of SFDR. More information can be found in the GAM Principal Adverse Sustainability Impacts Statement.

## **GAM MULTIBOND – LOCAL EMERGING BOND**

The investment objective of the Company in relation to GAM Multibond - LOCAL EMERGING BOND ("**LOCAL EMERGING BOND**") is to achieve above-average returns in the long term while observing the principle of risk diversification, through investing at least two-thirds of the assets of the Subfund in fixed-interest or floating-rate securities either issued by issuers from so-called emerging market countries and/or denominated in the currency of an emerging market country or which are economically linked to currencies of emerging market countries.

The term "emerging markets" is generally understood to refer to the markets of countries that are in the process of developing into modern industrialised countries and thus display a high degree of potential but also entail a greater degree of risk. In particular, it applies to those countries included in the S&P Emerging BMI or in the MSCI Emerging Markets Index. Investments in emerging market bonds involve a higher degree of risk due to their greater volatility. Investments are made in the currency suitable for performance and are actively managed against the accounting currency. In particular, forward contracts are entered into, swaps and options on currencies are bought and sold for the purpose of building up and/or hedging foreign currency risks.

LOCAL EMERGING BOND is actively managed with reference to the JPM GBI-EM Global Diversified Composite Index by virtue of the fact that it uses the latter in the appropriate currency for performance comparison purposes. However, the benchmark is not used to define the portfolio composition of the Subfund or as performance target and the Subfund may be wholly invested in securities which are not constituents of the benchmark.

Up to a maximum of one-third of the assets of LOCAL EMERGING BOND may also be invested in fixed-interest or floating-rate securities denominated in other currencies or of issuers from other countries. In addition, up to a maximum of 10% of the assets of the Subfund may be invested in Shares and other equity securities and equity rights deriving from conversions of debt securities or claims, as well as from restructuring measures on the part of the issuers.

Derivative financial instruments or special investment techniques and financial instruments may also be used to a greater extent to achieve the investment objective. The range of possible instruments includes in particular currency futures contracts and interest rate swaps. The restrictions defined in detail in the chapter "Financial instruments and investment techniques" apply to the use of such derivative financial instruments or special investment techniques and financial instruments.

Additional liquid assets may amount to up to 20% of the total assets of LOCAL EMERGING BOND. These additional liquid assets are limited to demand deposits, such as cash, which are held in the Subfund's current bank accounts and are available at all times. The 20% limit may only be exceeded temporarily for an absolutely necessary period if circumstances so require due to exceptionally unfavourable market conditions (e.g. wars,

terrorist attacks, health crises or other similar events) and if such an excess is justified taking into account the best interests of the investors.

LOCAL EMERGING BOND may invest for liquidity purposes in liquid assets, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

LOCAL EMERGING BOND is denominated in US Dollars. The investments may be denominated in US Dollars or other currencies. Foreign currency exposures are partly hedged in relation to the USD. Depreciation due to exchange rate fluctuations cannot be ruled out.

Securities issued by issuers from the Russian Federation may be acquired directly provided they are traded on a recognised securities exchange, or another recognised Regulated Market which is open to the public and whose operation is properly regulated. Currently the "Moscow Exchange", resulting from the merger between the "Russian Trading System Stock Exchange" and the "Moscow Interbank Currency Exchange", is recognised as a recognised market in the Russian Federation. Directly acquired securities issued by issuers from the Russian Federation which are traded outside the "Moscow Exchange", and in particular direct investments in other countries which are not traded on another recognised Regulated Market which is open to the public and whose operation is properly regulated, may, together with other so-called non-recognised investments, total up to a maximum of 10% of the net asset value of the Subfund.

LOCAL EMERGING BOND may also invest directly in bonds from the Chinese mainland which are listed on Chinese exchanges or traded on the interbank bond markets in mainland China. For investments on the Chinese exchanges the Subfund will use the Renminbi Qualified Foreign Institutional Investor ("RQFII") quota of the Investment Manager. The risks described in the chapter on "Risks associated with investments in the People's Republic of China" should be taken into account.

Investment in emerging market countries is associated with a higher degree of risk. In particular, the investments are subject to the following risks:

- a) trading volumes in relation to the securities may be low or absent on the securities market involved, which can lead to liquidity problems and relatively large price fluctuations;
- b) uncertainties surrounding political, economic and social circumstances, with the associated dangers of expropriation or seizure, unusually high inflation rates, prohibitive tax measures and other negative developments;
- c) potentially serious fluctuations in the foreign exchange rate, different legal frameworks, existing or potential foreign exchange export restrictions, customs or other restrictions, and any laws and other restrictions applicable to investments;
- d) political or other circumstances which restrict the investment opportunities of the Subfund, for example restrictions with regard to issuers or industries deemed sensitive to relevant national interests, and
- e) the absence of sufficiently developed legal structures governing private or foreign investments and the risk of potentially inadequate safeguards with the respect to private ownership.

Foreign exchange export restrictions and other related regulations in these countries may also lead to the delayed repatriation of all or some of the investments or may prevent them from being repatriated in full or in part, with the result that there may be a delay in the payment of the Redemption Price.

Other risks existing in the Russian Federation and/or in the Commonwealth of Independent States relate to the settlement of securities transactions, in particular the risk of the corresponding securities being delivered late or not at all despite payment having been made by the Subfund. In addition, the risk of securities counterfeiting or securities theft cannot be ruled out.

**With respect to investments in the Russian Federation and/or the Commonwealth of Independent States, certain risks relating to title and the safekeeping of securities are pointed out. In the Russian Federation and in the Commonwealth of Independent States, title to securities is evidenced by entries into the books of the company issuing the securities or the registration agent of the same (which is neither an agent of the depositary bank nor responsible to the latter). In this regard, the supervisory duties of the depositary bank are limited to supervision using its best efforts within the scope of what is reasonably possible. Share certificates representing the investment in companies from the Russian Federation and/or the**

**Commonwealth of Independent States are not safe-kept with the depositary bank or sub-custodian bank or in an effective centralised custody system. As a consequence of this system and due to the lack of effective state regulations and enforceability, the Company could lose its registration and title in securities of the Russian Federation and/or the Commonwealth of Independent States due to fraud, negligence or simply as a result of an oversight. It is pointed out that in most cases such share certificates exist only in photocopied form, thus leaving their legal value open to challenge.**

#### **SUSTAINABILITY RISKS**

The investments of this Subfund are subject to sustainability risk, as outlined and defined in the Responsible Investment Policy and summarised in the “Sustainability” section of the Prospectus. The value of fixed income securities is tied to the context and performance of the respective issuer, which is likely to be impacted by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility of the Subfund if material to the creditworthiness of the issuer.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk is integrated into the investment process of the Subfund in the manner further detailed in the “Sustainable Finance Disclosures” section of the Prospectus and the Responsible Investment Policy.

Sustainability risks will be considered in the respective investment process of the Subfund alongside other relevant risk factors. The assessment of sustainability risks and how these are integrated into investment decisions may be quantitative or substantially qualitative and will vary between investment strategies.

#### **PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

Principal adverse impacts on sustainability factors are not considered in accordance with Article 7 of SFDR. More information can be found in the GAM Principal Adverse Sustainability Impacts Statement.

### **GAM Multibond - ESG LOCAL EMERGING BOND**

The investment objective of the Company in relation to the GAM Multibond - ESG LOCAL EMERGING BOND (“**ESG LOCAL EMERGING BOND**”) is to achieve above-average returns over the long term, taking into account the principle of risk diversification and the integration of environmental, social and governance (ESG) criteria.

In order to achieve its investment objective, ESG LOCAL EMERGING BOND will invest at least two thirds of its assets in fixed-interest or variable-interest securities which are either issued by governments, government agencies or other public issuers from so-called emerging market countries and/or are denominated in the currency of an emerging market country or which are economically linked to currencies of emerging market countries.

Emerging Markets are generally understood to be the markets of countries that are in the process of becoming modern industrialised nations and therefore have high potential but also involve increased risk. These include, in particular, countries comprised in the J.P. Morgan ESG GBI-EM Global Diversified Index. Investments in Emerging Markets bonds involve higher risks due to the higher volatility of these investments. Investments are made in the currency suitable for performance and are actively managed against the accounting currency. In particular, forward contracts are entered into, swaps and options on currencies are bought and sold for the purpose of building up and/or hedging foreign currency risks.

The Subfund’s benchmark index is the JPM ESG GBI-EM Global Diversified. The Subfund is actively managed and aims to outperform the benchmark index over the long term. Most of the Subfund’s securities are issued by issuers that are part of the benchmark index. The investment manager can, at its discretion and in accordance with this Prospectus, also invest in securities that are not included in the benchmark index in order to take advantage of specific investment opportunities and, in particular, the investment manager may significantly deviate from the benchmark index in terms of the weighting of the Subfund’s investments. The Subfund may also temporarily follow the benchmark index more closely than intended, which may limit the Subfund’s ability to outperform the benchmark index.

Up to a maximum of one third of the assets of ESG LOCAL EMERGING BOND may also be invested in fixed or variable interest securities denominated in other currencies or issued by issuers from other countries. In addition, up to a maximum of 10% of the assets of the Subfund may be invested in Shares and other equity securities and

equity rights deriving from conversions of debt securities or claims, as well as from restructuring measures on the part of the issuers.

Derivative financial instruments or special investment techniques and financial instruments may also be used to a greater extent to achieve the investment objective. The range of possible instruments includes in particular currency futures contracts and interest rate swaps. The restrictions defined in detail in the chapter "Financial instruments and investment techniques" apply to the use of such derivative financial instruments or special investment techniques and financial instruments.

ESG LOCAL EMERGING BOND is actively managed and aims to outperform the J.P. Morgan ESG GBI-EM Global Diversified Index ("**Index**"). The fundamental philosophy of ESG LOCAL EMERGING BOND is that some ESG factors are well understood by the market and are appropriately reflected in the relevant security prices, while other ESG factors are not. Those ESG factors which in the opinion of the Investment Manager are not, or not adequately, priced-in will be actively incorporated into the investment process of ESG LOCAL EMERGING BOND in order to increase the Subfund's risk-adjusted returns. Those factors which, in the view of the Investment Manager, are already fully priced-in have no systematic influence on future returns, but the use of the Index ensures that more capital is allocated to countries with good ESG performance, in the hope that this will improve those countries' ESG performance. Therefore, ESG factors that are priced-in and those that are not priced-in are treated differently by the Investment Manager, as described below.

#### **NON-PRICED ESG RISKS**

ESG LOCAL EMERGING BOND uses a proprietary analytical tool, the Crisis Cycle Filter ("**CCF**"), to capture the interaction between ESG factors and a country's more traditional macroeconomic variables. The impact that ESG factors can have on the creditworthiness of governments can best be captured in a broader framework covered by the CCF. This tool is designed to identify country-specific problems and includes factors that are considered the most reliable leading indicators of stress, public and private sector debt crises, inflationary episodes or policy mismanagement. The CCF uses several variables to determine the probability of an emerging market country entering or exiting a financial crisis. However, the underlying philosophy of the framework is that none of these variables are, in themselves, likely to trigger a crisis. The influence of ESG factors on sovereign creditworthiness is effectively captured in the CCF framework. Governance factors have a direct impact in the CCF analysis, while social and environmental factors have a more indirect influence. Systemic environmental and social issues are increasingly influencing economic growth, and the approach to these issues is evolving to take account of these risks. The Investment Manager does not completely exclude any countries on the basis of ESG indicators alone. However, ESG indicators can play an important role in the decision to score a country to zero.

#### **PRICED ESG RISKS**

Many ESG factors are already being priced-in efficiently by the market and are therefore unlikely to have a systematic impact on future Subfund returns. However, there are good reasons to consider ESG factors beyond mere return considerations. The composition of the index ensures that the portfolio weighting of countries with strong ESG indicators are increased compared to other (ESG weaker) countries. This leads to a shift of capital away from countries with weak ESG indicators towards stronger ESG economies, potentially changing the relative cost of financing the economies and thus providing an incentive for good ESG performance.

Criteria for assessing environmental, social and governance (ESG) performance include the following:

- **ENVIRONMENT:** natural disasters, global warming/climate change, water stress (including drought and floods), energy resources (in particular, exposure to and dependence on fossil fuels or renewable energy) and environmental degradation;
- **SOCIAL:** income and gender inequality, education levels, health standards (including mortality rates and life expectancy), conflict/war exposure, provision of basic services, perception of corruption, right to privacy, freedom of opinion and speech, and freedom of the press and media;
- **GOVERNANCE:** political stability, rule of law, quality of regulation, effectiveness of policies, control of corruption and respect for property rights.

Further information on the company's ESG approach and the methodology for taking ESG criteria into account can be found at <https://www.gam.com/en/corporate-responsibility/responsible-investing>.

In order to achieve the investment objective of ESG LOCAL EMERGING BOND, the following additional investment restrictions apply:

- At least 80% of the Subfund's emerging market debt securities must be issued by issuers included in the Index.
- The Subfund may invest a maximum of 70% of its assets in high yield bonds. In the case of securities of issuers which, according to market assessments, do not have good credit ratings, above-average volatility compared to investment grade bonds must be expected or, depending on the circumstances, the complete loss of value of individual investments cannot be ruled out. Careful monitoring and a broad diversification of issuers serve to reduce these risks.
- Securities of issuers from the Russian Federation may be purchased directly, provided that they are traded on a recognised stock exchange, or another recognised Regulated Market open to the public and functioning properly. The recognised market in the Russian Federation is currently the "Moscow Exchange".
- Directly acquired securities from issuers in the Russian Federation which are traded outside the "Moscow Exchange" and, in particular, direct investments in other countries which are not traded on a recognised stock exchange or on another recognised Regulated Market which is open to the public and operates regularly, together with other so-called non-recognised investments, may not exceed 10% of the net asset value of the Subfund.

Additional liquid assets may amount to up to 20% of the total assets of the ESG LOCAL EMERGING BOND. These additional liquid assets are limited to demand deposits, such as cash, held in the Subfund's current bank accounts and available at all times. The 20% limit may only be exceeded temporarily for a strictly necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such excess is justified having regard to the best interests of the investors.

ESG LOCAL EMERGING BOND may invest for liquidity purposes in liquid assets, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

The Investment Manager may, at its discretion and in accordance with the Prospectus, also invest in securities not included in the reference index in order to take advantage of specific investment opportunities, including, in particular, a substantial deviation in terms of the weighting of the Fund's investments. At times, the Subfund may also move closer to the Benchmark Index than intended, which may limit the Subfund's ability to outperform the Benchmark Index.

ESG LOCAL EMERGING BOND is denominated in US dollars. Investments may be denominated in US Dollars or other currencies. Foreign currency risks are partially hedged against the USD. Depreciation due to currency risks cannot be ruled out.

ESG LOCAL EMERGING BOND may also invest directly in bonds from mainland China that are listed on the Chinese stock exchanges or traded on the interbank bond markets in mainland China. For investments in the Chinese Stock Exchange, the Subfund will invest through the RQFII (Renminbi Qualified Foreign Institutional Investor) quota of the Investment Manager. In this context, the risks mentioned in the section "Risks Associated with Investments in the People's Republic of China" should be noted.

Investments in emerging market countries involve higher risk. In particular, following risks

- a) trading volumes in relation to the securities may be low or absent on the securities market involved, which can lead to liquidity problems and relatively large price fluctuations;
- b) uncertainties surrounding political, economic and social circumstances, with the associated dangers of expropriation or seizure, unusually high inflation rates, prohibitive tax measures and other negative developments;
- c) potentially serious fluctuations in the foreign exchange rate, different legal frameworks, existing or potential foreign exchange export restrictions, customs or other restrictions, and any laws and other restrictions applicable to investments;

- d) political or other circumstances which restrict the investment opportunities of the Subfund, for example restrictions with regard to issuers or industries deemed sensitive to relevant national interests, and
- e) the absence of sufficiently developed legal structures governing private or foreign investments and the risk of potentially inadequate safeguards with the respect to private ownership.

Foreign exchange export restrictions and other related regulations in these countries may also lead to the delayed repatriation of all or some of the investments or may prevent them from being repatriated in full or in part, with the result that there may be a delay in the payment of the Redemption Price.

Other risks existing in the Russian Federation and/or in the Commonwealth of Independent States relate to the settlement of securities transactions, in particular the risk of the corresponding securities being delivered late or not at all despite payment having been made by the Subfund. In addition, the risk of securities counterfeiting or securities theft cannot be ruled out.

**With respect to investments in the Russian Federation and/or the Commonwealth of Independent States, certain risks relating to title and the safekeeping of securities are pointed out. In the Russian Federation and in the Commonwealth of Independent States, title to securities is evidenced by entries into the books of the company issuing the securities or the registration agent of the same (which is neither an agent of the depository bank nor responsible to the latter). In this regard, the supervisory duties of the depository bank are limited to supervision using its best efforts within the scope of what is reasonably possible. Share certificates representing the investment in companies from the Russian Federation and/or the Commonwealth of Independent States are not safe-kept with the depository bank or sub-custodian bank or in an effective centralised custody system. As a consequence of this system and due to the lack of effective state regulations and enforceability, the Company could lose its registration and title in securities of the Russian Federation and/or the Commonwealth of Independent States due to fraud, negligence or simply as a result of an oversight. It is pointed out that in most cases such share certificates exist only in photocopied form, thus leaving their legal value open to challenge.**

#### **SUSTAINABILITY RISKS**

The investments of this Subfund are subject to sustainability risk, as outlined and defined in the Responsible Investment Policy and summarised in the "Sustainability" section of the Prospectus. The value of fixed income securities is tied to the context and performance of the respective issuer, which is likely to be impacted by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility of the Subfund if material to the creditworthiness of the issuer.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk is integrated into the investment process of the Subfund in the manner further detailed in the "Sustainability" section of the Prospectus and the Responsible Investment Policy.

Sustainability risks will be considered in the respective investment process of each Subfund alongside other relevant risk factors. The assessment of sustainability risks and how these are integrated into investment decisions may be quantitative or substantially qualitative and will vary between investment strategies.

#### **PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

The Subfund considers the principal adverse impacts of its investment decisions on sustainability factors, in accordance with Article 7 of SFDR, to the extent that this is factored into the index. More information on how the Subfund considers PAIs can be found in the Annex II and the GAM Principal Adverse Sustainability Impacts Statement.

#### **ENVIRONMENTAL AND SOCIAL CHARACTERISTICS**

The Subfund promotes environmental or social characteristics within the meaning of Article 8 of the SFDR and as further explained in the Annex II to this Prospectus.

The Subfund excludes those issuers involved in specific activities considered to cause negative environmental and social impact, alongside active engagement with investee companies and the integration of ESG research into the investment process.

While the Subfund promotes environmental characteristics in the manner described in Annex II to this Prospectus it does not currently commit to investing in any “sustainable investments” within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this Subfund do not take into account the EU criteria for environmentally sustainable economic activities.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Annex II in detail to ensure that the sustainability profile of the Subfund reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Subfund should take into account both the financial and non-financial characteristics of the Subfund. There is no assurance that any sustainability-related characteristics will be achieved.

#### **ESG INVESTMENT STRATEGY RISK**

The Subfund is subject to the risk that its investment strategy may select, prevent the acquisition of or require the disposal of securities of certain issuers for reasons other than investment performance or other financial considerations. As a result, the Subfund may underperform other funds with a similar financial objective that do not include non-financial considerations in their investment strategy and may suffer investment losses if it is required to dispose of a security as a result of such non-financial considerations.

## **4. INVESTOR PROFILE**

### **ABS**

This Subfund is suitable for capital accumulation, both for investors who do not have an in-depth knowledge of the capital markets and for experienced investors in order to pursue their specific investment objectives. Investors must expect fluctuations in the value of the investments, which may temporarily lead to moderate loss of value. This Subfund may be used as a basic investment within the portfolio.

### **EMERGING BOND, LOCAL EMERGING BOND, and ESG LOCAL EMERGING BOND**

Each of these Subfunds is suitable for investors who have experience with volatile investments, have sound knowledge of the capital markets and wish to participate in the performance of the capital markets so as to pursue their specific investment objectives. Investors must expect fluctuations in the value of the investments, which may temporarily even lead to substantial loss of value. Each of these Subfunds may be used as a supplementary investment within a widely diversified portfolio.

## **5. INVESTMENT LIMITS**

### **1. INVESTMENTS IN SECURITIES, MONEY MARKET INSTRUMENTS, DEPOSITS AND DERIVATIVES**

These investments comprise:

- (a) Transferable securities and money market instruments:
  - which are admitted to or dealt in on a Regulated Market as defined in Directive 2004/39/EC;
  - which are dealt in on another Regulated Market in a member state of the European Union ("EU") which is recognised, open to the public and operates regularly;
  - which are admitted to official listing on a stock exchange in a non-EU state<sup>1</sup> or are traded on another Regulated Market of a non-EU state which is recognised, open to the public and operates regularly;
  - resulting from new issues, provided the terms of issue contain an undertaking to apply for official listing on a stock exchange or another Regulated Market which is recognised, open to the public and operates regularly, and that the admission will be obtained within one year of the issue.

<sup>1</sup> In the established language use of the Directive 2009/65/EG, a non-EU state is a country which is not a member of the EU.

- (b) Sight deposits or deposits repayable on demand maturing in no more than 12 months with qualified credit institutions whose registered office is located in a member state of the EU or in a member state of the OECD or in a country that has ratified the resolutions of the Financial Actions Task Force ("**FATF**" or *Groupe d'Action Financière Internationale* "**GAFI**") ("**Qualified Credit Institutions**").
- (c) Derivatives, including equivalent cash-settled instruments, which are dealt in on a Regulated Market as specified in (a), first, second or third indent, and/or OTC (over-the-counter) derivatives provided that:
- the underlying securities are instruments as defined by Article 41 paragraph 1 of the 2010 Law or are financial indices, interest rates, foreign exchange rates or currencies in which the Subfund may invest according to its investment objectives;
  - the counterparties in transactions with OTC derivatives are institutions subject to supervision belonging to the categories approved by the CSSF; and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at the initiative of the Company at their fair value.
- (d) Shares in UCITS authorised in accordance with Directive 2009/65/EC and/or other UCIs within the meaning of Article 1 (2), first and second indent of Directive 2009/65/EC having their registered office in a member state of the EU or a non-EU state, provided that:
- such other UCIs are authorised in accordance with legal requirements which submit them to prudential supervision considered by the CSSF to be equivalent to that under the EU Community law and that there is sufficient guarantee of cooperation between the authorities;
  - the level of protection for unitholders of such other UCIs is equivalent to the level of protection for unitholders of a UCITS and in particular that the requirements for segregation of the fund's assets, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
  - the business activities of the other UCIs are subject to semi-annual and annual reports which enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - the UCITS or this other UCI, whose units are to be acquired, may, according to its constitutional documents, invest in total no more than 10% of its net asset value in units of other UCITS or other UCIs.
- If the Company purchases units in other UCITS and/or other UCIs which are managed directly or indirectly by the same Management Company or by another company to which the Management Company is linked by common administration or control or by a significant direct or indirect shareholding, the Management Company or the other company may not charge the Company any fees for subscription or redemption of Shares in other UCITS and/or UCI.
- A Subfund may invest in other Subfunds of the Company, subject to the prerequisites laid down in Article 181 paragraph 8 of the 2010 Law.
- (e) Money market instruments which are not traded on a Regulated Market and fall under the definition of Article 1 of the 2010 Law, provided the issue or issuer of these instruments is itself subject to regulations concerning the protection of savings and investors, and provided:
- they are issued or guaranteed by a central governmental, regional or local authority or the central bank of an EU member state, the European Central Bank, the EU or the European Investment Bank, a non-EU state or, in the case of a Federal State, one of the members making up the federation, or by a public international institution to which at least one EU member state belongs; or
  - they are issued by an undertaking whose securities are traded on the Regulated Markets designated in 1. (a); or
  - they are issued or guaranteed by an establishment subject to supervision in accordance with the criteria defined by EU Community law, or by an institution which is subject to and complies with

prudential rules which in the opinion of the CSSF are at least as stringent as those under EU Community law; or

- they are issued by other issuers belonging to a category approved by the CSSF provided such instruments are subject to investor protection regulations which are equivalent to those of the first, second or third indent and provided the issuer is either a company with own funds of at least ten (10) million Euro which presents and publishes its annual accounts in accordance with the provisions of the 4th Directive 78/660/EEC, or an entity within a group comprising one or more companies listed on an official stock exchange which is dedicated to the financing of that group, or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

(f) However:

- the Company may invest no more than 10% of the net asset value per Subfund in transferable securities and money market instruments other than those referred to in (a) to (e);
- the Company may not acquire precious metals or certificates representing them.

(g) The Company may hold ancillary liquid assets.

## 2. INVESTMENT RESTRICTIONS

- (a) The Company may invest no more than 10% of the net asset value per Subfund in transferable securities or money market instruments of one and the same issuer. The Company may invest no more than 20% of the net asset value per Subfund in deposits made with one and the same institution.

The risk exposure to counterparty in OTC-derivatives transactions by the Company must not exceed the following percentages:

- 10% of the net asset value of each Subfund when the counterparty is a qualified credit institution;
- and otherwise, 5% of the net asset value of each Subfund.

The aggregate risk exposure in the case of UCITS is determined either by using the Commitment Approach or by using the Value-at-Risk Model, which takes into account all general and specific market risks which might lead to a significant change in the portfolio's value. If the Commitment Approach is used, the aggregate risk associated with derivatives (market risk) of each Subfund must not exceed the net asset value of the Subfund concerned. If a Subfund applies a Value-at-Risk (VaR) method to calculate its total risk, the calculation of the VaR is made on the basis of a confidence interval of 99%. The holding period for the calculation of the total risk corresponds to one month (20 days).

The aggregate risk is calculated for the individual Subfund, according to either the Commitment Approach or the VaR model (absolutely or relatively with the corresponding benchmark), as listed in the table below.

| SUBFUNDS                | RELATIVE VaR /<br>ABSOLUTE VaR/<br>COMMITMENT<br>APPROACH | BENCHMARK USED TO<br>CALCULATE THE RISK<br>EXPOSURE (ONLY IN THE<br>CASE OF RELATIVE VaR) |
|-------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------|
| ABS                     | Commitment                                                | /                                                                                         |
| EMERGING BOND           | Commitment                                                | /                                                                                         |
| LOCAL EMERGING BOND     | Commitment                                                | /                                                                                         |
| ESG LOCAL EMERGING BOND | Commitment                                                | /                                                                                         |

The aggregate risk of the underlying instruments must not exceed the investment limits set out in (a) to (f). The underlying instruments of index-based derivatives do not have to observe these investment limits. However, if a derivative is embedded in a transferable security or money market instrument, it must be taken into account for the purpose of the provisions of this section.

- (b) The total value of the issuers' securities and money market instruments in which a Subfund invests more than 5% of its net asset value must not exceed 40% of its net asset value. This limitation does not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.
- (c) Irrespective of the individual maximum limits under (a), a Subfund may invest no more than 20% of its net asset value with a single institution in a combination of:
- transferable securities or money market instruments issued by this institution and/or
  - deposits made with this institution and/or
  - OTC derivatives transactions undertaken with this institution.
- (d) The limit stated in (a), first sentence, is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU member state or by its public local authorities, by a non-EU state or by public international institutions of which at least one EU member state is a member.
- (e) The limit stated in (a), first sentence, is raised to 25% for certain debt securities when they are issued by a credit institution with its registered office in an EU member state which is subject, by law, to special prudential supervision designed to protect investors in debt securities. In particular, sums deriving from the issue of these debt securities must be invested in conformity with the law in assets which, during the whole period of validity of the debt securities, are capable of covering claims attaching to the debt securities and which, in case of failure of the issuer, would be used on a priority basis for the repayment of principal and of the accrued interest.
- If a Subfund invests more than 5% of its net asset value in the debt securities referred to in the above paragraph and which are issued by a single issuer, the total value of such investments may not exceed 80% of the net asset value of the Subfund concerned.
- (f) The transferable securities and money market instruments mentioned in (d) and (e) are not taken into account in the calculation of the limit of 40% referred to in (b).
- The limits stated in (a) to (e) may not be combined, and thus investments in accordance with (a) to (e) in transferable securities or money market instruments of one and the same issuer or in deposits with the said issuer or in derivatives made with that issuer may not exceed a total of 35% of the net asset value of a Subfund.
- Companies which are included in the same group for the purpose of consolidated accounts as defined in the Directive 83/349/EEC or in accordance with recognised international accounting rules are regarded as a single issuer for the purpose of calculating the aforementioned limits.
- The investments by a Subfund in transferable securities and money market instruments within the same group may cumulatively not exceed 20% of its net asset value; this is without prejudice to letter (e) above.
- (g) **Notwithstanding points (a) to (f), the Company is authorised in accordance with the principle of risk diversification to invest up to 100% of a Subfund's net asset value in securities and money market instruments from different issues, which are issued or guaranteed by an EU member state or by its local authorities, by a member state of the OECD or by public international organisations of which at least one EU member state is a member, provided, however, that the Subfund must hold securities and money market instruments of at least six different issues, whereby the securities and money market instruments of each single issue may not account for more than 30% of the net asset value of the Subfund concerned.**
- (h) Without prejudice to the limits laid down in (j), the limits laid down in (a) for investments in Shares and/or debt securities issued by the same issuer may be raised to a maximum of 20% when the investment strategy of the Subfund is to replicate the composition of a certain stock or debt securities index recognised by CSSF. This depends on the following conditions:
- that the composition of the index is sufficiently diversified;
  - that the index represents an adequate benchmark for the market to which it refers;

- that the index is published in an appropriate manner.

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

- (i) A Subfund may acquire units of target funds as defined in 5.1 (d) above, for a maximum of 10% of its net asset value.

(j)

- (A) The Company or the Management Company acting in connection with all of the investment funds which it manages, and which qualify as a UCITS may not acquire any Shares carrying voting rights which would enable it to exercise significant influence over the management of an issuer.

- (B) Moreover, for the respective Subfund, the Company may acquire no more than:

- 10% of the non-voting Shares from the same issuer;
- 10% of debt securities from the same issuer;
- 25% of the units of the same target fund;
- 10% of the money market instruments of any single issuer.

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

Paragraphs (A) and (B) shall not apply:

- to transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
- to transferable securities and money market instruments issued or guaranteed by a non-EU state;
- to transferable securities and money market instruments issued by public international institutions of which one or more EU member states are members;
- to Shares held by the Company in the capital of a company incorporated in a non-EU state which invests its assets mainly in the securities of issuers having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Company can invest in the securities of issuers of that state. This derogation, however, shall only apply if in its investment policy the company from the non-EU state complies with the limits laid down in (a) to (f) and (i) and (j) (A) and (B). Where the limits set in (a) to (f) and (i) are exceeded, (k) shall mutatis mutandis apply;
- to Shares held by the Company alone or together with other UCIs in the capital of subsidiary companies which, exclusively on its own or their behalf, carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of Shares at the request of shareholders.

(k)

- (A) The Company need not comply with the limits laid down herein when exercising subscription rights attaching to transferable securities and money market instruments which form part of its assets. While ensuring observance of the principle of risk diversification, each Subfund may derogate from the rules set out in (a) to (h) for a period of six months following the date of its admission.

- (B) If the Company exceeds the limits referred to in (A) for reasons beyond its control or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

(l)

- (A) The Company may not borrow. However, the Company may acquire foreign currencies by means of a "back-to-back" loan.
- (B) By way of derogation from paragraph (A), the Company may (i) borrow up to 10% of its net asset value per Subfund provided that the borrowing is on a temporary basis, and (ii) borrow up to 10% of its net asset value provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of its business; in no case may such borrowings and those referred to in (i) together exceed 15% of the net asset value concerned.
- (m) Neither the Company nor the Depositary Bank may grant loans or act as guarantor for third parties for the account of the Subfund, without prejudice to points (a) to (e) under point 1. This shall not prevent the Company from acquiring transferable securities or money market instruments or Shares in target funds or financial instruments referred to in (c) and (e) under point 1 which are not fully paid.
- (n) Neither the Company nor the Depositary Bank may carry out uncovered sales of transferable securities, money market instruments, Shares in target funds or financial instruments referred to in (c) and (e) under point 1.
- (o) The Company may hold liquid assets, which under certain circumstances can be increased to up to 49% of the assets of the relevant Subfund.
- (p) Additional liquid assets may amount to up to 20% of the Subfund's total assets. These additional liquid assets are limited to demand deposits, such as cash, which are held in the Subfund's current bank accounts and are available at all times. The 20% limit may only be exceeded temporarily for an absolutely necessary period if circumstances so require due to exceptionally unfavourable market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such an excess is justified taking into account the best interests of the investors.
- (q) The Subfund may invest in liquid assets for liquidity purposes, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

### 3. FURTHER INVESTMENT GUIDELINES

- (a) The Company will not acquire securities which entail unlimited liability.
- (b) The fund's assets must not be invested in real estate, precious metals, precious metal contracts, commodities or commodity contracts.
- (c) The Company can implement further investment restrictions in order to comply with the requirements in countries in which Shares shall be offered for sale.
- (d) As a consequence of the completed registration or intended registration of EMERGING BOND Subfund for public distribution in Taiwan, the use of derivatives for hedging purposes is only allowed up to a maximum of 100% of the value of the hedged investment and the use of derivatives for efficient management is only allowed up to a maximum of 40% of the assets of these Subfunds.
- (e) Investments in debt securities and claims of the Subfunds LOCAL EMERGING BOND and ESG LOCAL EMERGING BOND must meet the following credit quality requirements:
  - The minimum credit quality rating is B3 (Moody's or similar). Exception is made to securitised assets, having a minimum credit quality rating of investment grade, such as asset backed securities (ABS), mortgage-backed securities (MBS), collateralised debt obligations (CDO), collateralised mortgage obligations (CMO), collateralized bond obligations, collateralized loan obligations, asset backed commercial papers or other securities which have arisen from risk transfer.

This requirement shall apply mutatis mutandis for the use of derivatives, with the exception of derivatives used for hedging purposes.

  - Investments which have been downgraded and no longer meet the above-mentioned rating specifications, must be sold in the best interest of the investors of the respective Subfunds within 6 months.

- Where an investment has been classed with different ratings by two rating agencies, the worst rating shall prevail. Where three or more ratings have been given, the worst of the two best ratings shall prevail.

(f) For the Subfund listed below the following Duration time spread must be met:

| SUBFUND                                 | MAXIMUM MODIFIED<br>DURATION | MINIMUM MODIFIED<br>DURATION |
|-----------------------------------------|------------------------------|------------------------------|
| Currently not applicable to any Subfund |                              |                              |

## 6. FINANCIAL INSTRUMENTS AND INVESTMENT TECHNIQUES

In the interests of efficient management or for hedging purposes, the Company may make use of the following investment techniques and financial instruments for each Subfund. It may, in addition, use derivative financial instruments for investment purposes if appropriate provision is made for this in the investment policy. It must at all times comply with the investment restrictions stated in Part I of the 2010 Law and in the section "Investment limits" in this Prospectus and must in particular be aware of the fact that the underlying of the derivative financial instruments and structured products used by each Subfund have to be taken into account in the calculation of the investment limits stated in the previous section. The Company will at all times observe the requirements of regulation 10-04 of the CSSF and the Luxembourg or European regulations issued periodically when using special investment techniques and financial instruments. Derivatives may be traded over-the-counter (OTC) or on a recognised market.

In respect of each Subfund, the Company will also take into account the requirement to maintain an appropriate level of liquidity when employing special investment techniques and financial instruments (particularly in the case of derivatives and structured products).

### 6.1. FINANCIAL INSTRUMENTS

The Subfunds may use in particular but not exclusively the following financial instruments as part of their efficient portfolio management or for hedging purposes:

#### 6.1.1. FINANCIAL FUTURES AND FORWARD CONTRACTS

**FUTURES CONTRACTS:** The Subfunds may purchase and sell various kinds of futures contracts, including interest rate, bond, currencies and indices in order to increase total return by exposure to, or, in order to hedge against changes in interest rates, securities prices, other investment prices or index prices. Any exposure obtained through futures shall be consistent with the applicable investment policy of the respective Subfund. Futures contracts are traded on Regulated Markets, involve brokerage costs and require margin deposits.

**CONTRACTS FOR DIFFERENCE ("CFD"):** The Subfunds may enter into contracts for difference. A CFD is a contract between two parties - the buyer and the seller - which stipulates that the seller will pay the buyer the difference between the current value of an asset (a security, instrument, basket of securities or an index) and its value at the time the contract is closed. If the difference is negative, the buyer owes the seller the (corresponding) payment. CFDs are traded over-the-counter (OTC), and the counterparty must be a first-class financial institution which specialises in such transactions.

**CURRENCY FORWARD CONTRACTS:** The Subfunds may enter into currency forward contracts. In a currency forward contract, the contract holder enters into an agreement to buy or sell the currency at a specified price, in a specified quantity and on a specified future date. Currency forward contracts are traded over-the-counter (OTC), and the counterparty must be a first-class financial institution which specialises in such transactions.

### 6.1.2. SWAPS

**INTEREST-RATE SWAPS AND CROSS CURRENCY SWAPS:** The Subfunds may enter into interest-rate swap and cross Currency Swap transactions. In an interest-rate swap, one stream of future interest payments is exchanged for another based on a specified principal amount. In the case of interest-rate swaps, a fixed payment is often exchanged for a floating payment that is linked to an interest rate. In a cross-Currency Swap, interest payments and a principal amount in one currency are exchanged for a principal amount and interest payments of an equal value in a different currency. Interest-rate and cross Currency Swaps are traded over-the-counter (OTC), and the counterparty must be a first-class financial institution which specialises in such transactions.

**INFLATION SWAPS:** The Subfunds may conduct inflation swap transactions. In an inflation swap, one party pays a fixed rate of interest on a notional principal amount, while the other party pays a floating rate of interest linked to an inflation index, such as the Consumer Price Index (CPI). The party paying the floating rate pays the inflation-adjusted rate multiplied by the notional principal amount. Inflation swaps are traded over-the-counter (OTC), and the counterparty must be a first-class financial institution which specialises in such transactions.

**CREDIT DEFAULTS SWAPS ("CDS"):** The Subfunds may enter into Credit Default Swap agreements. A CDS is an agreement which allows third-party credit risks to be transferred from one party to the other. One party to the swap (the "**Insured**") is typically exposed to credit risk from a third party, and the counterparty in the credit default swap (the "**Writer**") agrees to insure this risk in exchange for regular payments (analogous to an insurance premium). Following a credit event (as defined in the swap contract documentation), the Insured will either deliver a defaulted security of the reference debtor to the Writer and receive the par value of the instrument (Physical Settlement), or the Writer pays the Insured the difference between par value and the market price of a debt security of the reference debtor ("**Cash Settlement**"). Credit default swaps are contracts traded over-the-counter and can be bought or written by the Subfunds in order to obtain exposure to credit risk for investment purposes or to hedge counterparty risk. Counterparties must be first-class financial institutions which specialise in such transactions.

**TOTAL RETURN SWAPS:** The Subfunds may enter into total return swaps involving the exchange of the right to receive the total return, dividends or coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. Any assets to be received by the Fund shall be consistent with the Fund's investment policy. Where the Fund enters into a total return swap on a net basis, the two payment streams are netted out, with the Fund receiving or paying, as the case may be, only the net amount of the two payments. Total return swaps are traded over-the-counter (OTC), and the counterparty must be a first-class financial institution which specialises in such transactions.

The Subfunds may invest in total return swaps or other derivatives with comparable properties, which can be defined as follows:

- The underlyings of the total return swaps or other derivatives with comparable properties include in particular individual equities or bonds, baskets of equities or bonds, or financial indices that are permitted in accordance with paragraphs 48-61 of ESMA Guidelines 2012/832. The components of the financial indices include, among others, equities, bonds, derivatives on commodities. The investment policy of the various Subfunds includes further details on the deployment of total return swaps or other financial instruments with comparable properties, which may have different underlyings and strategies compared with those described above.
- The failure of counterparty may have a negative impact on the return for shareholders. The asset manager intends to minimise counterparty performance risk by only selecting counterparties with a good credit rating and by monitoring any changes in those counterparties' ratings. Additionally, these transactions are only concluded on the basis of standardised framework agreements (ISDA with Credit Support Annex; Deutscher Rahmenvertrag with Besicherungsanhang, or similar). The Credit Support Annex or Besicherungsanhang defines the conditions under which collateral is transferred to or received from the counterparty in order to reduce the default risk associated with derivative positions and thus the negative impact on the return for shareholders should a counterparty fail.
- The counterparties in the case of total return swaps or other financial instruments with comparable properties have no discretionary power with regard to how the portfolio of a Subfund is composed or managed or with regard to the underlyings of these derivative financial instruments. Similarly, the

counterparty's consent is not required for the execution of such transaction. Any deviation from this principle is detailed further in the Subfund's investment policy.

- Total return swaps or derivatives with comparable properties will be included in the calculation of the investment restrictions.

**REGULATION (EU) 2015 / 2365 ON TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND REUSE AND AMENDING REGULATION (EU) No 648 / 2012**

At the time of the preparation of this Prospectus the following Subfunds employed total return swaps (included equity swaps and contracts for difference). The following table sets out the maximum and the expected proportion of the Subfund's assets under management that could be subject to these instruments. Should this change in future, the Prospectus will be amended accordingly at the time of the next submission.

| SUBFUNDS                | TOTAL RETURN SWAPS<br>(INCLUDING EQUITY SWAPS AND CFD) |                |
|-------------------------|--------------------------------------------------------|----------------|
|                         | MAXIMUM VALUE                                          | EXPECTED VALUE |
| LOCAL EMERGING BOND     | 10%                                                    | 0%             |
| ESG LOCAL EMERGING BOND | 10%                                                    | 0%             |

The types of assets that can be subject to total return swaps are those where such use is consistent with the investment policy of the respective Subfund.

All revenues from total return swaps entered into by a Subfund, net of direct and indirect operational costs, will be returned to the relevant Subfund. The identities of the entities to which any direct and indirect costs and fees are paid shall be disclosed in the annual financial statements of the Company and such entities may include the Management Company, the Depositary Bank or entities related to the Depositary Bank. In selecting counterparties to these arrangements, the Investment Manager may take into account whether such costs and fees will be at normal commercial rates. Further information with regards to transactions with associated entities is available in Chapter 27 "General conflicts associated with the Company".

### 6.1.3. OPTIONS

The Company may, for each Subfund, write and purchase call and put options on any securities, futures contracts, swap contracts, currencies, or indices composed of securities consistent with the applicable investment policy. Options may be traded on a Regulated Market, or over-the-counter (OTC-options). The writing and purchase of options is a highly specialised activity for which the counterparties have to be first-class financial institutions specialised in transactions of this kind.

**OPTIONS ON SECURITIES:** The Subfunds may purchase and write call and put options on any security which is consistent with the applicable investment policy of the Subfund. Options on securities are generally plain vanilla in nature. They may be traded on a Regulated Market, or over-the-counter (OTC-options).

**OPTIONS ON FUTURES CONTRACTS:** The Subfunds may purchase and write call and put options on any futures contracts as listed in Section 6.1.1. Any exposure obtained through options on futures shall be consistent with the applicable investment policy of the Subfund. Options on futures are generally traded on Regulated Markets.

**OPTIONS ON SWAPS (SWAPTIONS):** The Subfunds may enter into swaption agreements, which are an option to enter into an interest-rate swap agreement on a specified future date and at a specified rate in exchange for payment of an option premium. Swaptions will normally be plain vanilla in nature and would generally be used to manage the Subfund's interest-rate and volatility exposures. They may be used as a substitute for physical securities or a less expensive or more liquid way of obtaining the desired exposures. Swaptions are traded over-the-counter.

**OPTIONS ON CURRENCIES:** The Subfunds may purchase and write currency options. Currency options grant the holder the right to buy or sell a currency at a specified exchange rate during a specified period of time. The Subfunds may use for hedging and for investment purposes plain vanilla put and call options as well as non-standard options, including, but not limited to barrier and digital options. Barrier options have a pay-out which depends on whether or not the underlying asset has reached or exceeded a predetermined price (barrier). Digital

options have a pay-out which is determined at the beginning of the contract and does not depend on the extent to which the price of the underlying moves. Currency options are generally traded over-the-counter (OTC).

**OPTIONS ON INDICES:** The Subfunds may purchase and write call and put options on indices composed of securities consistent with the applicable investment policy of the Subfund. Options on indices are generally plain vanilla in nature. They may be traded on a Regulated Market, or over-the-counter (OTC-options).

#### **6.1.4. STRUCTURED PRODUCTS**

The Company may use structured products in the interests of efficient management or for hedging purposes for any Subfund. The range of structured products includes in particular credit-linked notes, equity-linked notes, performance-linked notes, index-linked notes and other notes whose performance is linked to underlying instruments which are permitted in accordance with Part I of the 2010 Law and the associated implementing regulations. For such transactions, the counterparty must be a first-class financial institution specialising in this type of transaction. Structured products are combinations of other products. Derivatives and/or other investment techniques and instruments may be embedded in structured products. In addition to the risk features of securities, those of derivatives and other investment techniques and instruments therefore also have to be noted. In general, they are exposed to the risks of the markets or basic instruments underlying them. Depending on their structure, they may be more volatile and thus entail greater risks than direct investments, and there may be a risk of a loss of earnings or even the total loss of the invested capital as a result of price movements on the underlying market or in the basic instrument.

### **6.2. INVESTMENTS TECHNIQUES**

#### **6.2.1. GENERAL INVESTMENT TECHNIQUES**

##### **a) HEDGES AGAINST MARKET RISKS AND RISKS ASSOCIATED WITH FINANCIAL MARKET PERFORMANCE**

For the purpose of hedging against unfavourable market performance, the Company may, for each Subfund, sell futures contracts and call options on share price indexes, bond market indexes or other indexes or financial instruments or buy put options on share price indexes, bond market indexes or other indexes or financial instruments or enter into swaps in which the payments between the Company and the counterparty depend on the performance of certain share price indexes, bond market indexes or other indexes or financial instruments.

As these purchase and sale transactions are for hedging purposes, there must be a sufficient correlation between the composition of the securities portfolio to be hedged and the financial index employed.

##### **b) HEDGES AGAINST INTEREST RATE RISKS**

For the purpose of hedging against the risks associated with changes in interest rates, the Company may sell interest rate futures and call options on interest rates, buy put options on interest rates and enter into interest rate swaps, forward rate agreements and options on interest rate swaps (swaptions) with first class financial institutions specialising in transactions of this kind as part of OTC transactions for each Subfund.

##### **c) HEDGES AGAINST INFLATION RISKS**

For the purpose of hedging against risks resulting from an unexpected acceleration of inflation, the Company may conclude inflation swaps with first class financial institutions specialising in transactions of this kind as part of OTC transactions or make use of other instruments to hedge against inflation for each Subfund.

##### **d) HEDGES AGAINST CREDIT DEFAULT RISK AND THE RISK OF A DETERIORATION IN A BORROWER'S CREDIT STANDING**

For the purpose of hedging against credit default risk and the risk of losses owing to a deterioration in the borrower's credit standing, the Company may engage in credit options, credit spread swaps ("CSS"), CDS, CDS (index) baskets, credit-linked total return swaps and similar credit derivatives with first class financial institutions specialising transactions of this kind as part of OTC transactions for each Subfund.

##### **e) NON-HEDGING TRANSACTIONS ("ACTIVE MANAGEMENT")**

For each Subfund, the Company may use financial derivatives for the purposes of efficient portfolio management. For instance, it may buy and sell forward contracts and options on all types of financial instruments and use derivatives with a view to managing currency fluctuations.

The Company can also enter into interest rate and credit swaps (interest rate swaps, CSS, CDS, CDS (index) baskets, etc.), inflation swaps, options on interest rate and credit swaps (swaptions), but also swaps, options or other transactions in financial derivatives in which the Company and the counterparty agree to swap performance and/or income (total return swaps, etc.) for each Subfund. This also comprises CFDs.

Inflation swaps will be typically used for investment purposes where a fixed payment is exchanged for a variable payment linked to a measure of inflation. Interest rate swaps would generally be used for investment purposes and to manage the Fund's interest-rate exposure. They may be used as a substitute for a physical security or a less expensive or more liquid way of obtaining the desired exposures. Cross-Currency Swaps are used to take advantage of comparative advantages. Contracts for difference allow the Subfunds to take synthetic long or short positions with a variable collateral deposit, where - unlike with futures contracts - the maturity date and the size of the contract are not fixed. Total return swaps can either be used as a substitute for purchasing a group of securities, to hedge specific index exposures, or to gain or reduce exposure to an index or be linked to the performance of one or more underlying indices that are linked directly or indirectly to certain securities. Possible reasons for entering into total return swaps might include, without limitation, where the fund manager wishes to invest in an index but there is no available futures market, the underlying market is more liquid than the futures market or where the future is traded on an exchange on which the fund manager considers it is not appropriate to trade.

**f) SECURITIES FORWARD SETTLEMENT TRANSACTIONS**

In the interests of efficient management or for hedging purposes, the Company may conclude forward transactions with broker/dealers acting as market makers in such transactions, provided they are first class financial institutions specialising in transactions of this kind and participate in the OTC markets. The transactions in question include the purchase or sale of securities at their current price; delivery and settlement then take place on a later date that is fixed in advance.

Within an appropriate period in advance of the transaction settlement date, the Company can arrange with the broker/dealer either for it to sell or buy back the securities or for it to extend the time limit, all realised profits or losses from the transaction being paid to the broker/dealer or paid by it to the Company. However, the Company concludes purchase transactions with the intention of acquiring the securities in question.

The Company can pay the normal charges contained in the price of the securities to the broker/dealer in order to finance the costs incurred by the broker/dealer because of the later settlement.

**g) HEDGING CURRENCY RISKS**

For the purpose of hedging against currency risks, the Company may on a stock exchange or on another Regulated Market, or in the open market, enter into currency forward contracts, sell currency call options or buy currency put options in order to reduce exposure to the currency that is deemed to involve a risk or to completely eliminate such risk and to shift into the reference currency or into another of the permissible currencies that is deemed to involve less risk, for each Subfund.

The Company may also sell or swap currencies forward ("**Currency Swaps**") in the open market with first-class financial institutions specialising in transactions of this kind. These may be used to

- a) invest in foreign currencies as part of the investment strategy of the Subfund;
- b) hedge the nominal currency of the Subfund's assets against the accounting currency of the Subfund;
- c) mitigate the exchange-rate risk between the accounting currency of the Subfund and the currency in which the Shares of a class of the Subfund are denominated where this currency is different from the accounting currency of the Subfund; or
- d) hedge the currency in which the assets of the Subfund that are attributable to a particular class are denominated against the nominal currency of that class when these currencies differ from one another. Caps and floors may be used as part of this strategy.

#### **6.2.2. EFFICIENT PORTFOLIO MANAGEMENT – OTHER INVESTMENT TECHNIQUES AND- INSTRUMENTS**

In addition to investments in derivatives, the Company may also make use of other investment techniques and instruments based on securities and money market instruments pursuant to the terms of the CSSF Circular 08/356 (as last amended and any replacement circular) and the Guidelines of the European Securities and Markets Authority ESMA/2012/832, as implemented in Luxembourg by the CSSF Circular 13/559 (as last amended by CSSF Circular 14/592), as well as any other guidelines introduced in this regard. Investment techniques and instruments based on securities and money market instruments that are used for the purposes of efficient portfolio management, including derivatives that are not used for direct investment purposes, shall fulfil the following criteria:

- a) they are economically appropriate in that they are used cost-effectively;
- b) they are used with one or more of the following specific aims:
  - (i) To reduce risk;
  - (ii) To cut costs;
  - (iii) Generation of additional capital or revenue for the Company, associated with a risk that is compatible with the risk profile of the Company and the relevant Subfunds of the Company and with the applicable rules on risk diversification;
- c) their risks are appropriately captured by the Company's risk management process; and
- d) they may not result in any change to the Subfund's declared investment objective or be associated with any substantial supplementary risks compared with the general risk strategy as described in the Prospectus or the key investor information.

Potential techniques and instruments for efficient portfolio management are detailed below and are subject to the conditions described below.

Moreover, such transactions may be entered into for 100% of the assets held by the Subfund concerned provided that (i) their scope remains appropriate or the Company is entitled to recall the securities that have been lent so that it is always in a position to meet its redemption obligations and (ii) such transactions do not jeopardise the management of the Company's assets in line with the investment policy of the Subfund concerned. Risk monitoring must be carried out in line with the Company's risk management process.

Efficient portfolio management may possibly have a negative impact on the return for shareholders.

Efficient portfolio management may lead to direct and indirect operational costs that are deducted from the revenue. These costs shall not include hidden charges.

Care shall also be taken to ensure that no conflicts of interest are created to the detriment of investors as a result of efficient portfolio management techniques being applied.

#### **6.3. SECURITIES LENDING**

At the time of preparation of this Prospectus, none of the Company's Subfunds employed securities lending, in accordance with Regulation (EU) 2015/2365 on the transparency of securities financing transactions and with Regulation (EU) No 648/2012 in its original and subsequent amended versions. Should this change in future, the Prospectus will be amended accordingly at the time of the next submission.

#### **6.4. SECURITIES REPURCHASE AGREEMENTS**

At the time of preparation of this Prospectus, none of the Company's Subfunds employed repurchase agreements, in accordance with Regulation (EU) 2015/2365 on the transparency of securities financing transactions and with Regulation (EU) No 648/2012 in its original and subsequent amended versions. Should this change in future, the Prospectus will be amended accordingly at the time of the next submission.

## 6.5. MANAGEMENT OF COLLATERAL FOR OTC DERIVATIVES AND EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

The following provisions are in line with the requirements of the Guidelines of the European Securities and Markets Authority ESMA/2012/832, which may be amended in future.

1. Collateral received ("**Collateral**") in connection with OTC derivative transactions and efficient portfolio management techniques must at all times fulfil all of the following criteria:
  - a) **LIQUIDITY:** Any Collateral received other than cash should be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 48 of the Law of 2010.
  - b) **VALUATION:** Collateral received should be able to be valued on a daily basis, and assets that exhibit high price volatility should not be accepted as Collateral unless suitably conservative haircuts are in place.
  - c) **ISSUER CREDIT QUALITY:** Collateral received should have a high credit rating.
  - d) **CORRELATION:** The Collateral must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
  - e) **DIVERSIFICATION:** Collateral should be sufficiently diversified in terms of countries, markets and issuers. The criteria of sufficient diversification in terms of the concentration of the issuers is deemed to be fulfilled when a Subfund receives from the counterparty a collateral basket, in which the maximum exposure towards a particular issuer does not exceed 20% of the net asset value. When a Subfund is exposed to different counterparties, the different baskets of Collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.  
  
By way of derogation from this sub-paragraph, a Subfund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a Subfund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Subfund's net asset value. Subfunds that intend to be fully collateralised in securities issued or guaranteed by a Member State should disclose this fact in the Prospectus. Subfunds should also identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which they are able to accept as Collateral for more than 20% of their net asset value.
  - f) **IMMEDIATE AVAILABILITY:** The Company must be able to realise the Collateral at any time without reference to the counterparty or requiring the counterparty's approval.
2. Subject to the above criteria, Collateral admissible for any Subfund must meet the following requirements:
  - a) Liquid assets such as cash or short-term bank deposits, money market instruments as defined in Directive 2007/16/EC of 19 March 2007, letters of credit or "pay upon first request" surety ships issued by a first-class credit institution that is not linked to the counterparty;
  - b) Bonds issued or guaranteed by a member state of the OECD.
3. Where there is a title transfer, the Collateral received should be held by the depositary or its representative. For other types of collateral arrangement, the Collateral can be held by a third-party custodian that is subject to prudential supervision and unrelated to the provider of the collateral.
4. The Company has introduced a haircut strategy for each class of assets received as Collateral. A haircut is a deduction from the value of collateral to take account of deterioration in the valuation or in the liquidity profile of the collateral over time. The haircut strategy takes into account the characteristics of the respective assets, including the credit standing of the issuer, price volatility and the outcome of stress tests performed as part of collateral management. Subject to existing transactions with the counterparty concerned, which may include minimum amounts for the transfer of collateral, the Company intends applying a haircut of at least 2% to Collateral received (as defined in No. 2b), at least corresponding to the counterparty risk.

5. Risks and potential conflicts of interest in conjunction with OTC derivatives and efficient portfolio management

- a) Specific risks are associated with OTC derivative transactions, efficient portfolio management and the management of collateral. Further information in this regard is provided in this Prospectus in the Section "Risks in conjunction with the use of derivatives and other special investment techniques and financial instruments" and also in the comments on the risks associated with derivatives, counterparty risk and depositary counterparty risk. These risks may expose shareholders to an elevated risk of loss.
- b) The combined counterparty risk arising from a transaction with OTC derivatives or techniques for efficient portfolio management may not exceed 10% of the assets of a Subfund if the counterparty is a credit institution based in the EU or in a country in which, according to the Luxembourg supervisory authority, the supervisory system is equivalent to that applicable in the EU. In all other cases this limit is 5%.

**6.6. INVESTMENTS IN FINANCIAL INDICES PURSUANT TO ARTICLE 9 OF THE GRAND DUCAL ORDINANCE OF 8 FEBRUARY 2008**

The Company may invest in Derivatives with indices as their underlying and may increase the diversification limits for an index component pursuant to Article 44 of the Law of 2010.

Diversification limits may be increased in exceptional market circumstances if one or more components of an index occupy a dominant position within a given market, sector or segment. A domination position may be created as a result of special economic or market developments or as a result of market, sector or segment-specific restrictions. Further details in this regard are provided where applicable in the relevant Subfund's investment policy.

The Company shall invest in derivative financial instruments with indices as their underlying that generally include a half-yearly or yearly adjustment of the index composition (rebalancing frequency). A distinction should be made between the following cases:

- In the case of derivatives that are traded on a stock market, the rebalancing merely changes the calculation but has no direct or indirect impact on the costs of the corresponding Subfund.
- In the case of OTC derivatives, the counterparty will generally not physically hold the index components but will secure its position primarily using derivative instruments. If transactions take place as a consequence of rebalancing, these should be carried out on very liquid derivative markets so that the impact on the costs of the relevant Subfund is kept low.

In the case of investments in commodity indices, the following rules also apply:

Commodity indices contain a representative balance of commodities taken from the entire commodities universe and represented by futures. This representative and balanced selection of commodities reflects the existence of several commodities. The Company should not invest in commodity indices that do not consist of different commodities. Commodity indices are assessed on the basis of the correlation of various different index components.

**6.7. RISKS ASSOCIATED WITH THE USE OF DERIVATIVES AND OTHER SPECIAL INVESTMENT TECHNIQUES AND FINANCIAL INSTRUMENTS**

Prudent use of these derivative and other special investment techniques and financial instruments may bring advantages but does also entail risks which differ from those of the more conventional forms of investment and in some cases may be even greater. The following general outline covers important risk factors and other aspects relating to the use of derivative and other special investment techniques and financial instruments and on which the shareholders should be informed before investing in a Subfund.

**GENERAL RISKS**

- **MARKET RISKS:** These risks are of a general nature and are present in all types of investments; the value of a particular financial instrument may change in a way that can be detrimental to the interests of a

Subfund. Like most other investments, financial instruments are subject to the risk that the market value of the instrument may change in a way that is detrimental to a Subfund's interest. If an investment manager incorrectly forecasts the values of securities, currencies or interest rates or other economic factors in using derivatives for a Subfund, the Subfund might have been in a better position if it had not entered into the transaction at all. While some strategies involving financial instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other Subfund investments. A Subfund may have to buy or sell a security at a disadvantageous time or price because the Subfund is legally required to maintain offsetting positions or collateralisation by assets in connection with certain derivatives transactions.

- **MONITORING AND CONTROL:** Derivatives and other special investment techniques and financial instruments are specialised products which require different investment techniques and risk analyses than equities or bonds. The use of derivatives requires not just knowledge of the underlying instrument, but also of the derivative itself, although the performance of the derivative cannot be monitored under all the possible market conditions. The complexity of such products and their use in particular require suitable control mechanisms to be set up for monitoring the transactions and the ability to assess the risks of such products for a Subfund and estimate the developments of prices, interest rates and exchange rates.
- **LIQUIDITY RISKS:** Liquidity risks arise when a certain financial instrument is difficult to acquire or dispose of. In large-scale transactions or when markets are partially illiquid (e.g. where there are numerous individually agreed instruments) it may under certain circumstances not be possible to execute a transaction or close out a position at an advantageous price.
- **COUNTERPARTY RISKS / CREDIT RISKS:** The ability to close out positions is more limited with over-the-counter (OTC) derivatives than with exchange-traded derivatives and may involve the risk that the brokers/dealers participating in such transactions may not fulfil their obligations e.g. due to bankruptcy, subsequent illegality or a change in the tax or accounting regulations since the conclusion of the OTC derivative contract and/or that the counterparty will fail to meet one of its financial obligations or liabilities towards the Subfund (credit risk). This relates to all counterparties with which derivative transactions are entered into. A direct counterparty risk is associated with trading in non-collateralised derivatives. The respective Subfund can reduce a large proportion of the counterparty risk arising from derivative transactions by demanding that collateral at least in the amount of the commitment be provided by the respective counterparty. If, however, derivatives are not fully collateralised, the failure of the counterparty may cause the Subfund's value to fall. New counterparties are subject to a formal review and all of the approved counterparties are subsequently monitored and reviewed on an ongoing basis. The Company ensures that its counterparty risk and collateral management are actively managed.

**COUNTERPARTY RISK IN RELATION TO DEPOSITARY:** The Company's assets are entrusted to the depositary for safekeeping. A note should be entered in the depositary's books highlighting that the assets belong to the Company. The securities held by the depositary should be kept separately from other securities/assets of the depositary, thereby reducing although not completely excluding the risk of non-return in the event of the depositary becoming bankrupt. The shareholders are therefore exposed to the risk of the depositary, should it become bankrupt, being unable to meet its obligation to return all of the Company's assets in full. Additionally, a Subfund's cash stocks held with the depositary may possibly not be kept separately from the depositary's own cash or that of other customers, with the result that the Subfund may not be classed as a privileged creditor in the event of the depositary becoming bankrupt.

The depositary may not hold all of the Company's assets itself but may make use of a network of sub-depositaries, which may not belong to the same corporate group as the depositary. In cases in which the depositary is not liable, shareholders may possibly be exposed to the risk of a sub-depositary becoming bankrupt.

A Subfund may invest in markets in which the deposit and/or settlement systems are not yet fully developed. The assets of the Subfunds traded on these markets and entrusted to these sub-depositaries may possibly be exposed to risk in cases in which the depositary is not liable.

- MIS-PRICING AND/OR INAPPROPRIATE VALUATION: The use of derivatives involves the risk of mis-pricing or inappropriate valuation of derivatives and of the possibility that derivatives may not correlate perfectly with underlying assets, interest rates and indexes. Improper valuations can result in increased cash payment requirements to counterparties or in a loss of value to a Subfund. Also, the value of derivatives may not correlate perfectly with the value of the assets, reference rates or indexes they are designed to closely track.
- MANAGEMENT RISKS: Derivative products are highly specialised instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, yet without the possibility of observing the performance of the derivative under all possible market conditions.
- LEGAL RISKS: Transactions with OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Securities Dealers Association for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose a Subfund to legal risks: for example, the contract may not accurately reflect the intention of the parties, or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation
- ABSENCE OF REGULATION: Counterparty Default; In general, there is less government regulation and supervision of transactions in the over-the-counter (OTC) markets (in which currencies, spot and option contracts, certain options on currencies and swaps are generally traded) than of transactions entered into on Recognised Markets. In addition, many of the protections afforded to participants on some Recognised Markets, such as the performance guarantee of an exchange clearing house, might not be available in connection with over-the-counter transactions. Over-the-counter options are not regulated. Over-the-counter options are non-exchange-traded option agreements, which are specifically tailored to the needs of an individual investor. These options enable the user to precisely structure the date, market level and the amount of a given position. The counterparty for these agreements will be the specific firm involved in the transaction rather than a recognised market and accordingly the bankruptcy or default of a counterparty with which a Subfund trades over-the-counter options could result in substantial losses for the Subfund. In addition, a counterparty may not settle a transaction in accordance with its terms and conditions because the contract is not legally enforceable or because it does not accurately reflect the intention of the parties or because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem which may cause the Subfund to sustain a loss. If a counterparty defaults on its obligations and the Subfund is delayed in or prevented from exercising its rights with respect to the investments in its portfolio, it may experience depreciation in the value of its position, lose income or incur costs associated with asserting its rights and claims. Counterparty risk must be in compliance with the Subfund's investment restrictions. Regardless of the measures the Subfund may implement to reduce counterparty credit risk, however, no assurance can be given that a counterparty will not default or that the Subfund will not sustain losses on the transactions as a result.
- LEVERAGE RISKS: Due to the low margin payment normally required for derivatives trading, an extremely high leverage effect is typical for derivatives trading. As a result, a relatively small price movement of a derivative contract can result in significant losses for the investor. Investing in derivatives can lead to losses exceeding the amount invested.
- OTHER RISKS: The use of derivatives and other special investment techniques and financial instruments also entails the risk that the valuations of financial products may differ as a result of different approved valuation methods (model risks) and the fact that there is no absolute correlation between derivative products and the underlying securities, interest rates, exchange rates and indexes. Inaccurate valuations can result in higher cash payment obligations to the counterparty or in a loss of value for a Subfund. Derivatives do not always fully replicate the performance of the securities, interest rates, exchange rates or indexes which they are designed to reflect. The use of derivatives and other special investment techniques and financial instruments by a Subfund may therefore under certain circumstances not always be an effective means of achieving the Subfund's investment objective and may even prove

counterproductive. Furthermore, transactions in over-the-counter contracts may involve additional risks as there is no exchange market on which to close out an open position. It may be difficult to liquidate an existing position, to assess the value of a position or to assess the exposure to risk in times of significant market stress or considerable volatility.

#### **RISKS ASSOCIATED WITH THE USE OF SPECIFIC TYPES OF DERIVATIVES**

**RISKS ASSOCIATED WITH ASSET BACKED SECURITIES ("ABS") AND MORTGAGE-BACKED SECURITIES ("MBS") TRANSACTIONS:** The liquidity level of the individual ABS and MBS in which the Subfund invests may be achieved only partially by the investment. As a result, the Subfund may redeem such positions with substantial difficulty and, as the case may be, at a disadvantageous price compared to its intrinsic value. This effect is aggravated by the fact that the ABS and MBS can, under certain circumstances, have a very long expiration period.

For certain ABS and MBS there is the additionally risk of premature repayment (so-called prepayment risk) or repayment after the due date (so-called extension risk).

The intrinsic value of the collateral pool (credit pool) underlying the ABS and MBS is subject to credit risks, liquidity risks and interest rate risks, and generally oscillates depending on the interest rate level, the general economic situation, the creditworthiness of the debtor and similar factors. A deterioration of these factors may increase the number of delayed payments or declarations of insolvency on the part of the debtors, and, consequently, may lead to the non-reimbursement of the collaterals underlying the ABS and MBS.

**RISKS ASSOCIATED WITH CREDIT DEFAULT SWAP TRANSACTIONS:** The purchase of CDS protection allows the Company, on payment of a premium, to protect itself against the risk of default by an issuer. In the event of default by an issuer, settlement can be effected in cash or in kind. In the case of a Cash Settlement, the purchaser of the CDS protection receives from the seller of the CDS protection the difference between the nominal value and the attainable redemption amount. Where settlement is made in kind, the purchaser of the CDS protection receives the full nominal value from the seller of the CDS protection and in exchange delivers to him the security which is the subject of the default, or an exchange shall be made from a basket of securities. The detailed composition of the basket of securities shall be determined at the time the CDS contract is concluded. The events which constitute a default, and the terms of delivery of bonds and debt certificates shall be defined in the CDS contract. The Company can if necessary, sell the CDS protection or restore the credit risk by purchasing call options.

Upon the sale of CDS protection, the Subfund incurs a credit risk comparable to the purchase of a bond issued by the same issuer at the same nominal value. In either case, the risk in the event of issuer default is in the amount of the difference between the nominal value and the attainable redemption amount.

Aside from the general counterparty risk (see "Counterparty risks", above), upon the conclusion of CDS transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil. The different Subfunds which use credit default swaps will ensure that the counterparties involved in these transactions are carefully selected and that the risk associated with the counterparty is limited and closely monitored.

**RISKS ASSOCIATED WITH CREDIT SPREAD SWAP TRANSACTIONS:** Concluding a CSS allows the Company, on payment of a premium, to share the risk of default by an issuer with the counterparty of the transaction concerned. A CSS is based on two different securities with differently rated default risks and normally a different interest rate structure. At maturity, the payment obligations of one or another party to the transaction depend on the differing interest rate structures of the underlying securities.

Aside from the general counterparty risk (see "Counterparty risks", above), upon the conclusion of CSS transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil.

**RISKS ASSOCIATED WITH INFLATION SWAP TRANSACTIONS:** The purchase of inflation swap protection helps the Company to hedge a portfolio either entirely or partially from an unexpectedly sharp rise in inflation or to draw a relative performance advantage therefrom. For this purpose, a nominal, non-inflation-indexed

debt is exchanged for a real claim that is linked to an inflation index. When the transaction is arranged, the inflation expected at this point is accounted for in the price of the contract. If actual inflation is higher than that expected at the time the transaction was entered into and accounted for in the price of the contract, the purchase of the inflation swap protection results in higher performance; in the opposite instance it results in lower performance than if the protection had not been purchased. The functioning of the inflation swap protection thus corresponds to that of inflation-indexed bonds in relation to normal nominal bonds. It follows that by combining a normal nominal bond with inflation swap protection it is possible to synthetically construct an inflation-indexed bond.

On the sale of inflation swap protection the Subfund enters into an inflation risk which is comparable with the purchase of a normal nominal bond in relation to an inflation-indexed bond: If actual inflation is lower than that expected at the time the transaction was entered into and accounted for in the price of the contract, the sale of the inflation swap protection results in higher performance; in the opposite instance it results in lower performance than if the protection had not been sold.

Aside from the general counterparty risk (see "Counterparty risks", above), upon the conclusion of inflation swap transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil.

- RISKS INVOLVED IN CONTRACTS FOR DIFFERENCE: Unlike with direct investments, in the case of CFDs the buyer may be liable for a considerably higher amount than the amount paid as collateral. The Company will therefore use risk management techniques to ensure that the respective Subfund can sell the necessary assets at any time, so that the resulting payments in connection with redemption applications can be made from redemption proceeds and the Subfund can meet its obligations arising from contracts for difference and other techniques and instruments.
- RISKS INVOLVED IN SWAP AGREEMENTS AND SWAPTIONS: Whether a Subfund's use of swap agreements and options on swap agreements will be successful will depend on the Investment Manager's ability to correctly predict whether certain types of investments are likely to produce greater returns than other investments. Because swap agreements are two-party contracts and because they may have a term of greater than seven days, they may be considered to be less liquid investments. Moreover, a Subfund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of swap agreement counterparty. It is possible that developments in the swaps market, including potential government regulations, could adversely affect a Subfund's ability to close out existing swap agreements or to realise the amounts to be received under such agreements.
- RISKS INVOLVED IN CURRENCY CONTRACTS: A Subfund may purchase and sell spot and forward currency options and currency futures contracts, principally to hedge the positions in the securities held in the portfolio. Currency contracts may be more volatile and involve more risks than investments in securities. The successful use of currency contracts depends upon the Subfund's ability to predict the direction of the market and political conditions, which requires different skills and techniques than predicting changes in the securities markets. If the Subfund is incorrect in its prediction of the direction of these factors, the investment performance of the Subfund would diminish compared to what it would have been if this investment strategy had not been used.

RISKS INVOLVED IN OPTIONS AND FUTURES CONTRACTS: Where indicated in the relevant investment policy, a Subfund may purchase and sell options on certain securities and currencies and may also purchase and sell equity, currency and index futures contracts and related options. Although these kinds of investments can be used as a hedge against changes in market conditions, the purchase and sale of such investments may also be speculative.

Participation in the options or futures markets involves investment risks and transaction costs to which a Subfund would not be subject if it were not to use these strategies. If the fund manager's prediction of changes in the direction of the securities markets is inaccurate, the adverse consequences for the Subfund may leave it in a worse position than that in which it would have been if the strategies had not been used.

Other risks involved in the use of options and securities index futures include (i) the dependence on the Subfund's ability to predict correctly changes in the trend of specific securities being hedged or the trend in the indices; (ii) the possibly imperfect correlation between the price of options and futures and options thereon on the one hand and movements in the prices of the assets being hedged on the other; (iii) the fact that the skills needed to use these strategies are different from those needed to select individual securities; and (iv) the possible absence of a liquid secondary market for a particular instrument at any point in time.

A Subfund's use of derivative instruments involves risks different from, or possibly greater than, those associated with investing directly in securities or other more traditional investments. The following provides an indication of important risk factors relating to all derivative instruments that may be used by the Subfunds.

Futures positions may be illiquid because certain exchanges limit the fluctuations permissible in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in this futures contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Subfund from liquidating unfavourable positions.

- **RISKS INVOLVED IN FORWARD TRADING:** Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as business partners in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The business partners who deal in the forward markets are not required to continuously make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Subfund.
- **RISKS INVOLVED IN LACK OF AVAILABILITY:** Because the markets for certain derivative instruments are relatively new and still developing, suitable derivatives transactions may not be available under all circumstances for hedging or other purposes. Upon the expiration of a particular contract, the portfolio manager may wish to retain the Subfund's position in the derivative instrument by entering into a similar contract but may be unable to do so if the counterparty to the original contract is unwilling to enter into a new contract and no other suitable counterparty can be found. No assurance can be given that a Subfund will engage in derivatives transactions at any time or from time to time. A Subfund's ability to use derivatives may also be limited by certain regulatory and tax factors.
- **MARGIN:** Certain derivatives entered into by a Subfund may require that Subfund to post collateral with counterparty in order to secure an obligation to pay for positions entered into. The margin maintained must be marked-to-market daily, requiring additional deposits if the related position reflects a loss which reduces the capital on deposit to below the required minimum level. Conversely, if the position shows a gain above the required minimum level, such a gain may be released to the Subfund. Counterparties may, at their discretion, increase their minimum margin requirements, particularly in times of significant volatility. This and/or a mark-to-market requirement could suddenly increase very substantially the minimum amount of margin required to be maintained.
- **RISKS INVOLVED IN CoCo BONDS:** CoCo-Bonds, also referred to as "CoCos" are contingent convertible bonds. They qualify as securities with a hybrid character insofar as they are issued in the form of bonds, which may lose their nominal value (i.e. be written down) or, following a determined trigger event, be transformed in equity. The trigger event will notably materialise when the prudential ratio (the so called "Tier One") of the issuing bank falls under a certain threshold or upon a decision of the competent supervisory authority. In such case, the CoCo-Bonds initially issued under the form of a bond will be automatically converted into equity without the holder of the CoCo-Bond being preliminarily consulted.

Investment in CoCo-Bonds may entail the following risks (non-exhaustive list):

- LIQUIDITY RISK: in certain circumstances finding a ready buyer for CoCo-Bonds may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.
- CAPITAL STRUCTURE INVERSION RISK: contrary to classical capital hierarchy, CoCo-Bonds' investors may suffer a loss of capital when equity holders do not.
- TRIGGER LEVEL RISK: trigger levels determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the portfolio manager of a Subfund to anticipate the triggering events that would require the debt to convert into equity.
- CONVERSION RISK: it might be difficult for the portfolio manager of the Subfund to assess how the securities will behave upon conversion. In case of conversion into equity, the portfolio manager might be forced to sell these new equity shares because of the investment policy of the Subfund does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares.
- COUPON CANCELLATION: for some CoCo-Bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.
- CALL EXTENSION RISK: some CoCo-Bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.
- SECTOR CONCENTRATION RISK: CoCo-Bonds are issued by banking/insurance institutions. If a Subfund invests significantly in CoCo-Bonds its performance will depend to a greater extent on the overall condition of the financial services industry than a Subfund following a more diversified strategy.
- UNKNOWN RISK: the structure of CoCo-Bonds is innovative yet untested.

A detailed analysis of the risks inherent to CoCo-Bonds may be found in the statement ESMA/2014/944 ([https://www.esma.europa.eu/sites/default/files/library/2015/11/2014-944\\_statement\\_on\\_potential\\_risks\\_associated\\_with\\_investing\\_in\\_contingent\\_convertible\\_instruments.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2014-944_statement_on_potential_risks_associated_with_investing_in_contingent_convertible_instruments.pdf)).

In order to understand fully the consequences of an investment in GAM Multibond, investors should also refer to and read thoroughly the sections of this Prospectus under the headings "Investment Objectives and Policies", "Calculation of Net Asset Value", "Suspension of the calculation of net asset value, and of the issue, redemption and switching of Shares" and "Dividends".

#### **6.7.1. RISKS ASSOCIATED WITH INVESTMENTS IN THE PEOPLE'S REPUBLIC OF CHINA**

Where indicated in the relevant investment policy, a Subfund may invest in fixed-income securities from the Chinese mainland which are listed on China's stock exchanges or traded on the interbank bond market in mainland China.

##### **THE CHINESE BOND MARKET**

The Chinese interbank bond market is composed of the interbank bond market and the market for publicly-listed bonds. The Chinese Interbank Bond Market ("**CIBM**") is an over-the-counter market trading most of the Renminbi Yuan ("**CNY**") bonds. It is still in the development phase, whereby the market capitalization and the trading volume may be lower than those of more developed markets. Market volatility and a possible lack of liquidity due to low trading volumes may cause significant fluctuations in the prices of debt securities, which in turn can have an impact on liquidity and volatility. The Subfund may be exposed to the risks associated with settlement procedure and the default of counterparties, as well as to a regulatory risk.

- Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China interbank bond market may result in prices of certain debt securities traded on such market fluctuating significantly. The Subfund investing in such market is therefore subject to liquidity and volatility

risks. The bid and offer spreads of the prices of such securities may be large, and the Subfund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments

- To the extent that the Subfund transacts in the China interbank bond market, the Subfund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Subfund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.
- Since the relevant filings and account opening for investment in the China interbank bond market have to be carried out via an onshore settlement agent, the Subfund is subject to the risks of default or errors on the part of the onshore settlement agent.
- The China interbank bond market is also subject to regulatory risks. Participation in mainland China interbank bond market by foreign institutional investors (such as the Subfund) is governed by rules and regulations as promulgated by the mainland Chinese authorities, i.e., the People's Bank of China ("PBOC") and the State Administration of Foreign Exchange ("SAFE"). Such rules and regulations may be amended from time to time and include (but are not limited to):
  - (i) the "Announcement (2016) No 3" issued by the PBOC (中國人民銀行公告[2016]第3號) on 24 February 2016;
  - (ii) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;
  - (iii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016
  - (iv) any other applicable regulations promulgated by the relevant authorities, and
  - (v) All information for investors regarding the Bond Connect Program can be obtained or viewed on the website <http://www.chinabondconnect.com/en/information-for-investors.htm>.

Under the prevailing regulations in mainland China, foreign institutional investors who wish to invest directly in China interbank bond market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and opening accounts with the relevant authorities or via the so-called Bond Connect Program. There is no quota limitation with either access type to the Chinese interbank bond market.

In terms of fund remittance, foreign investors (such as the Subfund) may remit investment principal in RMB or foreign currency into mainland China for investing in the China interbank bond market.

#### **CIBM DIRECT**

An investor will need to remit investment principal matching at least 50% of the investment size as indicated in its original filing within nine months after filing with the Shanghai Head Office of PBOC, or else an updated filing will need to be made through the onshore settlement agent. In terms of fund repatriation, foreign investors (such as the Subfund) may repatriate funds in RMB or foreign currency outside of mainland China. However, in PRC authority's efforts to control exchange arbitrage, the foreign currency to be repatriated is required to be the same foreign currency as originally remitted by the foreign investors, and the ratio of RMB to foreign currency ("**Currency Ratio**") is required to generally match the original Currency Ratio when the investment principal was remitted into mainland China, with a maximum permissible deviation of 10%. The relevant rules and regulations on investment in the China interbank bond market are new and subject to changes which may have potential retrospective effects. In the event that the relevant Chinese authorities suspend account opening or trading on the China interbank bond market, the Subfund's ability to invest in the China interbank bond market will be limited and, after exhausting other trading alternatives, the Subfund may suffer substantial losses as a result.

## **BOND CONNECT PROGRAM**

### **GENERAL**

Bond Connect is a new mutual access scheme linking the CIBM with the rest of the world. It allows institutional investors from Mainland China and overseas to trade in each other's bond markets through a connection between Mainland China and Hong Kong financial infrastructure. The first phase of the scheme – Northbound Trading – went live on 3 July 2017, facilitating access for foreign institutional investors to the Chinese market via the Hong Kong market.

Bond Connect observes the applicable laws and regulations governing the bond markets in Hong Kong and Mainland China. Foreign investors using Northbound Trading to invest in the CIBM are subject to the CIBM bond market regulations in China. This is similar to the principles that apply to foreign investors who invest in the CIBM using the existing QFII/RQFII regime.

### **ELIGIBLE BONDS**

The scope of eligible bonds for Northbound Trading is that specified in the relevant PBOC announcements, i.e. it covers all bonds tradable on the CIBM, including Chinese government bonds, local government bonds, policy bank bonds, financial institution bonds and corporate debt instruments.

### **DELIVERY VERSUS PAYMENT**

Bonds are settled via Shanghai Clearing House (SHCH) on a delivery versus payment (DvP) basis. In contrast, bonds are settled via China Central Depository & Clearing Co., Ltd (“**CCDC**”) on a gross basis. On each settlement date, CCDC freezes the relevant CIBM bonds in the seller's account until the buyer transfers the settlement proceeds to the seller. Once buyer and seller have received confirmation of payment, CCDC settles the transaction on a gross basis, by transferring the relevant CIBM bonds to the buyer's account.

### **CUSTODY AND OWNERSHIP**

Under the Northbound Trading link, the Central Money markets Unit (“**CMU**”) of the Hong Kong Monetary Authority (HKMA) opens omnibus nominee accounts with China Securities Depository & Clearing Corporation Limited and Interbank Clearing Company Limited. All bonds traded by overseas investors are registered in the CMU's name, which holds these bonds as the nominee owner. As with the Mainland–Hong Kong Stock Connect scheme, Bond Connect recognises overseas investors' beneficial ownership of bonds.

The ultimate overseas accredited investors are the beneficial owners of the CIBM bonds, and they can exercise their rights vis-à-vis the issuer of the bond through the CMU as nominee. The nominee can exercise its rights as creditor and take legal action against the bond issuer before the Chinese courts. In addition, ultimate investors who can prove that they are the beneficial owners of the bonds and have a direct interest in the claim may also take action against the bond issuer directly before the Chinese courts in their own name. Chinese courts will observe the regulations on proof of beneficial ownership applicable in Hong Kong.

### **RISK OF DEFAULT BY THE REPRESENTATIVE**

In the case of investments via Bond Connect, the relevant notifications, registration with PBOC and account opening must be carried out via an onshore settlement office, offshore custodian, registry or other third party. The relevant Subfunds are therefore exposed to the risks of default or failure on the part of these third parties.

### **SYSTEM FAILURE RISKS FOR BOND CONNECT**

Trading via Bond Connect takes place via newly developed trading platforms and operating systems. There is no guarantee that these systems will function properly or will be further adapted to changes and developments in the market. If the relevant systems do not function properly, trading via Bond Connect could be disrupted. The Subfund's ability to trade through Bond Connect (and thus to pursue its investment strategy) may therefore be adversely affected. If the Subfund invests in CIBM through Bond Connect, it may also be subject to delay risks associated with the order placement and/or settlement systems.

**RULES AND REGULATIONS**

The supervisory authorities for the bond markets in Hong Kong and Mainland China will take all measures necessary to put in place effective mechanisms within Bond Connect to eliminate misconduct promptly in the interests of investor protection. The regulatory authorities for the bond markets in Hong Kong and Mainland China will sign a memorandum of understanding in relation to cooperation between supervisory authorities in order to establish effective supervisory cooperation arrangements and structural links to ensure financial market stability and fair trade. The PBoC's usual powers to take further administrative action remain unaffected, as the investors are contractually bound to abide by the laws and trading rules of the People's Republic of China.

#### REGULATORY RISK

Bond Connect is a new scheme that is subject to the various regulations of the People's Republic of China and Hong Kong. Furthermore, the implementing directives of the bonds participating in Bond Connect are applicable. Since this scheme is new, the regulations have not yet been tried and tested, so that there is not yet any certainty about the way in which they will be applied. The current regulations may be altered at any time. Moreover, there are no commitments with regard to the continued existence of Bond Connect in the future.

The attention of the shareholders of the Subfund concerned who may invest in the China Interbank Bond Market through Bond Connect is therefore drawn to the fact that they have to expect change, which may have a detrimental effect.

#### RENMINBI QUALIFIED FOREIGN INSTITUTIONAL INVESTOR ("RQFII")

In the PRC's markets for domestic securities, foreign investors may invest via an approved foreign institutional investor or one which has been granted the status of qualified foreign institutional investor ("QFII") or Renminbi qualified foreign institutional investor by the China Securities Regulatory Commission (CSRC) and which has been allocated a quota or quotas by the SAFE of the PRC.

Where indicated in the relevant investment policy, the Subfunds may invest in securities issued in the PRC as part of the RQFII quotas of GAM International Management Limited ("**Investment Manager**"). According to the guidelines of the RQFII quota management of SAFE, the Investment Manager may allocate its RQFII quotas flexibly to various open-ended fund products or, subject to the approval of SAFE, to products and/or accounts that are not open-ended Subfunds. The Investment Manager may therefore allocate additional RQFII quotas to each relevant Subfund or allocate RQFII quotas which would otherwise have been accorded to the Subfund to other products and/or accounts. The Investment Manager may also request additional RQFII quotas from SAFE, which it can use for the relevant Subfund, other clients or other products it manages. However, no assurance can be given that the Investment Manager will provide RQFII quotas to the relevant fund at all times that are sufficient for its investments.

The current RQFII regulations impose strict restrictions on investments (including rules on investment restrictions, the minimum holding period for assets and for the repatriation of capital and profits). These apply to the Investment Manager and not only to the investments made by the Subfund. Investors should thus be aware that violations of the RQFII regulations for investments that result from actions of the Investment Manager could lead to the withdrawal of the quota or other supervisory measures in relation to the quota, including of another portion that is used by the Subfund for investments in RQFII-eligible securities.

#### SPECIAL RISKS

- Investments in the PRC are subject to the risks of investments in emerging markets (please see the comments in the respective investment policy of the relevant Subfund) and, in addition, to risks specific to the market in the PRC. The economy in the PRC is in transition from a planned economy to a more market-oriented economy. Investments could react sensitively to changes in laws and regulations, as well as in political, social or economic conditions, including possible government intervention. In exceptional circumstances, due to limited investment opportunities a Subfund may suffer losses or not be able to fully implement or pursue its investment objectives or strategy due to local investment restrictions, the illiquidity of the Chinese market for domestic securities and/or delays or interruptions in the execution and settlement of transactions.

- The CNY is currently not a freely convertible currency, as it is subject to exchange control regulations and repatriation restrictions imposed by the PRC. Future changes to these regulations could have a negative impact on the situation of the Subfund. There is no guarantee that there will not be a devaluation of the CNY, which may negatively impact the value of investments.
- Although the onshore and offshore Renminbi (CNY and CNH) are the same currency, they are traded on several separate markets. CNY and CNH are traded at different prices and sometimes move in different directions. Although more and more Renminbi are held abroad (i.e. outside of China), the CNH cannot be used freely in the local market and is subject to certain restrictions (the same applies conversely). Investors should note that subscriptions and redemptions of the Subfund are made in EUR and/or the alternative unit class currency and are converted into CNH for investment in local securities. Investors shall bear for the resulting conversion charges and the risk of potential differences in the exchange rate between the CNY and the CNH. The price and liquidity of and the trading in Shares of the relevant Subfund may also be influenced by the exchange rate and the liquidity of the Renminbi in the global market.
- Investors should note that the RQFII status could be suspended, reduced or withdrawn, which may adversely affect the performance of the Subfund, as debt instruments denominated in CNY would have to be liquidated in this case.

#### TAXATION OF INVESTMENTS IN OR FROM THE PRC

Gains from investments in or from the PRC, in particular dividends, interests and capital gains may be subject to a tax (as the case may be, also retroactively), although there are currently no clear guidelines for the way in which it will be imposed. The tax regulations in the PRC are also subject to sudden change, possibly with retroactive effect. Changes and lack of clarity in tax regulations and practices may reduce the relevant Subfund's after-tax profits and/or the respective capital invested.

It is often not possible for the Company to take advantage of tax breaks due to existing double taxation agreements between Luxembourg and the PRC or because of local regulations in the PRC.

Gains from the investments in the PRC by foreign investors are provisionally exempt from taxation, although no termination date for this exemption is currently known. There is no guarantee that this provisional exemption will remain in place in future or that it will not be cancelled, possibly with retroactive effect.

The Management Company and/or the Company reserve(s) the right at any time to make provisions at its own discretion for potential taxes or gains of the relevant Subfund which invests in assets in the PRC; this may affect the valuation of the relevant Subfund.

Given the uncertainty as to whether and how certain income from investments will be taxed in the PRC, and the possibility that the laws and practices in the PRC will change and that taxes may possibly also be levied retroactively, the tax provisions formed (if any is formed) for the relevant Subfund may turn out to be excessive or insufficient to settle the final tax liabilities in the PRC. Consequently, this may work to the advantage or disadvantage of investors, depending on the final taxation of this income, the actual amount of the provision and the time of the purchase and/or sale of their units in the relevant Subfund. In particular, if the actual provisions are less than the final tax liabilities, and this gap has to be covered by the assets of the relevant Subfund, this would have a negative impact on the value of the assets of the relevant Subfund and, consequently, on the current investors; in any case, the net asset value of the Subfund is not recalculated during the period of the missing, insufficient or excessive provisions.

## 7. SUSTAINABILITY

### 7.1. GENERAL INFORMATION

In accordance with the regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**Sustainable Finance Disclosure Regulation**" or "**SFDR**"), the Company implements sustainability risks into its investment processes as outlined in the GAM- Responsible Investment Policy, which applies to the companies of the GAM Group, including the Company. For the purposes of this Prospectus, a sustainability risk

means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment and consequently the Net Asset Value of a Subfund. Sustainability risks associated with climate change, environmental factors, social factors or governance will be dependent on multiple variables including the sector, geography, asset class of the security and the nature and time horizon of the investment strategy. We expect sustainability risks, and how these are integrated, to continue to evolve.

Investors should note that if a Subfund (a) promotes environmental or social characteristics or a combination thereof and invests in companies that follow good governance practices; or (b) if a Subfund has sustainable investment as its objective, such promotion or objective shall be further detailed in an Annex II to the Supplement of this Prospectus.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Subfund's investment policy section in detail to ensure that the sustainability profile of the Subfund reflects such preferences or objectives, in addition to their financial objectives and risk tolerance

## **7.2. SUSTAINABILITY RISK**

A Subfund could experience a potentially material adverse effect on the value of the investment and therefore on the Net Asset Value of a Subfund due to environmental, social or governance events or conditions. Sustainability risks associated with climate change, environmental factors, social factors or corporate governance depend on several variables, including the sector, geographic region, asset class of the security and the nature and time horizon of the investment strategy. Sustainability risks and how they are integrated are expected to continue to evolve.

## **7.3. ESG INVESTMENT STRATEGY RISK**

Where disclosed in the relevant Subfund's investment policy section a fund may be subject to the risk that its investment strategy may select, prevent the acquisition of or require the disposal of securities of certain issuers for reasons other than investment performance or other financial considerations. as a result, the Subfund may underperform other funds with a similar financial objective or policy that do not include non-financial considerations in their investment strategy and may suffer investment losses if it is required to dispose of a security as a result of such non-financial considerations.

## **7.4. SUSTAINABILITY RISKS AS A PART OF THE INVESTMENT PROCESS - SUSTAINABILITY RISK INTEGRATION**

Sustainability risk shall be assessed and integrated into the respective investment process of each Subfund in a manner similar to all other examined risk factors. Investors shall note that the assessment of sustainability risk does not constitute investment into assets considered more sustainable than their respective peers or denote the avoidance of investment into assets considered less sustainable. Such integrated assessment shall consider all other parameters used by the Company; to highlight an example, fluctuations in market value of assets under sustainability risk may be considered as overreactions, as judged according to the discretion of the Company. Similarly, a holding in an asset subject to negative material impact does not necessitate the liquidation of the asset.

The following approaches support the integration of sustainability risks into investment decisions, but will vary between investment strategies and may or may not be applied depending on the Subfund characteristics:

- **SUSTAINABILITY DATA AND ANALYSIS:** the Company has access to sustainability data and analysis from various sources on a daily basis, and an assessment of sustainability data is incorporated into quarterly risk reviews.
- **ENGAGEMENT AND VOTING:** Engagement, voting and policy advocacy all form part of the engagement process to promote sustainable value creation and to address sustainability risks. The approach to engagement varies across asset classes and Investment Managers. Further details are available in GAM's Engagement Policy [<https://www.gam.com/en/corporate-responsibility/responsible-investing>] and Corporate Governance and Voting Principles [<https://www.gam.com/en/corporate->

responsibility/responsible-investing] both of which are applicable to GAM group companies including the Company.

- **NET ZERO COMMITMENT:** GAM supports the goal of net zero greenhouse gas emissions by 2050. This commitment informs engagement objectives for target companies. Further details of GAM's net zero commitment are outlined in [<https://www.gam.com/en/corporate-responsibility/responsible-investing>], which is applicable to GAM group companies including the Company.
- **SUSTAINABILITY EXCLUSIONS:** certain strategies may exclude or avoid investments in certain activities considered to cause negative environmental and social impact. Further details are in the Subfund investment policy section and in GAM's Sustainability Exclusion Policy [<https://www.gam.com/en/corporate-responsibility/responsible-investing>], which is applicable to GAM group companies including the Company.
- **ASSET-SPECIFIC CONSIDERATIONS:** the impact of sustainability risk on an investment differs between asset classes. Consequently, the approach to the integration of sustainability risks across various asset classes is dynamic in nature. Further details on the approach for each asset class are outlined in GAM's Responsible Investment Policy [<https://www.gam.com/en/corporate-responsibility/responsible-investing>], which is applicable to GAM group companies including the Company.

GAM expects the approach to the integration of sustainability risks to continue to evolve as data, analysis and methodologies develop. The prospective investors of any Subfund shall read this section together with the relevant Subfund's investment policy section and note that a Subfund may deviate from these guidelines, with such deviations clarified in the investment policy section of the respective Subfund.

#### 7.5. SUSTAINABILITY RELATED DATA AND RELIANCE ON THIRD PARTIES

The Company will rely on sustainability related data both in order to assess sustainability risks and as part of the investment strategy of Subfunds which promote environmental or social characteristics (including through the use of ESG ratings) or have a sustainable investment objective. The assessment of sustainability risks and the implementation of a particular investment strategy may be adversely impacted by the quality, timeliness, completeness, and availability of such data.

The Company may be required to use estimates or otherwise apply subjective judgements in assessing sustainability risk or applying an investment strategy.

The Company may rely on third parties (including data vendors and ESG ratings providers). Such third parties may also be impacted by the quality, timeliness, completeness, and availability of sustainability related data. Where a Subfund makes use of ESG ratings, the relevant Subfund's investment policy section indicates whether these are provided by a third party ESG ratings provider or are in-house ESG ratings methodologies.

ESG ratings generally assess the impact of environmental, social and governance (ESG) factors on a company and/or a company's impact on the outside world and provide an opinion, expressed as a rating, of such impacts. ESG ratings may not capture all sustainability risks or impacts of a particular company. As different ESG ratings may rely on different data sources and calculation methodologies (including the weightings applied to ESG factors), the ratings applied to one company by a provider may be different from the rating applied to the same company by another provider. The businesses of ESG rating and ESG data providers are generally unregulated. ESG ratings may be provided by third parties that have an existing relationship with the companies that are being rated (and may have been engaged by that company to provide ESG ratings), which can create a conflict of interest for the ESG ratings provider. ESG ratings providers may also not make timely changes in a rating to reflect changes to the relevant company, sustainability risks or other external events. The Subfund may suffer losses (including loss of opportunity) and the Subfund's ESG performance may be different from that intended as a result of reliance on data or ratings which prove inaccurate, incomplete or out of date or if the Company does not correctly assess the impact of such data.

#### 7.6. EXCLUSION POLICY

GAM Investment's exclusion criteria (which are applied by GAM group companies including the Company) are detailed in a proprietary exclusion policy, published and available on [www.gam.com/en/corporate-responsibility/responsible-investing](https://www.gam.com/en/corporate-responsibility/responsible-investing). These exclusion criteria are applied in the same manner by the Company.

Should a Subfund maintain Subfund-specific exclusions, such exclusions will be detailed in the respective investment policy section of the Subfund.

## 8. COMPANY

### GENERAL INFORMATION

The Company is established as a “*société d'investissement à capital variable*” (SICAV) in the Grand Duchy of Luxembourg under the current version of the 2010 Law. In accordance with Part I of the 2010 Law, the Company is authorised to perform collective investments in securities.

The Company was established on December 1, 1989, for an indefinite period.

The Company is registered under number B-32.187 in the Luxembourg commercial and companies' register. The articles of association may be consulted and sent out on request. The articles of association were published in Luxembourg in the “*Mémorial*” on January 19, 1990. The articles of association were last amended on 19 December 2023, as published in the *Recueil Electronique des Sociétés et Associations* (RESA) in Luxembourg on 26 January 2024.

The registered office of the Company is 5, Heienhaff, L-1736, Senningerberg Niederanven, Grand Duchy of Luxembourg.

### MINIMUM CAPITAL

The Company's minimum capital in Swiss Francs is equivalent to 1,250,000 Euro. If one or more Subfunds are invested in Shares of other Subfunds of the Company, the value of the relevant Shares is not to be taken into account for the purpose of verifying the statutory minimum capital. In the event that the capital of the Company falls below two-thirds of the minimum capital laid down by law, the Board of Directors of the Company is required to submit the question of liquidation of the Company to a general meeting of shareholders within forty (40) days. The general meeting may resolve the question of liquidation with a simple majority of the shareholders present/represented (no quorum is required).

In the event that the capital of the Company falls below one-fourth of the minimum capital laid down by law, the Board of Directors of the Company is required to submit the question of liquidation of the Company to a general meeting of shareholders within forty (40) days. In this case, a liquidation may be resolved by one-quarter of the votes of the shareholders present/represented at the general meeting (no quorum is required).

### LIQUIDATION / MERGER

Under the terms of Articles 450-3 and 1100-2 of the 1915 Law, the Company may be liquidated with the approval of the shareholders. The liquidator is authorised to transfer all assets and liabilities of the Company to a Luxembourg UCITS against the issue of Shares in the absorbing UCITS (in proportion to the Shares in the Company in liquidation). Otherwise, any liquidation of the Company is carried out in accordance with Luxembourg law. Any liquidation proceeds remaining to be distributed to the shareholders, but which could not be distributed to them at the end of the liquidation, are deposited in favour of the respective beneficial owner with the Caisse de Consignation in Luxembourg in accordance with Article 146 of the 2010 Law.

In addition, the Company may resolve or propose the closure of one or more Subfunds or merger of one or more Subfunds with another Subfund of the Company or another UCITS in accordance with Directive 2009/65/EC, or with a Subfund within such other UCITS, as described in greater detail in the section “Redemption of Shares”.

### INDEPENDENCE OF SUBFUNDS

The Company assumes liability in respect of third parties for the obligations of each Subfund only with the respective assets of the Subfund in question. In dealings among the shareholders, each Subfund is treated as an independent unit and the obligations of each Subfund are assigned to that Subfund in the list of assets and liabilities.

#### BOARD OF DIRECTORS OF THE COMPANY

The articles of association contain no provisions with regard to the remuneration (including pensions and other benefits) of the Board of Directors. The expenses of the Board of Directors are paid. Remuneration must be approved by the shareholders at the general meeting.

## 9. DEPOSITARY BANK

The Company has appointed State Street Bank International GmbH, Luxembourg Branch ("**SSB-LUX**") as Custodian Bank (the "**Depositary Bank**") of the Company with responsibility for:

- a) Custody of the assets,
- b) Monitoring duties,
- c) Cash flow monitoring

In accordance with applicable Luxembourg law, relevant CSSF circulars and other applicable mandatory regulations (hereinafter referred to as the "**Luxembourg Regulations**" in the respective current version) and the Depositary Agreement, which was entered into between the Company and SSB-LUX ("**Depositary Agreement**").

SSB-Lux is subject to supervision by the European Central Bank (ECB), the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank and has been approved by the CSSF in Luxembourg as a custodian and central administrative office.

#### ON A) CUSTODY OF THE ASSETS

In accordance with the Luxembourg Regulations and the Depositary Agreement, the Depositary Bank is responsible for the safekeeping of the financial instruments that can be held in safekeeping and for the accounting and verification of ownership of the other assets.

#### DELEGATION

Furthermore, the Depositary Bank is authorized to delegate its custodian obligations under the Luxembourg Regulations to sub-custodians and to open accounts with sub-custodians, provided that (i) such delegation complies with the conditions laid down by the Luxembourg Regulations - and provided such conditions are observed; and (ii) the Depositary Bank will exercise all customary and appropriate care and expertise with regard to the selection, appointment, regular monitoring and control of its sub-custodians.

The Depositary Bank has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at One Lincoln Street, Boston, Massachusetts 02111, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Company or at the following internet site: <https://www.statestreet.com/disclosures-and-disclaimers/lu/subcustodians>.

#### ON B) MONITORING DUTIES

In accordance with the Luxembourg Regulations and the articles of association of the Company, as well as with the Depositary Agreement, the Depositary Bank will:

- (i) ensure that the sale, issue, redemption, switching and cancellation of the Company's shares are conducted in accordance with the Luxembourg Regulations and the articles of association of the Company;
- (ii) ensure that the value of the Company's shares is calculated in accordance with the Luxembourg Regulations;
- (iii) execute the Management Company's instructions, provided they do not conflict with the Luxembourg Regulations and the articles of association of the Company;

- (iv) ensure that in transactions concerning the Company's assets, any remuneration is remitted/forwarded to the Company within the customary time limits;
- (v) ensure that the Company's income is recorded in the accounts in accordance with the Luxembourg Regulations and the articles of association of the Company.

#### **ON C) CASH FLOW MONITORING**

The Depositary Bank is obligated to perform certain monitoring duties with regard to cash flows as follows:

- (i) reconciling all cash flows and conducting such reconciliation on a daily basis;
- (ii) identifying cash flows which in its professional judgment are significant and in particular those which may possibly not be in keeping with the Company's transactions. The Depositary Bank will conduct its verification on the basis of the previous day's transaction statements;
- (iii) ensuring that all bank accounts within the Company's structure have been opened in the name of the Company;
- (iv) ensuring that the relevant banks are EU or comparable banking institutions;
- (v) ensuring that the monies that have been paid by the shareholders have been received and recorded on bank accounts of the Company.

Current information on the Depositary Bank, its duties, potential conflicts, a description of all depositary functions delegated by the Depositary Bank, a list of delegates and sub-delegates and the disclosure of all conflicts of interest that may arise in connection with the delegation of duties are made available to the shareholders, upon request, by the Depositary Bank. Furthermore, a list of delegates and sub-delegates is available at [www.statestreet.com/about/office-locations/luxembourg/subcustodians.html](http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html).

#### **CONFLICTS OF INTEREST**

The Depositary Bank is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary Bank or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, securities lending agent, investment management, financial advice and/or other advisory services to the Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company, either as principal and in the interests of itself, or for other clients.

In connection with the above activities, the Depositary Bank or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- (iv) may provide the same or similar services to other clients including competitors of the Fund;
- (v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary Bank to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to

retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Investment Manager or the Management Company may also be a client or counterparty of the Depositary Bank or its affiliates.

The Company pays the Depositary Bank a remuneration for its services based on the net asset value of the respective Subfund at the end of each month and is payable monthly in arrears. In addition, the Depositary Bank is entitled to payment to recover expenses and the fees charged, in turn, by other correspondent banks.

SSB-LUX is part of a company operating globally. In connection with the settlement of subscriptions and redemptions and the fostering of business relations, data and information about customers, their business relationship with SSB-LUX (including information about the beneficial owner) as well as, to the extent legally permissible, information about business transactions may be transmitted to affiliated entities or groups of companies of SSB-LUX abroad, to its representatives abroad or to the management company or the company. These service providers and the management company or society are required to keep the information confidential and use it only for the purposes for which they have been made available to them. The data protection laws in foreign countries may differ from the Privacy Policy in Luxembourg and provide a lower standard of protection.

#### **LIABILITY**

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS-CDR, the Depositary Bank shall return financial instruments of identical type or the corresponding amount to the Company acting on behalf of the Company without undue delay.

The Depositary Bank shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

## **10. MANAGEMENT COMPANY AND DOMICILIARY PAYING AGENT**

The Company is managed by FundRock Management Company S.A. (the "**Management Company**"), which is subject to the provisions of Chapter 15 of the 2010 Law.

In addition, the Company is domiciled at the Management Company.

The Management Company was established on 10 November 2004, for an unlimited period. The corporate capital amounts to EUR 10,000,000. It is registered under number B 104 196 in the Luxembourg commercial and companies' register, where copies of the articles of association are available for inspection and can be received on request. The articles of association were last amended on 9 June 2020.

The Management Company's registered office is at 5, Heienhaff, L-1736, Senningerberg Niederaanven, Grand Duchy of Luxembourg.

Aside from the managing of the Company, the Management Company currently administers additional undertakings for collective investments.

## **11. CENTRAL ADMINISTRATION AND PRINCIPAL PAYING AGENT; REGISTRAR AND TRANSFER AGENT**

SSB-LUX has been appointed to provide services as the registrar and transfer agent, central administration, and principal paying agent. For the avoidance of doubt, in addition to the above-mentioned registrar function, such services include the NAV calculation and accounting function, and the client communication function, as laid out

in CSSF Circular 22/811, as may be replaced, amended or restated from time to time. The aforementioned functions have not been delegated and are assumed by SSB-LUX.

In consideration of the services rendered, SSB-LUX receives a remuneration which is based on the net asset value of the respective Subfund each month, payable monthly in arrears.

## 12. GENERAL INFORMATION ON INVESTMENT MANAGEMENT AND INVESTMENT ADVICE

The Company and/or the Management Company have authorised various specialist financial service providers to act as investment managers ("**Investment Managers**"), investment advisers ("**Investment Advisers**") and advisers ("**Advisers**") for one or more Subfunds of the Company. The Investment Managers, Investment Advisers or Advisers shall receive a fee for their activity from the net asset value of the Subfund concerned; said fee is detailed in the section "Fees and Costs".

The Investment Managers and Investment Advisers may, as a matter of principle, call on the assistance of related companies in the performance of their duties, at their own expense and under their own responsibility and supervision; subject to the same provision, they may appoint sub-investment advisers or, with the consent of the Management Company, sub-investment managers.

The Management Company or the Investment Managers are not obliged to do business with any broker. Transactions can be conducted through related companies provided their conditions are comparable to those of other brokers or traders and regardless of whether they make a profit out of these transactions. Although in general the Company seeks to pay favourable and competitive commissions, the cheapest brokerage or the most favourable margin is not paid in every case.

### 12.1. INVESTMENT MANAGERS / INVESTMENT ADVISERS

#### GENERAL INFORMATION

The Investment Managers are authorised by right to make investments directly for the corresponding Subfund, taking into account the relevant investment objectives, policy and limits of the Company, and under the ultimate supervision of the Management Company or the Board of Directors or the auditor(s) appointed by the Management Company. The investment advisers can submit recommendations to the Management Company for investing the assets of the corresponding Subfunds, taking into account their investment objectives, policy and limits.

#### INVESTMENT MANAGERS

The Management Company and the Company may, subject to the prior approval of the CSSF, transfer the portfolio management of some or all Subfunds under their supervision and ultimate responsibility, to one or more Investment Managers which are listed under "Organisation and Administration" in the section "Investment Manager" at the beginning of this Prospectus. Where the Subfunds are managed by several Investment Managers, the Investment Managers will coordinate and jointly make investment decisions in favour of the Subfund.

| Subfund                 | Investment Manager                         |                                      |              |
|-------------------------|--------------------------------------------|--------------------------------------|--------------|
|                         | GAM Investment Management (Switzerland) AG | GAM International Management Limited | GAM USA Inc. |
| ABS                     |                                            |                                      | X            |
| EMERGING BOND           |                                            | X                                    |              |
| LOCAL EMERGING BOND     |                                            | X                                    |              |
| ESG LOCAL EMERGING BOND |                                            | X                                    |              |

Shareholders may request detailed information on the Investment Managers of each Subfund at the registered office of the Management Company.

In the context of this Prospectus, GAM Investment Manager ("**GAM Investment Manager**") refers to the companies GAM Investment Management (Switzerland) AG, GAM International Management Limited, and GAM USA Inc.

#### **SUB-INVESTMENT MANAGER<sup>2</sup>**

In accordance with the above provisions, GAM International Management Limited has appointed Gramercy Funds Management LLC, 250 S. Australian Ave., West Palm Beach, FL 33401, United States of America, as sub-investment manager for the following Subfunds:

- EMERGING BOND;
- LOCAL EMERGING BOND; and
- ESG LOCAL EMERGING BOND.

### **13. PAYING AGENTS AND REPRESENTATIVES**

The Company/Management Company has concluded agreements with various paying agents and/or representatives concerning the provision of certain administrative services, the distribution of Shares or the representation of the Company in the different distribution countries. The fees charged by paying agents and representatives may be borne by the Company, as agreed in each case. Furthermore, the paying agents and representatives may be entitled to the reimbursement of all reasonable costs that have been duly incurred in connection with the performance of their respective duties.

The paying agents or (processing) establishments necessitated by the local regulations on distribution specified in the various distribution countries, for example correspondent banks, may charge the shareholders additional costs and expenses, in particular the transaction costs entailed by customer orders, in accordance with the particular institution's scale of charges.

### **14. DISTRIBUTORS**

The Company/Management Company may, in accordance with the applicable laws, appoint distributors responsible for the offering and selling of Shares of various Subfunds in all countries in which the offering and selling of such Shares is permitted. The Distributors are authorised to retain a selling fee (up to a maximum of 3%) for the Shares they market, or else to waive all or part of the selling fee.

The Management Company, with the approval of the Company, has appointed Bridge as global distributor (the "**Global Distributor**"). Bridge is authorised to appoint sub-distributors ("**Sub-Distributors**"). Sub-Distributors have been appointed, and further Sub-Distributors may be appointed (each the Global Distributor and a Sub-Distributor, hereinafter referred to as "**Distributor(s)**").

A Distributor is authorised, taking into account the applicable national laws and rules and regulations in the country of distribution, to offer "A", "An" "B", "Bn" "E", "Cm", "Em", "La", "M", "Ma", "N", "Na", "Tm" "R", "Ra", "S" and "Sa" Shares in connection with savings plans.

In this respect, the Distributor is authorised in particular:

- (a) to offer savings plans of several years' duration, giving details of the conditions and features and of the initial subscription amount and the recurrent subscriptions;

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<sup>2</sup>The appointment of the sub-investment manager is with effect as from 16 June 2025.

- (b) to offer, in respect of selling, switching and redemption fees, more favourable terms and conditions for savings plans than the maximum rates for the issue, switching and redemption of Shares otherwise quoted in this Prospectus.

The terms and conditions of such savings plans, especially with regard to fees, are based on the law of the country of distribution, and may be obtained from the relevant local Distributor, which offer such savings plans.

A Distributor is also authorised, taking into account the applicable national laws and rules and regulations in the country of distribution, to include Shares in a fund-linked life assurance as an investment component, and to offer Shares in such indirect form to the public. The legal relationship between the Company or Management Company, the Distributor/insurance company and the shareholders/policyholders is governed by the life assurance policy and the applicable laws.

The Distributors and SSB-LUX must at all times comply with the provisions of the Luxembourg law on the prevention of money laundering, and in particular the law of 7 July 1989, which amends the law of 19 February 1973 on the sale of drugs and the combating of drug dependency, the law of 12 November 2004 on the combat against money laundering and terrorist financing and of the law of 5 April 1993 on the financial sector, as amended, as well as other relevant laws passed by the government of Luxembourg or by supervisory authorities.

Subscribers of Shares must *inter alia* prove their identity to the Distributor and/or SSB-LUX or the Company, whichever accepts their subscription request. The Distributor and/or SSB-LUX or the Company must request from subscribers the following identity papers: in the case of natural persons a certified copy of the passport/identity card (certified by the Distributor or the local government administration); in the case of companies or other legal entities a certified copy of the certificate of incorporation, a certified copy of the extract from the commercial register, a copy of the latest published annual accounts, the full name of the beneficial owner.

The Distributor must ensure that the aforementioned identification procedure is strictly applied. The Company and the Management Company may at any time require confirmation of compliance from the Distributor or SSB-LUX. SSB-LUX checks compliance with the aforementioned rules in all subscription/redemption requests which it receives from Distributors in countries with non-equivalent money-laundering regulations. In case of doubt as to the identity of the party applying for subscription or redemption because of inadequate, inaccurate or lack of identification, SSB-LUX is authorised, without involving costs, to suspend or reject subscription/redemption requests for the reasons cited above. Distributors must additionally comply with all provisions for the prevention of money laundering which are in force in their own countries.

## 15. CO-MANAGEMENT

In order to reduce current administration costs and achieve broader asset diversification, the Company may decide to manage all or part of a Subfund's assets together with the assets of other Luxembourg UCIs managed by the same Management Company or the same investment manager and established by the same promoter or have some or all Subfunds co-managed. In the following paragraphs, the words "co-managed units" generally refer to all Subfunds and units with or between which a given co-management arrangement exists, and the words "co-managed assets" refer to the total assets of those co-managed units managed under the same arrangement.

Under the co-management arrangement, investment and realisation decisions can be made on a consolidated basis for the co-managed units concerned. Each co-managed unit holds a part of the co-managed assets corresponding to its net asset value as a proportion of the total value of the co-managed assets. This proportional holding is applicable to each category of investments held or acquired under co-management, and its existence as such is not affected by investment and/or realisation decisions. Additional investments will be allocated to the co-managed units in the same proportion, and sold assets deducted pro rata from the co-managed assets, held by each co-managed unit.

When new Shares are subscribed in a co-managed unit, the subscription proceeds will be allocated to the co-managed units in the new proportion resulting from the increase in the net asset value of the co-managed units to which the subscriptions have been credited, and all categories of investments will be changed by transferring assets from one co-managed unit to the other and thus adapted to the changed situation. Similarly, when Shares

in a co-managed unit are redeemed, the required cash may be deducted from the cash held by the co-managed units accordingly, to reflect the changed proportions resulting from the reduced net asset value of the co-managed unit to which the redemptions were charged, and in such cases all categories of investments will be adapted to the changed situation. Shareholders should therefore be aware that a co-management arrangement may cause the composition of the Subfund's portfolio to be influenced by events caused by other co-managed units, such as subscriptions and redemptions. Provided there are no other changes, subscriptions of Shares in a unit with which a Subfund is co-managed will lead to an increase in that Subfund's cash. Conversely, redemptions of Shares in a unit with which a Subfund is co-managed will lead to a reduction in that Subfund's cash. However, subscriptions and redemptions may be held in the specific account opened for each co-managed unit outside the co-management arrangement and through which subscriptions and redemptions must pass. The possibility of large payments and redemptions being allocated to such specific accounts, and of a Subfund ceasing to participate in the co-management arrangement at any time, prevent changes in a Subfund's portfolio caused by other co-managed units if these changes are likely to adversely affect the Subfund and the shareholders.

If a change in the composition of a Subfund's assets as a result of redemptions or payments of charges and costs relating to another co-managed unit (i.e. not attributable to the Subfund) would cause a breach of the investment restrictions applying to that Subfund, the assets concerned will be excluded from the co-management arrangement before the changes are carried out, so that they are not affected by the changes.

Co-managed assets of a Subfund may be co-managed only with assets which are to be invested in accordance with investment objectives and investment policy compatible with those of the Subfund's co-managed assets, to ensure that investment decisions are fully compatible with the Subfund's investment policy. Co-managed assets of a Subfund may be managed jointly only with assets for which the Depositary Bank also acts as custodian, to ensure that the Depositary Bank can fully comply with its functions and responsibilities under the 2010 Law on undertakings for collective investment. The Depositary Bank must always keep the Company's assets separate from those of other co-managed units and must therefore always be able to identify the Company's assets. As co-managed units may be following an investment policy which is not completely the same as that of a Subfund, the joint policy applied may be more restrictive than that of the Subfund.

The Company may end the co-management arrangement at any time and without prior notice.

Shareholders may contact the Company at any time for information on the percentage of assets which is co-managed, and the units with which such co-management exists at the time of their inquiry. Annual and semi-annual reports are also required to specify the composition and percentage proportions of co-managed assets.

## 16. DESCRIPTION OF SHARES

### GENERAL

Shares in the Company have no par value. The Company issues Shares for each Subfund only in registered form. To the extent that bearer shares were issued earlier, ownership of these bearer Shares is demonstrated by possession of the bearer Shares, together with the associated coupons. Ownership of registered Shares is demonstrated by the entry in the register of registered shareholders.

In principle, no physical Share certificates will be issued. A Share acknowledgement is issued, which is sent to the shareholder. Registered Shares are also issued in fractions, which are rounded up or down to three decimal places. In addition, within each Subfund it is possible to issue distributing and accumulating Shares. Distributing Shares entitle the shareholder to a dividend as determined at the general meeting of shareholders. Accumulating Shares do not entitle the shareholder to a dividend. When dividend payments are made, the dividend amounts are deducted from the net asset value of the distributing Shares. The net asset value of the accumulating Shares, on the other hand, remains unchanged.

Each Share grants a right to part of the profits and result of the Subfund in question. Unless the articles of association or the law provide otherwise, each Share entitles its shareholder to a vote, which he/she may exercise at the general meeting of shareholders or at other meetings of the Subfund in question either in person or through a proxy. The Shares do not include rights of priority or subscription rights. Nor are they now or will

they in the future be associated with any outstanding options or special rights. The Shares are transferable without restriction unless the Company, in accordance with its articles of association, has restricted ownership of the Shares to specific persons or organisations.

#### IMMOBILISATION OF BEARER SHARES

The Luxembourg Law of 28 July 2014 on the mandatory deposit and immobilisation of bearer shares (Immobilisation Law) provides for a new regulation that will apply to physical securities (bearer shares) issued by the management company.

Within the scope of implementing the Immobilisation Law, BIL Banque Internationale à Luxembourg, *société anonyme*, whose registered office is at 69, route d'Esch, L-2953 Luxembourg, was appointed depository for the safekeeping and registration of bearer shares. The holders of physical securities must deposit these with the depository by 17 February 2016 at the latest and register them under the name and address of the current owner at the time of deposit. Any claims to distributions and associated voting rights attached to bearer shares will be suspended in accordance with the Immobilisation Law and shall only be restored once the bearer shares in question are delivered to a securities deposit account managed by the bank or deposited with the depository stated above.

In accordance with the Immobilisation Law, units not deposited or registered when the prescribed legal deadline has passed shall be valued at the rate valid for 18 February 2016 and the corresponding amount shall be transferred to the Luxembourg *Caisse de Consignation*. Every shareholder affected can request payment of the amount apportioned to them until expiry of the statutory period of limitation. At the same time, the collected units are deleted.

As of 18 February 2016, the management company will therefore no longer act as a contact for the affected shareholders. Claims for payment of the deposited net asset values can only be made to the Luxembourg *Caisse de Consignation*.

#### SHARE CATEGORIES

The Company's Board of Directors has approved the issue of Share Categories with different minimum subscriptions, dividend policies, fee structures, currencies and other characteristics. The following Share Categories may be issued.

| SHARE CATEGORY | DESCRIPTION                                                                              |
|----------------|------------------------------------------------------------------------------------------|
| "A" Shares     | distributing                                                                             |
| "An" Shares    | distributing without fees for subscription, redemption and switching                     |
| "B" Shares     | accumulating                                                                             |
| "Bn" Shares    | accumulating without fees for subscription, redemption and switching                     |
| "C" Shares     | accumulating for institutional investors*)                                               |
| "Ca" Shares    | distributing for institutional investors*)                                               |
| "Cm" Shares    | distributing, on a monthly basis, for certain Distributors and institutional investors*) |
| "E" Shares     | accumulating for certain Distributors*)                                                  |
| "Ea" Shares    | distributing for certain Distributors*)                                                  |
| "Em" Shares    | distributing, on a monthly basis, for certain Distributors*)                             |
| "G" Shares     | accumulating for GAM Group*)                                                             |
| "I" Shares**)  | accumulating for certain Distributors and institutional investors*)                      |
| "Ia" Shares**) | distributing for certain Distributors and institutional investors*)                      |
| "J" Shares**)  | accumulating for certain institutional investors*)                                       |
| "Ja" Shares**) | distributing for certain institutional investors*)                                       |

| SHARE CATEGORY | DESCRIPTION                                                         |
|----------------|---------------------------------------------------------------------|
| "K" Shares     | accumulating for certain Distributors*)                             |
| "Ka" Shares    | distributing for certain Distributors*)                             |
| "Km" Shares    | distributing, on a monthly basis, for certain Distributors*)        |
| "La" Shares    | distributing for certain Distributors*)                             |
| "M" Shares     | accumulating for certain Distributors and institutional investors*) |
| "Ma" Shares    | distributing for certain Distributors and institutional investors*) |
| "N" Shares     | accumulating for certain Distributors*)                             |
| "Na" Shares    | distributing for certain Distributors*)                             |
| "R" Shares     | accumulating for certain intermediaries*)                           |
| "Ra" Shares    | distributing for certain intermediaries*)                           |
| "S" Shares**)  | accumulating for certain intermediaries*)                           |
| "Sa" Shares**) | distributing for certain intermediaries*)                           |
| "Tm" Shares    | distributing, on a monthly basis                                    |
| "V" Shares     | accumulating*)                                                      |
| "Va" Shares    | distributing*)                                                      |
| "X" Shares     | accumulating for employees of GAM Group and GAM Group companies*)   |
| "Xa" Shares    | distributing for employees of GAM Group and GAM Group companies *)  |
| "Z" Shares     | accumulating for certain institutional investors*)                  |

\*) as defined below

\*\*) The share categories I, Ia, S and Sa of a Subfund may be numbered as 1, 2, 3... and labelled as I1, I2, I3 (...), Ia1, Ia2, Ia3 (...), J1, J2, J3 (...), Ja1, Ja2, Ja3 (...), S1, S2, S3 (...) and Sa1, Sa2, Sa3 (...) (further information about the different share categories issued for each Subfund is available in section "Fees and costs").

**"AN" and "BN" SHARES** are issued without fees for subscription, redemption and switching. The price for subscription, redemption and switching of AN and BN SHARES is equivalent to the net asset value.

**"C", "CA", "CM", "I", "IA", "J" and "JA" SHARES** may be purchased exclusively by "institutional investors" subject to a successful application procedure according to Article 174 of the 2010 Law (regarding minimum subscriptions, see the section "Issue of Shares / Application procedure" and "Fees and costs").

For entities incorporated in the EU, the definition of "institutional investors" includes i.e. all eligible counterparties and all clients considered per se to be professionals pursuant to Directive 2014/65/EU on markets in financial instruments ("**MIFID Directive**") who have not requested non-professional treatment.

**"E", "EA" and "EM" SHARES** are issued exclusively to Distributors domiciled in Italy, Spain and Taiwan and to other determined Distributors in other distribution markets, provided the Board of Directors of the Company has decided for the latter on a special authorisation for the distribution of the E, EA and EM SHARES (cf. minimum subscription amount in section "Issue of Shares / Application procedure" and "Fees and costs"). All other Distributors are not allowed to acquire E, EA or EM SHARES.

**"G" SHARES** may be purchased exclusively by companies of the GAM Group ("**GAM Group**") or to UCI(TS)s that are managed or have been launched by or on behalf of the GAM Group and that fulfil the requirements as institutional investor pursuant to Article 174 et seq. of the 2010 Law. No other investors may acquire G SHARES. For entities incorporated in the EU, the definition of "institutional investors" includes, *inter alia*, all eligible counterparties and all clients considered per se to be professionals pursuant to the MIFID Directive who have not requested non-professional treatment.

**"K", "KA" and "KM" SHARES** are issued exclusively to Distributors domiciled in Taiwan and to other specific Distributors in other distribution markets, provided the Board of Directors of the Company has decided for the latter on a special authorisation for the distribution of the "K", "Ka", "Km" Shares.

**"LA" SHARES** are issued exclusively to Distributors domiciled in Great Britain and to certain other Distributors in other distribution markets, provided that the Board of Directors of the Company has decided for the latter on a special authorisation for the distribution of "LA" Shares. No other Distributors are allowed to acquire LA SHARES.

**"M" and "MA" SHARES** are available at the sole discretion of the Management Company exclusively for specified distribution companies that comply with the prerequisites as "institutional investor" according to Article 174 et seq. of the 2010 Law. For entities incorporated in the EU, the definition of "institutional investors" includes, *inter alia*, all eligible counterparties and all clients considered per se to be professionals pursuant to the MIFID Directive who have not requested non-professional treatment.

**"N" and "NA" SHARES** are available at the sole discretion of the Management Company exclusively for specified distribution companies.

**"R", "RA", "S" and "SA" SHARES** are available for specified intermediaries only, who are not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits (except for minor non-monetary benefits) paid or provided by any third party or a person acting on behalf of a third party, be this (i) due to legal requirements or (ii) due to the fact that they have concluded contractual agreement (e.g. individual discretionary portfolio management or advisory agreements with separate fee arrangements or other agreements) with their customers which exclude such payments..

**"V" and "VA" SHARES** are offered exclusively for a limited period of time. The V and VA SHARES are open for subscription until (i) a period determined by the Management Company has elapsed (such as the initial subscription period) or (ii) the Subfund's assets have reached the level determined by the Management Company. After this limited period, no more subscriptions are possible unless the Management Company decides otherwise. Shares may be redeemed at any time, as described in the chapter "Redemption of shares".

**"X" and "XA" SHARES** are available to all employees of the GAM Group and GAM Group companies.

**"Z" SHARES** may be purchased exclusively by "institutional investors" according to Article 174 et seq. of the 2010 Law who have signed an asset management or investment advisory agreement with GAM Investment Management (Switzerland) AG, Hardstrasse 201, CH-8037 Zurich, Switzerland and who observe the minimum subscription amount (cf. minimum subscription amount in section "Issue of Shares / Application procedure" and "Fees and costs"). In case the contractual basis for holding Z SHARES is no longer given, the Company will automatically switch Z SHARES into Shares of another category which are eligible for the shareholder in question, and all provisions regarding the Shares of such other category (including fees and taxes) shall apply to such Shares. For entities incorporated in the EU, the definition of "institutional investors" includes, *inter alia*, all eligible counterparties and all clients considered per se to be professionals pursuant to the MIFID Directive who have not requested non-professional treatment.

Where a Share Category is offered in a currency different from that of the Subfund concerned, it must be identified as such. For these additional Share Categories, the Company may, in relation to the Subfund concerned, hedge the Shares in these Share Categories against the currency of the Subfund. Where such currency hedging is applied, the Company may, in relation to the Subfund concerned and exclusively for this Share Category, perform foreign exchange forward transactions, currency futures transactions, currency options transactions and Currency Swaps, in order to preserve the value of the currency of the Share Category against the currency of the Subfund. Where such transactions are performed, the effects of this hedging shall be reflected in the net asset value and hence in the performance of the Share Category. Similarly, any costs due to such hedging transactions shall be borne by the Share Category in which they were incurred. Such hedging transactions may be performed regardless of whether the currency of the Share Category rises or falls in relation to the currency of the Subfund. Therefore, where such hedging is carried out, it may protect the shareholder in the corresponding Share Category against a fall in the value of the currency of the Subfund relative to the currency of the Share Category, though it may also prevent the shareholder from profiting from an increase in the value of the currency of the Subfund.

Shareholders' attention is drawn to the fact that complete protection cannot be guaranteed. Furthermore, no guarantee can be given that shareholders of the hedged categories will not be exposed to influences of currencies other than the currency of the Share Category concerned.

Notwithstanding the aforementioned provision relating to the exclusive allocation of the transactions to a specific Share Category, hedging transactions for a Share Category of a Subfund may still impair the net asset value of the other Share Categories in the same Subfund. This is due to the fact that there is no legal segregation of liabilities between the assets of different Share Categories.

For all Subfunds it is provided to offer Shares Categories both in the currency of the Subfunds as well as, if differing, in USD, EUR, CHF, GBP, JPY, SEK, SGD, NOK, DKK, ZAR and AUD.

The Board of Directors of the Company may at any time for all Subfunds resolve the issue of new or further Share Categories in a currency different from the currency of the Subfund. The time of the initial issue (and, if applicable, of the initial issue price) of such additional Share Categories can be consulted on [www.funds.gam.com](http://www.funds.gam.com).

## 17. ISSUE OF SHARES / APPLICATION PROCEDURE

### GENERAL INFORMATION ON ISSUE

The Shares are offered for sale on each valuation day following the initial issue.

Subscription requests can either be sent to one of the Distributors, which will forward them to SSB-LUX or directly to the Company in Luxembourg (attn. SSB-LUX, registrar and transfer agent, 49, Avenue J.F. Kennedy, L-1855 Luxembourg). The subscriber should instruct his bank to transfer the amount due to the applicable SSB-LUX foreign exchange account shown below to the payee, GAM Multibond, giving precise details of the identity of the subscriber(s), the Subfund(s) to which the subscription for Shares relates and, within each Subfund, which Share Category is subscribed in what currency.

All subscriptions for Shares in Subfunds received by SSB-LUX no later than 15:00 local time (the "**Cut-Off Time**") on a valuation day (as defined in the section "Calculation of net asset value") will be treated at the Issue Price determined on the following valuation day. Subscriptions received by SSB-LUX after this time are covered by the Issue Price of the valuation day after the following valuation day. To ensure punctual transmission to SSB-LUX, applications placed with Distributors in Luxembourg or abroad may be subject to earlier cut-off times for the delivery of subscription applications. These times can be obtained from the Distributor concerned.

The Company or the Management Company may set different cut-off times for certain groups of shareholders, for example, for shareholders in countries in which this is justified by a different time zone. If such times are set, the valid cut-off time must as a matter of principle be earlier than the time at which the net asset value in question is calculated. Different cut-off times may be agreed separately either with the countries concerned or be published in an Annex to the full Prospectus or another marketing document used in the countries concerned.

Hence, Shares are subscribed for an unknown net asset value (forward pricing).

Notwithstanding that, the Company or the Management Company may instruct the Transfer Agent not to consider subscription requests as received until the total subscription amount has been received by the Depositary Bank ("**Cleared Funds Settlement**"). Comparable applications received on the same valuation day shall be treated equally. Subscriptions effected according to this procedure will be based on the Issue Price of the valuation day after receipt of the subscription amount by the Depositary Bank.

### ISSUE PRICE / SELLING FEES

The Issue Price is based on the net asset value per Share on the relevant valuation day; it is calculated or rounded to two digits after the comma, plus any applicable selling fee charged by the Distributor or the Company. Further details of the Issue Price may be obtained from the registered office of the Company. The selling fees payable to a Distributor and expressed as a percentage of the net asset value or of the Issue Price may be up to 3%.

No sales charge will be payable by the shareholder upon acquisition of “K”, “Ka” and “Km” Shares of any Subfund.

In the case of larger transactions, the Distributor may waive all or part of the selling fee to which he/she is entitled.

#### MINIMUM SUBSCRIPTION AMOUNT

A minimum subscription amount per Subfund, as specified below, is required when subscribing to certain Share Categories for the first time.

| SHARE CATEGORY                                                                                  | MINIMUM SUBSCRIPTION AMOUNT PER SUBFUND IN EUR OR THE EQUIVALENT AMOUNT IN THE CURRENCY OF THE SHARE CATEGORY CONCERNED |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| C and Ca Shares (“Shares for institutional investors”)                                          | 500 000,-                                                                                                               |
| Cm Shares (“Shares for certain Distributors and institutional investors”)                       | 500 000,-                                                                                                               |
| Em Shares (“Shares for certain Distributors”)                                                   | 5 000,-                                                                                                                 |
| G Shares (“Shares for the GAM Group”)                                                           | 500 000,-                                                                                                               |
| I and Ia Shares (“Shares for institutional investors”)                                          | 25 000 000,-                                                                                                            |
| Km Shares (“Shares for certain Distributors”)                                                   | 5 000,-                                                                                                                 |
| J and Ja Shares (“Shares for institutional investors”)                                          | 100.000.000,-                                                                                                           |
| La Shares (“Shares for certain Distributors”)                                                   | 500 000 000,-                                                                                                           |
| “M” and “Ma” Shares (“Shares for specified distribution companies and institutional investors”) | 500.000,-                                                                                                               |
| S and Sa Shares (“Shares for certain intermediaries”)                                           | 25 000 000,-                                                                                                            |
| Z Shares (“Shares for certain institutional investors”)                                         | 25 000 000,-                                                                                                            |

The Company's Board of Directors may at its discretion accept initial subscription applications for an amount lower than the stated minimum subscription amount. Subsequent subscriptions of the Share Categories listed above are not subject to minimum subscription amounts.

#### PAYMENTS

The value of the total amount of the subscription must be credited to one of the accounts below in the currency of the relevant Subfund or, if applicable, of the relevant Share Category, no later than four (4) Luxembourg business days after the end of the initial subscription period during the period of the initial issue, or after this period, no later than four (4) Luxembourg business days after the applicable valuation day, or in accordance with any particular national regulations. The Company and the Management Company are entitled without further ado to re-process or retroactively refuse subscriptions for which the amount subscribed is not credited within the specified term.

However, if the Company or the Management Company have instructed the Transfer Agent to only consider subscriptions as received once the total amount subscribed has been credited to the Depositary Bank, then the shareholders will be recorded in the register on such day on which the receipt of the amount subscribed is booked.

The subscriber should instruct his bank to transfer the amount due to the SSB-LUX currency account indicated below for the beneficiary, GAM MULTIBOND, together with the exact identity of the subscriber(s), the Subfund(s) of which Shares are to be subscribed, and (if applicable) the currency and Share Category within the Subfund to be subscribed.

Payments in the respective currencies must have been credited to the following accounts on the day indicated for this purpose. In case payments are credited late, the subscriber may be charged debit interest, if applicable.

Payments in the respective currencies must be made to the following accounts:

| CURRENCY | CORRESPONDENCE BANK                                                                                          | ACCOUNT NO.                 | ACCOUNT HOLDER / FINAL BENEFICIARY |
|----------|--------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------|
| AUD      | BOFAAUSX<br>(Bank of America, Sydney)                                                                        | 16830018                    | GAM (Luxembourg) S.A.              |
| CHF      | BOFACH2X<br>(Bank of America Zurich)                                                                         | CH45 0872 6000 0401 0701 6  | GAM (Luxembourg) S.A.              |
| DKK      | DABADKKK (Danske Bank Copenhagen)<br>in favour of: BOFAGB22<br>(Bank of America London)                      | GB77 BOFA 1650 5056 6840 30 | GAM (Luxembourg) S.A.              |
| EUR      | BOFADEFX<br>(Bank of America Frankfurt)                                                                      | DE40 5001 0900 0020 0400 17 | GAM (Luxembourg) S.A.              |
| GBP      | BOFAGB22<br>(Bank of America London)                                                                         | GB24 BOFA 1650 5056 6840 14 | GAM (Luxembourg) S.A.              |
| JPY      | BOFAJPJX<br>(Bank of America Tokyo)                                                                          | 6064 22747-012              | GAM (Luxembourg) S.A.              |
| NOK      | DNBANOKK<br>(DNB Bank Oslo)<br>in favour of: BOFAGB22<br>(Bank of America London)                            | GB76 BOFA 1650 5056 6840 48 | GAM (Luxembourg) S.A.              |
| SEK      | HANDSESS<br>(Svenska Handelsbanken Stockholm)<br>in favour of: BOFAGB22<br>(Bank of America London)          | GB02 BOFA 1650 5056 6840 22 | GAM (Luxembourg) S.A.              |
| SGD      | BOFASG2X<br>(Bank of America Singapore)                                                                      | 6212 59535-018              | GAM (Luxembourg) S.A.              |
| USD      | BOFAUS3N<br>(Bank of America New York)                                                                       | 6550068052                  | GAM (Luxembourg) S.A.              |
| ZAR      | NEDSZAJJ Nedbank Limited, Johannesburg,<br>South Africa<br>In favor of: BOFAGB22<br>(Bank of America London) | GB54 BOFA 1650 5056 6840 56 | GAM (Luxembourg) S.A.              |

After settlement of the subscription request, an order confirmation will be issued which will be sent to the shareholder on the day after settlement of the order, at the latest.

#### IN-KIND CONTRIBUTION

In exceptional cases, a subscription can have the form of an in-kind contribution, in whole or in part, whereby the composition of the in-kind contribution must be consistent with the investment objectives and policy as well as the investment limits of the respective Subfund. Furthermore, the valuation of the in-kind contribution must be confirmed independently by the Company's auditor. The costs incurred in connection with in-kind contributions (mainly for the independent audit report) will be borne by the investors contributing in kind.

#### SEVERAL JOINT APPLICANTS

Where there is more than one joint applicant, the application must include the signatures of all applicants. The registrar is authorised to accept instructions from the first-named applicant in the application until receipt of a corresponding confirmation. In the case of savings plans, the Distributor/Company is required to treat all joint applicants equally with regard to their rights relating to the Shares.

#### NOMINEE SERVICE

Investors can subscribe Shares directly from the Company. Investors may also purchase Shares in a Subfund by using the nominee services offered by the relevant Distributor or its correspondent bank. A Distributor or its correspondent bank seated in a country having equivalent Anti-Money Laundering regulations then subscribes and holds the Shares as a nominee in its own name but for the account of the investor. The Distributor or correspondent bank then confirms the subscription of the Shares to the investor by means of a letter of confirmation. Distributors that offer nominee services are seated in countries having equivalent Anti-Money Laundering regulations or execute transactions through a correspondent bank seated in a country having equivalent Anti-Money Laundering regulations.

Investors who use a nominee service may issue instructions to the nominee regarding the exercise of votes conferred by their Shares as well as request direct ownership by submitting an appropriate request in writing to the relevant Distributor or depositary bank.

The Company draws investors' attention to the fact that each investor can only assert his/her investor's rights (in particular the right to take part in shareholders' meetings) in their entirety directly against the Company if the investor him-/herself is enrolled in his/her own name in the Company's register of shareholders. In cases where an investor makes his/her investment in the Company via an intermediary, which makes the investment in its own name but for the investor's account, not all investors' rights can necessarily be asserted by the investor directly against the Company. Investors are advised to obtain information on their rights.

Where investors subscribe to or redeem Shares in the Company through financial intermediaries, such investors are generally not recorded directly in the shareholder's register. Rather, the use of one or more intermediaries to subscribe or redeem Shares in the Company often implies that any such subscription or redemption requests are aggregated on behalf of several investors at the level of the intermediary who then appears in the shareholders' register. Therefore, investors should note that their rights may be affected when compensation is paid out in case of errors/non-compliance at the level of the Company, or a subfund thereof.

#### **17.1. APPLICATION AND CONFIRMATION**

- (a) In the case of joint applicants, the Company is authorised to accept instructions relating to voting rights, transfers and redemptions from the first-named applicant in the application and, where the Shares are distributing Shares, to make payment to the first-named applicant in the application unless it receives instructions to the contrary.
- (b) A legal entity must submit its application under its own name or through an authorised member of the Company, whose authority must be demonstrated.
- (c) If an application or confirmation is signed by a person with power of attorney, the power of attorney must be included with the application.
- (d) Notwithstanding (a), (b) and (c), an application may be accepted if it is signed by a bank or on behalf of or apparently on behalf of another natural person or legal entity.
- (e) If an application is received in which it is not clear whether the application is for distributing or accumulating Shares, the Company will automatically issue accumulating Shares.
- (f) Additional information for Investors in Italy: If not excluded by local provisions, subscription of shares may also be validated by means other than by a signed subscription form. This may be done by an intermediary providing investment services under a written contract, in the name and on behalf of the investor, or in his own name and for the account of the investor.

#### **17.2. GENERAL**

Once the subscription application has been executed, an order confirmation is issued, which is sent to the shareholder no later than one day after execution of the order at the address quoted by the applicant(s) on the application form (or to the first-named applicant in the case of joint applicants).

The Company retains the right to reject applications or to accept them only in part.

If an application is rejected in full or in part, the subscription amount or the corresponding balance is transferred to the first-named applicant at the risk of the authorised person(s)/organisation(s) within thirty (30) days of the decision of non-acceptance. The Company retains the right to withhold any overpaid subscription amount until the final account is issued.

In addition, the Company or the Management Company may refuse to accept new applications from new shareholders for a specific period if this is in the interests of the Company and/or shareholders, including situations where the Company or a Subfund have reached a size such that they can no longer make suitable investments.

Subscriptions and redemptions are made for investment purposes only. Neither the Company nor Management Company nor SSB-LUX will permit arbitrage techniques, such as market timing, late trading or any other

excessive trading practices. Such practices may be detrimental to the performance of the Company or the Subfunds, thereby interfering with the management of the portfolio. To minimise these negative consequences, SSB-LUX and the Company and the Management Company may refuse subscription and switching applications from investors whom they believe to be carrying out, or to have carried out, such practices or whose practices would adversely affect the other shareholders.

Market timing is the arbitrage method whereby the investor systematically subscribes, exchanges or redeems shares of a Subfund within a short period of time, taking advantage of time shifts and/or shortcomings or deficiencies in the calculation system of the net asset value of the Subfund.

Late trading means the purchase or sale of shares after the close of trading at a fixed or foreseeable closing price. In any event, the Management Company will ensure that the issue of shares is settled on the basis of a share value previously unknown to the investor. If, however, there is a suspicion that an investor is engaged in late trading, the Management Company may refuse to accept the subscription application until the applicant has dispelled any doubts regarding his subscription application.

The Company or the Management Company may also compulsorily redeem the Shares of a shareholder engaging in or having engaged in such practices. It shall not be liable for any gain or loss resulting from such rejected applications or compulsory redemptions.

### 17.3. PROCEDURES FOR COMBATING MONEY LAUNDERING

In accordance with international standards and Luxembourg laws and regulations, certain obligations have been imposed on the Company to prevent possible money laundering or terrorist financing. Under these provisions, the Company has required the Management Company to verify the identity of the Company's clients and to conduct ongoing client checks in accordance with Luxembourg laws and regulations. In order to fulfil this requirement, the Management Company may request information and any supporting documentation it deems necessary. This includes information on beneficial ownership and the origin of funds and assets. In any case, the Management Company may at any time request additional documentation in order to comply with applicable legal and regulatory requirements. If a client fails to provide the required documents in a timely manner or at all, a subscription application or, where applicable, a redemption application or an application for another transaction will be rejected. Neither the Company nor the Management Company shall be held liable for any delay or non-execution of transactions resulting from the Client's failure to submit information and/or documents in a timely manner or at all.

## 18. REDEMPTION OF SHARES

### GENERAL INFORMATION ON REDEMPTION

Applications for redemption received by the Company (attn. SSB-LUX, registrar and transfer agent, 49, Avenue J.F. Kennedy, L-1855 Luxembourg) or directly by SSB-LUX no later than 15:00 local time (the "**Cut-Off Time**") are treated at the Redemption Price of the following valuation day. To ensure punctual forwarding to SSB-LUX, applications placed with Distributors in Luxembourg or abroad may be subject to earlier cut-off times for the delivery of redemption applications. These times can be obtained from the Distributor concerned.

The Company or the Management Company may set different cut-off times for certain groups of shareholders, for example, for shareholders in countries in which this is justified by a different time zone. If such times are set, the valid cut-off time must as a matter of principle be earlier than the time at which the net asset value in question is calculated. Different cut-off times may be agreed separately either with the countries concerned or be published in an Annex to the full Prospectus or another marketing document used in the countries concerned.

Hence, Shares are redeemed for an unknown net asset value (forward pricing).

A correctly submitted application for redemption is irrevocable, except in the case of and during the period of a suspension or postponement of redemptions.

Applications for redemption received after the time specified above are processed one valuation day later unless the Company, in receipt of applications for redemption corresponding to more than 10% of the net asset value of the relevant Subfund, decides to postpone all redemptions for a period not exceeding seven successive valuation days. Once the redemption application has been executed, an order confirmation is issued, which is sent to the shareholder no later than one day after execution of the order.

Payments are normally made in the currency of the relevant Subfund or, if applicable, in the currency of the Share Category in question, within five (5) bank business days in Luxembourg after the later of the valuation day concerned.

The value of Shares at the time of redemption may be higher or lower than their purchase price depending on the market value of the assets of the Company or of the particular Subfund at the time of purchase/redemption. All redeemed Shares are cancelled.

#### REDEMPTION PRICE

The price for each Share tendered for redemption ("**Redemption Price**") is based on the net asset value per Share of the relevant Subfund valid on the valuation day; it is calculated or rounded to two digits after the comma. It is a prerequisite for the calculation of the Redemption Price on the valuation day that the Company must have received the redemption application.

In the event that under exceptional circumstances applications for redemption give rise to a situation in which one or more assets of the Subfund concerned have to be sold below their value, the Board of Directors of the Company may decide that the difference in amount between the actual value and the selling value obtained (the so-called "spread") be debited proportionally to the applicant making the request concerned and be credited to the Subfund. The amount to be debited may be determined by the Board of Directors using the discretion required by its duty and taking into account the interests of all shareholders. Correspondingly, shareholders must be informed of any measures taken.

#### REDEMPTION FEE

If no selling fee has been charged (no-load"), the Distributor is entitled to charge a redemption fee of up to 2% of the relevant net asset value per Share.

#### CONTINGENT DEFERRED SALES CHARGE

No redemption fee is payable on "K", "Ka" and "Km" Share categories. Instead a contingent deferred sales charge ("**CDSC**") may be payable to the Distributors, Management Company or such other party as the Management Company may from time to time appoint. Where "K", "Ka" and "Km" Shares are redeemed within 3 years of the date of their issue, the redemption proceeds will be subject to a CDSC at the rates set out in the table below:

| Years since purchase           | Applicable rate of CDSC |
|--------------------------------|-------------------------|
| Up to 1 year                   | 3%                      |
| Over 1 year and up to 2 years  | 2%                      |
| Over 2 years and up to 3 years | 1%                      |
| Over 3 years                   | 0%                      |

The applicable CDSC rate will be calculated on the basis of the total period during which the Shares submitted for redemption (including the "K", "Ka" and "Km" Share categories from which they are derived (if applicable) as a result of conversion from another Subfund) were in circulation. If a Shareholder holds "K", "Ka" and "Km" Class Shares subscribed and issued at different times, the applicable CDSC rate will depend on which Shares are to be redeemed in accordance with the Shareholder's instructions.

The amount of CDSC per Share category will be calculated in the relevant dealing currency of the "K", "Ka" and "Km" Share categories to be redeemed by multiplying the relevant percentage rate, as determined above, by the Net Asset Value per Share on the date of the original issue of the "K", "Ka", and "Km" Share categories to be

redeemed or the "K", "Ka" and "Km" Share Class of any other Subfund from which such Share categories have been converted, if applicable.

No redemption fee is payable for the "K", "Ka" and "Km" Share categories. However, if such Share categories are instead redeemed within 3 years of purchase, the redemption proceeds of such Shares will be subject to a CDSC at the above rates. After 3 years from the original subscription date of "K", "Ka" and "Km" Share categories, these Share Classes must be automatically converted into the corresponding "E", "Ea" and "Em" Share categories within the same Subfund. This process is free of charge. In certain jurisdictions this conversion may result in tax liabilities for shareholders. Shareholders should therefore consult their tax advisor for information on their personal tax liability situation.

#### **REDEMPTION-IN-KIND**

In special cases, the Company's Board of Directors may decide to pay the redemption proceeds to a shareholder on request by or with approval of a shareholder in the form of a full or partial payment in kind. It must be ensured that all shareholders are treated equally, and the auditor of the Company's annual report must independently confirm the valuation of the payment in kind.

#### **REDEMPTION DEFERRAL**

The Company is not obliged to redeem more than 10% of the currently issued Shares in a Subfund on one valuation day or within a period of seven (7) successive valuation days. For the purposes of this provision, the switching of Shares of a Subfund is deemed to constitute the redemption of the Shares. If, on any valuation day or over a period of seven (7) consecutive valuation days, the number of Shares for which redemption is requested is greater than indicated above, the Company may postpone the redemptions until the seventh valuation day thereafter. Such applications for redemption will take precedence over applications received subsequently.

If the calculation of the net asset value is suspended or redemption is postponed, Shares offered for redemption will be redeemed on the next valuation day after the suspension of valuation or the postponement of redemption has ended at the net asset value applying on that day, unless the redemption request has previously been revoked in writing.

#### **LIQUIDATION OF SUBFUNDS**

If, during a period of sixty (60) consecutive days, the total net asset value of all outstanding Shares of the Company is less than twenty-five million Swiss francs (CHF 25 million) or the equivalent in another currency, the Company may inform all shareholders in writing within three (3) months of any such situation that, following requisite notification, all Shares will be redeemed at the prevailing net asset value on the defined valuation day.

If, during a period of sixty (60) consecutive days, the net asset value of a Subfund, for whatever reason, falls below ten (10) million Swiss francs (CHF million) or the equivalent in another Subfund currency, or if the Board of Directors deems it necessary because of changes in the economic or political circumstances that affect the Subfund, or if it is in the interest of the shareholders, the Board of Directors may redeem all, but not some, of the Shares of the Subfund concerned on the valuation day defined for this purpose at a Redemption Price which reflects the estimated realisation and liquidation costs for closure of the Subfund concerned, without applying any other redemption fee. The liquidation of a Subfund associated with the compulsory redemption of all affected Shares for reasons not relating to the minimum volume of its net asset value, or as a result of changes in economic or political circumstances which have a bearing on the Subfund in question, may only be carried out with the prior agreement of the shareholders in the Subfund to be liquidated at a meeting of shareholders of the Subfund in question, convened in accordance with the regulations. Such resolution may be passed with no quorum requirement and with a majority of 50% of Shares present/represented.

Any liquidation proceeds which could not be paid out to the shareholders after a Subfund has been liquidated will be deposited with the *Caisse de Consignation* in Luxembourg in accordance with Article 146 of the 2010 Law in favour of the entitled person or persons and are subject to a thirty (30) year expiration period.

**MERGING OF SUBFUNDS**

Furthermore, the Board of Directors may, after having notified the shareholders concerned in advance in the manner required by law, merge a Subfund with another Subfund of the Company or with another UCITS in accordance with directive 2009/65/EC, or with a Subfund within such other UCITS.

A merger resolved by the Board of Directors, and which is to be carried out in accordance with the provisions of section 8 of the 2010 Law is binding on the shareholders of the Subfund concerned upon expiry of a 30-day period running from the corresponding notification of the shareholders concerned. During the period, the shareholders may return their Shares redeemed by the Subfund to the Company with no redemption fee, with the exception of the amounts retained by the Company to cover the costs connected with disinvestments. The above-mentioned period shall end five (5) banking days prior to the valuation day that is determining for the merger.

A merger of one or more Subfunds as a result of which the SICAV ceases to exist must be resolved by the general meeting and be recorded by the notary public. No quorum is necessary for such resolutions and a simple majority of the shareholders present or represented shall suffice.

**MERGER OR CLOSURE OF SHARE CATEGORIES**

Furthermore, the Board of Directors may, after having notified the shareholders concerned in advance, close or merge a Share Category with another Share Category of the Company. A merger of Share Categories is effected on the basis of the net asset value on the valuation day that is determining for the merger and is confirmed by the auditor of the Company's annual financial statements.

**19. SWITCHING OF SHARES**

Shareholders in each Subfund are entitled to switch some or all their Shares for Shares in another Subfund on a valuation day which is applicable for both Subfunds as well as for Shares in another Share Category within a Subfund. All the qualification prerequisites and minimum subscription amounts ("**Minimum Switching Value**") and the other conditions applicable to the original Share Category or the new Share Category shall apply for the Distributors and/or shareholders effecting a switch. The Company's Board of Directors may at its discretion accept initial switching applications for an amount lower than the stated minimum switching amount.

To do this, a written application must be submitted directly to the Company, SSB-LUX, registrar and transfer agent, 49, Avenue J.F. Kennedy, L-1855 Luxembourg, or to a Distributor. The application must contain the following information: The number of Shares of the Subfund to be switched or the Share Categories to be switched as well as new Subfunds or Share Categories and the value ratio according to which the Shares in one or more Subfunds or in each Share Category are to be divided if more than one new Subfund or Share Category should be replaced. In addition, the provisions relating to the cut-off time and forward pricing (see the sections "Issue of Shares / Application procedure" and "Redemption of Shares") must be observed.

The switching is based on the applicable net asset value per Share of the Subfund in question. The Company applies the following formula to calculate the number of Shares into which the shareholder would like to convert his holding:

$$A = \frac{[(B \times C) - E] \times F}{D}$$

where:

- A = Number of Shares to be issued in the new Subfund;
- B = Number of Shares in the Subfund originally held;
- C = Redemption Price per Share of the Subfund originally held, less any selling costs;
- D = Issue Price per Share of the new Subfund, plus reinvestment costs;

- E = Switching fee, if any (max. 1% of net asset value) – whereby comparable switching requests on the same day are charged the same switching fee;
- F = exchange rate; if the old and new Subfunds have the same currency, the exchange rate is 1.

The Company will inform the affected shareholders of details relating to the switch and will issue new acknowledgements.

**“K”, “KA” AND “KM”-SHARES**

Shareholders may convert all or part of their shares of categories "K", "Ka" and "Km" into shares of other categories "K", "Ka" and "Km" of another Subfund, if available. Such conversions are not subject to the payment of a CDSC; instead, the remaining CDSC will be transferred to the new Share category. Except in the cases mentioned above and unless expressly authorised by the Management Company, no other conversions into or out of the share categories "K", "Ka" and "Km" of the Subfund are permitted.

## 20. DIVIDENDS

The Board of Directors proposes to the general meeting of shareholders a reasonable dividend payment for the distributing Shares in the Subfund, ensuring that the net asset value does not fall below the minimum of 1,250,000 Euro. Subject to the same limitation regarding the net asset value, the Board of Directors may also fix interim dividends.

In the case of accumulating Shares, no dividend payments are made. Instead, the values allocated to the accumulating Shares are reinvested for the benefit of the shareholders holding them.

The determined dividends are published on [www.funds.gam.com](http://www.funds.gam.com) and as the case may be in other media designated by the Company from time to time.

The annual distributions for the distributing A, An, Ca, Cm, Ea, Em, Ia, Ja, Ka, Km, Ma, Na, Ra, Sa, Tm, Va and Xa-Shares take place, in principle, within one month from the fixing of the dividend in the currency of the respective Subfund or respective Share Category concerned.

For the distributing Cm, Em, Km and Tm shares a regular interim dividend is planned in the currency of the respective Subfund or in that of the respective Share Category; it is to be paid, in principle, monthly in the currency of the Subfund or in that of the respective Share Category.

Dividends for distributing registered Shares will be paid to the investors entered in the Company's book of registered shareholders. Further details with regards to dividends for distributing bearer Shares are outlined in the section 15 "Description of Shares".

Claims for dividends which have not been asserted within five (5) years from distribution shall forfeit and revert to the Subfund in question.

## 21. CALCULATION OF NET ASSET VALUE

The net asset value of a Subfund and the net asset value of the Shares (as defined in the section "Description of Shares") issued in the Subfund and, if applicable, any Share Categories with a currency different from the currency of the Subfund, are determined in the relevant currency on every valuation day – as defined below – apart from in the cases of suspension described in the section "Suspension of calculation of net asset value, and of the issue, redemption and switching of Shares". The valuation day for each Subfund will be each bank business day in Luxembourg which is not a normal public holiday for the stock exchanges or other markets which represent the basis for valuation of a major part of the net assets of the corresponding Subfund, as determined by the Company. The total net asset value of a Subfund represents the market value of its assets less its liabilities (the **"Assets of the Subfunds"**). The net asset value of a Share of a Share Category is determined by dividing the total amount of all Assets of the Subfunds allocated to this Share Category, minus all liabilities allocated to this Share Category, by the number of outstanding Shares of the same Share Category. The net

asset values of the Subfunds are calculated in accordance with the valuation regulations and guidelines laid down in the articles of association and issued by the Board of Directors.

The valuation of securities held by a Subfund and listed on a stock exchange or on another Regulated Market is based on the last known listing price on the principal market on which the securities are traded, using a procedure for determining prices accepted by the Board of Directors.

The valuation of securities whose listing price is not representative and all other eligible assets (including securities not listed on a stock exchange or traded on a Regulated Market) is based on their probable realisation price determined with care and in good faith by or, if applicable, under the supervision of the Board of Directors.

The securities of a Subfund may also be valued as follows:

- (i) at mid prices; provided that the valuation rules are applied consistently to each Subfund for the duration of its existence;
- (ii) at the bid and offer prices at the cut-off time if bid and offer prices are used to establish the prices at which Shares are issued and redeemed; or
- (iii) at the quoted bid prices if the value of all redemption requests received on a trading day exceeds the value of all subscription requests received for that trading day, or at the quoted offer price if the value of all subscription requests received on a trading day exceeds the value of all redemption requests received for that trading day, in order in any case to maintain the value of the Shares of the existing shareholders.

With regards to co-managed Subfunds, as described in the section "Co-management", it is at the discretion of the management company, the extent to which the valuation options as described above shall be applied.

The valuation rule for securities as described above currently applies for the following Subfunds: ABS and EMERGING BOND.

Shareholders will be informed via the website [www.funds.gam.com](http://www.funds.gam.com), in case the Company shall make use of above-mentioned valuation rule for securities with regards to Subfunds which were not yet set up by the time of publication of the present Prospectus.

All assets and liabilities in a currency other than that of the Subfund in question are converted using the exchange rate determined at the time of valuation.

The net asset value determined per Share in a Subfund is considered final and binding once it is confirmed by the Board of Directors or an authorised member of the Board of Directors/authorised representative of the Board of Directors, except in the case of a manifest error.

In its annual reports, the Company must include audited consolidated annual reports for all Subfunds in Swiss Francs.

If, in the opinion of the Board of Directors, and as a result of particular circumstances, the calculation of the net asset value of a Subfund in the applicable currency is either not reasonably possible or is disadvantageous for the shareholders in the Company, the calculation of the net asset value, the Issue Price and the Redemption Price may temporarily be carried out in another currency.

Valuation of the derivatives and structured products used in any of the Subfunds is performed on a regular basis by use of the *mark-to-market* principle, in other words at the last available price.

## **22. SUSPENSION OF CALCULATION OF NET ASSET VALUE, AND OF THE ISSUE, REDEMPTION AND SWITCHING OF SHARES**

The Company may temporarily suspend the calculation of the net asset value of each Subfund and the issue, redemption and switching of Shares of a Subfund in the following circumstances:

- (a) where one or more stock exchanges or other markets which are the basis for valuing a significant part of the net asset value are closed (apart from on normal public holidays), or where trading is suspended;
- (b) where in the opinion of the Board of Directors of the Company it is impossible to sell or to value assets as a result of particular circumstances;
- (c) where the communication technology normally used in determining the price of a security of the Subfund fails or provides only partial functionality;
- (d) where the transfer of moneys for the purchase or sale of investments of the Company is impossible;
- (e) in the event of a merger of a Subfund with another Subfund or with another UCI (or a Subfund thereof), if this appears justified for the purpose of protecting the shareholders;
- (f) if, owing to unforeseeable circumstances, a large volume of redemption applications has been received and, as a result, the interests of the shareholders remaining in the Subfund are endangered in the opinion of the Board of Directors; or
- (g) in the case of a resolution to liquidate the Company: on or after the date of publication of the first calling of a general meeting of shareholders for the purpose of such resolution.

The Company's articles of association provide that the Company must immediately suspend the issue and switching of Shares when an event resulting in liquidation occurs or such is required by the CSSF. Shareholders having offered their Shares for redemption will be notified of any suspension in writing within seven (7) days, and of the ending of suspension immediately.

## 23. FEES AND COSTS

### FEE STRUCTURE

For the activity of the Management Company, the Depositary Bank, the central administration agent, the principal paying agent, the registrar and transfer agent, the Investment Manager or Investment Adviser, the paying agents, the representatives and Distributors (if applicable), as well as for additional advisory services and support activities, fees and, where applicable, additional costs will be charged to the respective Subfunds.

The fees are calculated on each valuation day and are payable monthly in arrears.

### MANAGEMENT FEE

The Management Fee ("**Management Fee**") serves as remuneration (a) for the Investment Managers and/or investment advisors and (b) for Distributors, together in each case with associated support services. All or part of the Management Fee may be paid to Distributors, placement agents and similar financial intermediaries as commission, retrocession or rebate.

The Management Fee may be charged by the Management Company at different rates for individual Subfunds and/or share categories within a given Subfund or may be waived in full. The annual maximum Management Fee is shown in the table below.

### SERVICING FEE

In addition, a servicing fee ("**Servicing Fee**") will be debited by the Management Company to each Subfund and/or share category. The Servicing Fee constitutes remuneration for the following services rendered by the Management Company or its appointees and delegates:

- **CUSTODY AND ADMINISTRATION SERVICES:** Business activities in accordance with custody and sub-custody services, registrar and transfer agency, central administration (fund administration, fund accounting), principal paying agency;

- **OPERATIONAL MANAGEMENT:** Remuneration of the Management Company for the operational management and supervision of the business activities of the Company; Risk Management; remuneration and expenses of the Board of Directors of the Company; expenses in relation to the convening of general meetings of shareholders; notary fees;
- **SALES AND MARKETING:** Sales and marketing expenses, further distribution support, licence fees;
- **REGULATORY:** Public charges: taxes (particularly the *taxe d'abonnement*); mandatory fund documents (Prospectus, KIID, annual and semi-annual reports); auditing fees; costs associated with registration and reporting to supervisory authorities in different distribution countries; listing fees; publication costs for NAVs and corporate actions;
- **OTHER SERVICES:** Legal and tax services; paying agents and representatives; insurance premiums; and any other costs incurred by the Management Company on behalf of the Company.

The Servicing Fee may be charged by the Management Company at different rates for individual Subfunds and/or share categories within a given Subfund or may be waived in full. The annual maximum Servicing Fee is shown in the table below.

Both, Management Fee and the Servicing Fee, will be calculated on the basis of the net asset value of the respective Subfund and/or share category and debited to such Subfund and/or such share category on each Valuation Day (as defined in the section "Calculation of net asset value"), and will be payable monthly in arrears.

The Management Fee and the Servicing Fee together constitute the Total Expense Ratio (TER) of the respective Subfund and/or share category.

As shown in the table below, the Management Fee and the Servicing are both capped. Any costs exceeding this cap are borne by GAM Investment Management Switzerland.

| Subfunds      | MAXIMUM FEE****) P.A. IN % OF THE NET ASSET VALUE (NAV) |                |               |                           |
|---------------|---------------------------------------------------------|----------------|---------------|---------------------------|
|               | SHARE CATEGORY                                          | MANAGEMENT FEE | SERVICING FEE | TOTAL EXPENSE RATIO (TER) |
| ABS           | A/B                                                     | 0.55%          | 0.60%         | 1.15%                     |
|               | C/Ca/Cm**)                                              | 0.35%          | 0.40%         | 0.70%                     |
|               | E/Em /Tm*)                                              | 1.00%          | 0.60%         | 1.60%                     |
|               | G**/Z***                                                | 0.00%          | 0.10%         | 0.10%                     |
|               | I/Ia**)                                                 | tbd*****)      | 0.40%         | tbd*****)                 |
|               | J/Ja**)                                                 | tbd*****)      | tbd*****)     | tbd*****)                 |
|               | R/Ra**)                                                 | 0.45%          | 0.34%         | 0.74%                     |
|               | S/Sa**)                                                 | 0.35%          | 0.40%         | 0.70%                     |
|               | V/Va                                                    | tbd*****)      | 0,60%         | tbd*****)                 |
|               | X/Xa                                                    | tbd*****)      | 0,60%         | tbd*****)                 |
| EMERGING BOND | A/B                                                     | 1.40%          | 0.40%         | 1.70%                     |
|               | C/Ca/Cm**)                                              | 0.80%          | 0.45%         | 1.15%                     |
|               | E/Em /Tm*)                                              | 1.90%          | 0.40%         | 2.20%                     |
|               | G**/Z***                                                | 0.00%          | 0.10%         | 0.10%                     |
|               | I/Ia**)                                                 | tbd*****)      | 0.45%         | tbd*****)                 |
|               | J/Ja**)                                                 | tbd*****)      | tbd*****)     | tbd*****)                 |
|               | R/Ra**)                                                 | 0.80%          | 0.45%         | 1.15%                     |
|               | S/Sa**)                                                 | 0.80%          | 0.45%         | 1.15%                     |

# PROSPECTUS

| Subfunds                | MAXIMUM FEE****) P.A. IN % OF THE NET ASSET VALUE (NAV) |                |               |                           |
|-------------------------|---------------------------------------------------------|----------------|---------------|---------------------------|
|                         | SHARE CATEGORY                                          | MANAGEMENT FEE | SERVICING FEE | TOTAL EXPENSE RATIO (TER) |
|                         | V/Va                                                    | tbd*****)      | 0,40%         | tbd*****)                 |
|                         | X/Xa                                                    | tbd*****)      | 0,40%         | tbd*****)                 |
| LOCAL EMERGING BOND     | A/B                                                     | 1.40%          | 0.57%         | 1.97%                     |
|                         | C/Ca/Cm**)                                              | 0.80%          | 0.62%         | 1.42%                     |
|                         | E/Ea/Em/Tm*)                                            | 1.90%          | 0.57%         | 2.47%                     |
|                         | G**/Z***                                                | 0.00%          | 0.10%         | 0.10%                     |
|                         | I/Ia**)                                                 | tbd*****)      | 0.62%         | tbd*****)                 |
|                         | J/Ja**)                                                 | tbd*****)      | tbd*****)     | tbd*****)                 |
|                         | K/Ka/Km*****)                                           | 2.60%          | 0.57%         | 3.17%                     |
|                         | R/Ra**)                                                 | 0.90%          | 0.57%         | 1.47%                     |
|                         | S/Sa**)                                                 | 0.80%          | 0.62%         | 1.42%                     |
|                         | V/Va                                                    | tbd*****)      | 0,57%         | tbd*****)                 |
|                         | X/Xa                                                    | tbd*****)      | 0,57%         | tbd*****)                 |
|                         |                                                         |                |               |                           |
| ESG LOCAL EMERGING BOND | A/B                                                     | 1.40%          | 0.60%         | 2.00%                     |
|                         | C/Ca/Cm**)                                              | 0.80%          | 0.60%         | 1.40%                     |
|                         | E/Ea/Em/Tm*)                                            | 1.90%          | 0.60%         | 2.50%                     |
|                         | G**/Z***                                                | 0.00%          | 0.10%         | 0.10%                     |
|                         | I/Ia**)                                                 | tbd*****)      | tbd*****)     | tbd*****)                 |
|                         | J/Ja**)                                                 | tbd*****)      | tbd*****)     | tbd*****)                 |
|                         | K/Ka/Km*****)                                           | tbd*****)      | tbd*****)     | tbd*****)                 |
|                         | R/Ra**)                                                 | 0.80%          | 0.60%         | 1.40%                     |
|                         | S/Sa**)                                                 | tbd*****)      | tbd*****)     | tbd*****)                 |
|                         | V/Va                                                    | tbd*****)      | tbd*****)     | tbd*****)                 |
|                         | X/Xa                                                    | tbd*****)      | tbd*****)     | tbd*****)                 |
|                         |                                                         |                |               |                           |

\*) The Management Fee contains an additional distribution fee capped at 0.5% p.a. In the case of ABS, this additional distribution fee amounts to up to 0.45% p.a.

\*\*) Regarding the distribution, offering or holding of C, Ca, Cm I, Ia, J, Ja, G, La, M and Ma Shares, the Company will not pay any commission to Distributors for public distribution. Furthermore, regarding the distribution, offering or holding of R, Ra, S and Sa Shares, the intermediaries will not be paid any fees, commissions or any monetary or non-monetary benefits (except for minor non-monetary benefits) for distribution and intermediary services.

\*\*\*) Regarding the distribution, offering or holding of "Z" Shares, the Company will not pay any commission to Distributors for distribution services. The remuneration of the Investment Manager shall be made in the context of the asset management or investment advisory agreement, which must be concluded for the subscription of "Z" Shares (as described above in the section "Description of Shares").

\*\*\*\*) This percentage represents a maximum rate. The percentage rate effectively applied is reported in the annual and semi-annual reports of the Company.

\*\*\*\*\*) Further information concerning the fees and expenses of I, Ia, J, Ja, M, Ma, N, Na, V, Va, X and Xa Share Categories is available upon request from the Management Company.

\*\*\*\*\*) The Management Fee contains an additional distribution fee capped at 1.00% p.a. The Subfund pays to the Management Company a distribution fee (the "**Distribution Fee**") for Shares of "K", "Ka" and "Km" Share categories. The Management Company may at its absolute discretion and from time to time (which in certain circumstances may be daily) decide to vary such rate between the maximum and 0.0%. The Management Company may pay all or part of the Distribution Fee to certain Distributors for the services provided by them in relation to the distribution of the "K", "Ka" and "Km" Share categories.

#### INVESTMENTS IN TARGET FUNDS

Subfunds that may invest in other existing UCIs and UCITS ("**Target Funds**") as part of their investment policy can incur charges at the level of both the Target Fund and the Subfund. If on behalf of a Subfund Shares of Target Funds that are managed directly or indirectly by the Management Company, or by a company to which the latter is linked by common management or control or by an essential direct or indirect holding ("**Related Target Fund**"), are acquired, for the scope of such investments, the Company may not debit the investing Subfund for any sales or redemption fees charged by the Related Target Funds.

#### INCENTIVES

The Management Company, individual employees thereof or external service providers may under certain circumstances receive or grant pecuniary or other advantages which could be regarded as incentives. The principal provisions of the relevant agreements on fees, commissions and/or gratifications not offered or granted in pecuniary form are disclosed in summary form at the registered office of the Company. Details are available upon request from the Management Company.

## 24. TAXATION

The following summary is based on the law and the rules and regulations currently valid and applied in the Grand Duchy of Luxembourg, and which are subject to changes in the course of time. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to taxation. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### 24.1. COMPANY

#### LUXEMBOURG

The Company is subject to Luxembourg tax jurisdiction. Under Luxembourg law and the current practice, the Company is neither subject to income tax nor to any tax on capital gains in respect of realised or unrealised valuation profits, neither are distributions carried out by the Company currently subject to Luxembourg withholding tax. No taxes are payable in Luxembourg on the issue of Shares.

The Company is however subject to an annual subscription tax (*taxe d'abonnement*) of in principle 0.05% of the net asset value as valued at the end of each quarter, and which is payable quarterly. To the extent that parts of the Company's assets are invested in other Luxembourg UCITS and/or UCI which are subject to the tax, such parts are not taxed.

The net asset value corresponding to a Share Category for "institutional investors" within the meaning of Luxembourg tax legislation is subject to a reduced tax rate of 0.01% per annum, on the basis that the Company classifies the shareholders in this Share Category as institutional investors within the meaning of the tax legislation. This classification is based on the Company's understanding of the current legal situation. This legal

situation may change, even with retrospective effect, which may result in a subscription tax of 0.05% being applied, even with retrospective effect.

Other subscription tax reductions or exemptions provided by the 2010 Law could also apply under certain situations.

Management services (including portfolio/asset management services, administrative services, investment advisory services and risk management services) rendered to the Company and located in Luxembourg should in principle be VAT exempt. Such VAT exemption also applies to “outsourced” management/advisory services provided certain conditions are met. Given that the Company will be performing a VAT exempt activity, it will have no right to recover input VAT on services which do not qualify as management services or otherwise do not fall within any other categories of VAT exempt services (i.e. any such VAT incurred on costs will be a final cost) unless it performs an activity allowing for VAT recovery.

#### IN GENERAL

Capital gains and income from dividends, interest and interest payments which the Company generates from investments in other countries may be subject to different levels of non-recoverable withholding tax or capital gains tax. It is often not possible for the Company to take advantage of tax breaks due to existing double taxation agreements between Luxembourg and these countries or because of local regulations. Should this situation change in future and a lower tax rate result in tax refunds to the Company, the net asset value of the Company as at the original time the tax was withheld will not be recalculated; instead the repayments will be made indirectly pro rata to the existing shareholders at the time the refund is made.

## 24.2. SHAREHOLDERS

### LUXEMBOURG

Under Luxembourg law and current practice, shareholders are not subject to capital gains tax, income tax, gifts tax (except if a gift is made pursuant to a deed signed before a Luxembourg notary or is registered in Luxembourg), inheritance tax or other taxes (with the exception of shareholders domiciled or resident or having a permanent establishment in Luxembourg to which the Shares can be attributed).

#### AUTOMATIC EXCHANGE OF FINANCIAL INFORMATION IN THE FIELD OF TAXATION

Many countries, including Luxembourg and Switzerland, have already concluded agreements on the automatic exchange of information (“**AEOI**”) with regard to taxation or are considering concluding such agreements. To this end, a reporting standard has been coordinated within the OECD. This so-called common reporting standard (“**CRS**”) forms the framework for the exchange of financial information in the field of taxation between countries.

CRS obliges financial institutions to gather and, as the case may be, report information on financial assets which are kept under custody or administered across the border for taxpayers from countries and territories which participate in the AEOI. This information will be exchanged between the participating countries’ tax authorities. The member countries of the European Union have decided to implement the AEOI and CRS within the EU by means of Directive 2014/107/EU of the Council of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

Luxembourg has implemented Directive 2014/107/EU by enacting the Law of 18<sup>th</sup> December 2015 on the automatic exchange of information regarding financial accounts (the “**Financial Accounts Information Exchange Law**”) and substantiated by further regulations. Accordingly, in-scope Luxembourg financial institutions collect certain investor information relating to the holders of financial accounts (as well as, as the case may be, relating to persons controlling account holders) and may report this information relating to the reportable accounts to Luxembourg tax authorities. These reports will be transferred by the Luxembourg tax authorities to certain foreign tax authorities, in particular within the EU.

According to the assessment of the Board of Directors, the Company is subject to the Financial Accounts Information Exchange Law in Luxembourg. The Company has been classified as “reporting financial institution” (investment entity) according to the Financial Accounts Information Exchange Law. Therefore, the Company gathers and, as the case may be, reports information relating to account holders pursuant to the principles laid down above.

The Company reserves the right to refuse applications for the subscription of Shares or compulsorily redeem Shares if the information provided by the applicant or Shareholder does not meet the requirements of Directive 2014/107/EU and, respectively, of the Law on Financial Account Information Exchange. Moreover, to fulfil their obligations in Luxembourg under the Law on Financial Account Information Exchange and, respectively, under Directive 2014/107/EU, the Company, the Management Company or the nominees may require additional information of the investors in order to comply with their fiscal identification and, as the case may be, reporting duties.

Applicants and investors are made aware of the Company's duty to transmit information on reportable accounts and their holders as well as, as the case may be, of controlling individuals to the Luxembourg tax authorities, which, depending on the circumstances, may forward this information to certain tax authorities in other countries with which a treaty on the automatic exchange of information has been concluded.

The scope and application of the AEOI or CRS may vary from country to country and the applicable rules may change. It is the responsibility of investors to seek advice on taxes and other consequences (including on the exchange of tax information) which may result from the subscription, ownership, return (redemption), switching and transfer of Shares, as well as distributions, including any regulations regarding the control on the movement of capital.

#### **24.3. FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA") OF THE UNITED STATES OF AMERICA ("US")**

The US have introduced FATCA to obtain information with respect to foreign financial accounts and investments beneficially owned by certain US taxpayers.

In regard to the implementation of FATCA in Luxembourg, the Grand Duchy of Luxembourg has signed a Model 1 intergovernmental agreement with the US on 28 March 2014 (the "**Lux IGA**"), which has been transposed into Luxembourg legislation according to the terms of the Law of 24th July 2015 ("**Lux IGA Legislation**"). Under the terms of the Lux IGA, a Luxembourg resident financial institution ("**Lux FI**") will be obliged to comply with the provisions of the Lux IGA Legislation, rather than directly complying with the US Treasury Regulations implementing FATCA. A Lux FI that complies with the requirements of the Lux IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("**FATCA Withholding**"), provided the Lux FI properly certifies its FATCA status towards withholding agents.

The Board of Directors considered the Company to be a Lux FI that will need to comply with the requirements of the Lux IGA Legislation and classified the Company and its Subfunds as Sponsored Investment Entities under the Lux IGA. Sponsored Investment Entities qualify for a deemed-compliant status and constitute a Non-Reporting Lux FI under the Lux IGA.

For Sponsorship purposes under the Lux IGA, the Company appointed the Management Company as Sponsoring Entity, which registered in this capacity on the FATCA online registration portal of the US Internal Revenue Service ("**IRS**") and agreed to perform the due diligence, withholding, and FATCA reporting obligations on behalf of the Company ("**Sponsoring Entity Service**").

As determined in the Lux IGA, the Company retains the ultimately responsibility for ensuring that it complies with its obligations under the Lux IGA Legislation, notwithstanding the appointment of the Management Company to act as Sponsoring Entity to the Company.

In the performance of the Sponsoring Entity Service, the Management Company may use the assistance and contribution of sub-contractors, including the Company's Registrar and Transfer Agent.

Under the Lux IGA Legislation, the Management Company will be required to report to the Luxembourg Tax Authority certain holdings by and payments made to certain direct and indirect US investors in the Company, as well as investors that do not comply with the terms of FATCA or with an applicable Intergovernmental Agreement, on or after 1 July 2014 and under the terms of the Lux IGA, such information will be onward reported by the Luxembourg Tax Authority to the IRS.

Investors not holding investments in the Company directly as shareholders (i.e. legal holder of records) but via one or several nominees, including but not limited to Distributors, platforms, depositaries and other financial intermediaries ("**Nominees**"), should inquire with such Nominees in regard to their FATCA compliance in order to avoid FATCA information reporting and/ or potentially withholding.

Pursuant to their obligations under FATCA or under an applicable Intergovernmental Agreement with the US, the Company, the Management Company or the Nominees may request additional information from investors, to for example, either comply with FATCA information disclosure requirement and/ or potential withholding, or else abstain from action.

The Company reserves the right to refuse applications for the subscription of Shares or to impose a compulsory redemption of Shares if the information provided by the applicant or shareholder does not meet the requirements of the Company for the fulfilment of its obligations under the Lux IGA or the Lux IGA regulations.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA, and the applicable Intergovernmental Agreements may vary from country to country and is subject to review by the US, Luxembourg and other countries, and the applicable rules may change. Investors should contact their own tax or legal advisers regarding the application of FATCA to their particular circumstances.

#### **24.4. DAC 6**

Under DAC 6, advice given, and services rendered regarding cross-border tax planning arrangements that qualify as so-called Reportable Cross-border Arrangements (within the meaning of DAC 6) may need to be reported to the relevant tax authorities by intermediaries or by the taxpayer itself. The relevant tax authorities will thereafter automatically exchange this information within the EU through a centralised database. Any person that designs, markets, organises or makes available for implementation or manages the implementation of a cross-border arrangement is to be considered an intermediary.

The Company is not responsible for considering potential DAC 6 (or any CRS or other mandatory reporting) implications regarding the shareholders. Prospective investors must consult with their own advisors with respect to the consequences of investing in the Shares in the context of DAC 6 (or CRS or other mandatory reporting regime), as implemented from time to time in any jurisdictions that are relevant to them.

### **25. GENERAL MEETING OF SHAREHOLDERS AND REPORTING**

The annual general meeting of shareholders of the Company takes place in Luxembourg within six (6) months of the end of the financial year. If this day is not a bank business day in Luxembourg, the general meeting takes place on the following bank business day. Other extraordinary general meetings of shareholders of the Company or meetings of individual Subfunds or their Share Categories may be held in addition. Invitations to the general meeting of shareholders and other meetings are issued in accordance with Luxembourg law and the current articles of association. They contain information about the place and time of the general meeting, the requirements for attending, the agenda and, if necessary, the quorum requirements and majority requirements for resolutions. The invitation may in addition stipulate that the quorum and majority requirements are determined on the basis of the Shares which have been issued and are outstanding at 24.00 hours (Luxembourg time) on the fifth (5<sup>th</sup>) day preceding the general meeting. In this case a shareholder's rights to participate and vote at a general meeting are determined by the Shares he/she owns at that time.

The Company's financial year begins on 1 July and ends on 30 June of the following year. The annual financial report, which contains the Company's, respectively Subfund's, audited consolidated annual report, is available at the Company's registered office no later than fifteen (15) days before the annual general meeting. Un-audited semi-annual reports are available at the same place no later than two (2) months after the end of the half year in question. Copies of these reports may be obtained from the national representatives and from SSB-LUX.

### **26. APPLICABLE LAW, JURISDICTION**

Any legal disputes between the Company, the shareholders, the Depositary Bank, the Management Company, the principal paying and administrative agent, the registrar and transfer agent, the Investment Managers, the national representatives, and any distribution agents will be subject to the jurisdiction of the Grand Duchy of Luxembourg. The applicable law is Luxembourg law. However, the above entities may, in relation to claims from

shareholders from other countries, accept the jurisdiction of those countries in which Shares are offered and sold.

## 27. REMUNERATION POLICY

In accordance with Directive 2009/65/EC, as amended by Directive 2014/91/EU (together the “**UCITS Directive**”), the Management Company has implemented a remuneration policy pursuant to the principles laid down in Article 14(b) of the UCITS Directive. This remuneration policy is consistent with and promotes sound and effective risk management and discourages risk-taking that is inconsistent with the risk profile set up in the articles of association of the funds managed by the Management Company. The remuneration policy focuses on the control of risk-taking behaviour of senior management, risk takers, employees with control functions and employees receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Company and the Subfunds.

In line with the provisions of the UCITS Directive and the guidelines issued by ESMA, each of which may be amended from time to time, the Management Company applies its remuneration policy and practices in a manner which is proportionate to its size and that of the Company, its internal organisation and the nature, scope and complexity of its activities.

Entities of the GAM Group to which investment management activities have been delegated in accordance with Article 13 of the UCITS Directive are also subject to the requirements on remuneration under the relevant ESMA guidelines unless such entities and their relevant staff are subject to regulatory requirements on remuneration that are equally as effective as those imposed under the relevant ESMA guidelines.

This remuneration system is established in a remuneration policy, which fulfils following requirements:

- a) The remuneration policy is consistent with and promotes sound and effective risk management and discourages risk-taking behaviour.
- b) The remuneration policy is in line with the Company's strategy, objectives, values and interests of the Apex Group and it comprises measures to prevent conflicts of interest.
- c) The assessment of performance is set in a multi-year framework.
- d) Fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Further details relating to the current remuneration policy of the Apex Group are available on <https://www.fundrock.com/policies-and-compliance/remuneration-policy/>. This includes a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits as well as the identification of the members of the remuneration committee. A paper copy will be made available upon request and free of charge by the Management Company.

## 28. GENERAL CONFLICTS ASSOCIATED WITH THE COMPANY

GAM (which, for purposes of this “Conflicts of Interest” section, shall mean, collectively, GAM Holding AG, the GAM Investment Managers within the GAM Group and its affiliates, directors, partners, trustees, managers, members, executives and employees) provides investment services to institutions, intermediaries, private clients and charities from financial centres around the world. As such, GAM provides a wide range of financial services to a substantial and diversified client base. In those and other capacities, GAM advises clients in a wide variety of markets and transactions and purchases, sells, holds and recommends a broad array of investments (and may do so for its own accounts) and for the accounts of clients, through client accounts and the relationships and products it sponsors, manages and advises (such GAM or other client accounts (including the Company),

relationships and products collectively, the “**Accounts**”). GAM's activities and dealings may affect the Company in ways that may disadvantage or restrict the Subfund and/or benefit GAM or other Accounts.

The following are descriptions of certain conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that a GAM Investment Manager and GAM may have in transactions effected by, with, and on behalf of the Company.

**THE SALE OF SHARES AND THE ALLOCATION OF INVESTMENT OPPORTUNITIES, FINANCIAL AND OTHER INTERESTS MAY INCENTIVISE GAM TO PROMOTE THE SALE OF SHARES**

GAM and its personnel have interests in promoting sales of Shares in the Company, and the compensation from such sales may be greater than the compensation relating to sales of interests in other Accounts. Therefore, GAM and its personnel may have a financial interest in promoting Shares in the Subfund over interests in other Accounts.

The relevant GAM Investment Manager may simultaneously manage Accounts for which the GAM Investment Manager receives greater fees or other compensation (including performance-based fees or allocations) than they receive in respect of the Company. The simultaneous management of Accounts that pay greater fees or other compensation and the Company may create a conflict of interest as the GAM Investment Manager may have an incentive to favour Accounts with the potential to receive greater fees. For instance, the GAM Investment Manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibly greater fees from Accounts that pay performance-based fees. To address these types of conflicts, the GAM Investment Manager has adopted policies and procedures under which they will allocate investment opportunities in a manner that they believe is consistent with their regulatory and fiduciary obligations as a GAM Investment Manager.

**CONFLICTS ARISING FROM GAM'S FINANCIAL AND OTHER RELATIONSHIPS WITH INTERMEDIARIES**

GAM and the Company may make payments to financial intermediaries and to salespersons to promote the Company. These payments may be made out of GAM assets or amounts payable to GAM. These payments may create an incentive for such persons to highlight, feature or recommend the Company.

**ALLOCATION OF INVESTMENT OPPORTUNITIES AMONG THE COMPANY AND OTHER ACCOUNTS**

The relevant GAM Investment Manager may manage or advise multiple Accounts (including Accounts in which GAM and its personnel may have an interest) that have investment objectives that are similar to the Company and that may seek to make investments or sell investments in the same securities or other instruments, sectors or strategies as the Company. This may create potential conflicts, particularly in circumstances where the availability of such investment opportunities is limited (e.g., in local and emerging markets, high yield securities, fixed income securities, regulated industries, real estate assets, primary and secondary interests in alternative investment funds and initial public offerings/new issues) or where the liquidity of such investment opportunities is limited.

To address these potential conflicts, GAM has developed allocation policies and procedures that provide that GAM personnel making portfolio decisions for Accounts will make purchase and sale decisions for, and allocate investment opportunities among, Accounts consistent with the relevant GAM Investment Manager's fiduciary obligations. These policies and procedures may result in the pro rata allocation (on a basis determined by the relevant GAM Investment Manager) of limited opportunities across eligible Accounts managed by a particular portfolio management team, but in other cases the allocations may reflect other factors as described below. Accounts managed by different portfolio management teams may be viewed separately for allocation purposes. There will be cases where certain Accounts receive an allocation of an investment opportunity when the Company does not.

Allocation-related decisions for the Company and other Accounts may be made by reference to one or more factors, including without limitation: the Account's investment strategy or style, risk profile, objectives, guidelines and restrictions (including legal and regulatory restrictions affecting certain Accounts or affecting holdings across Accounts) and cash and liquidity considerations. The application of these considerations may cause differences in the performance of Accounts that have strategies similar to those of the Company. In addition, in some cases the GAM Investment Manager may make investment recommendations to Accounts where the Accounts make

investments independently of the GAM Investment Manager. In circumstances in which there is limited availability of an investment opportunity, if such Accounts invest in the investment opportunity prior to a Subfund, the availability of the investment opportunity for the relevant Subfund will be reduced irrespective of the GAM policies regarding allocation of investments.

The relevant GAM Investment Manager may, from time to time, develop and implement new trading strategies or seek to participate in new trading strategies and investment opportunities. These strategies and opportunities may not be employed in all Accounts or employed pro rata among Accounts where they are employed, even if the strategy or opportunity is consistent with the objectives of such Accounts.

#### **GAM AND THE GAM INVESTMENT MANAGER' ACTIVITIES ON BEHALF OF OTHER ACCOUNTS**

The GAM Investment Manager's decisions and actions on behalf of the relevant Subfund may differ from those on behalf of other Accounts. Advice given to, or investment or voting decisions made for, one or more Accounts may compete with, affect, differ from, conflict with, or involve timing different from, advice given to, or investment decisions made for the Company.

Transactions by such Accounts may involve the same or related securities or other instruments as those in which the Company invests and may negatively affect the Company or the prices or terms at which a Subfund's transactions may be effected. A Subfund and Accounts may also vote differently on or take or refrain from taking different actions with respect to the same security, which may be disadvantageous to the Subfund.

GAM, on behalf of one or more Accounts and in accordance with its management of such Accounts, may implement an investment decision or strategy ahead of, or contemporaneously with, or behind similar investment decisions or strategies made for the relevant Subfund. The relative timing for the implementation of investment decisions or strategies for Accounts, on the one hand, and the Company, on the other hand, may disadvantage the relevant Subfund. Certain factors, for example, market impact, liquidity constraints, or other circumstances, could result in the relevant Subfund receiving less favourable trading results or incurring increased costs associated with implementing such investment decisions or strategies, or being otherwise disadvantaged.

Subject to applicable law, the GAM Investment Manager may cause a Subfund to invest in securities or other obligations of companies affiliated with or advised by GAM or in which GAM or Accounts have an equity, debt or other interest, or to engage in investment transactions that may result in other Accounts being relieved of obligations or otherwise divested of investments, which may enhance the profitability of GAM's or other Accounts' investment in and activities with respect to such companies.

#### **GAM MAY ACT IN A CAPACITY OTHER THAN GAM INVESTMENT MANAGER TO THE SUBFUND PRINCIPAL AND CROSS TRANSACTIONS**

When permitted by applicable law and the GAM Investment Manager's policies, the GAM Investment Manager, acting on behalf of the relevant Subfund, may enter into transactions in securities and other instruments with or through GAM or in Accounts managed by the relevant GAM Investment Manager, and may cause the Subfund to engage in transactions in which GAM acts as principal on their own behalf (principal transactions) or advise both sides of a transaction (cross transactions). There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit the GAM Investment Manager's decision to engage in these transactions for the Company. GAM may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions and has developed policies and procedures in relation to such transactions and conflicts. Any Principal, or Cross Transactions will be effected in accordance with fiduciary requirements and applicable law.

Subject to applicable law, GAM or Accounts may also invest in or alongside the Company. Unless provided otherwise by agreement to the contrary, GAM or Accounts may redeem interests in the Company at any time without notice to shareholders or regard to the effect on the relevant Subfund's portfolio, which may be adverse.

#### **PROXY VOTING BY THE RELEVANT GAM INVESTMENT MANAGER**

The GAM Investment Manager has adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions that it makes on behalf of advisory clients, including the Company, and to help ensure that such decisions are made in accordance with its fiduciary obligations to its clients.

Notwithstanding such proxy voting policies and procedures, proxy voting decisions made by the relevant GAM Investment Manager with respect to securities held by the Subfund may benefit the interests of GAM and Accounts other than the Subfund.

**POTENTIAL LIMITATIONS AND RESTRICTIONS ON INVESTMENT OPPORTUNITIES AND ACTIVITIES OF GAM AND THE COMPANY**

The relevant GAM Investment Manager may restrict its investment decisions and activities on behalf of a Subfund in various circumstances, including as a result of applicable regulatory requirements, information held by GAM and GAM's internal policies. In addition, the GAM Investment Manager is not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions for the relevant Subfund.

**AGGREGATION OF TRADES BY THE GAM INVESTMENT MANAGER**

The GAM Investment Manager follows policies and procedures pursuant to which they may combine or aggregate purchase or sale orders for the same security for multiple Accounts (including Accounts in which GAM has an interest) (sometimes called "bunching"), so that the orders can be executed at the same time. The GAM Investment Manager aggregates orders when it considers doing so appropriate and in the interests of its clients generally. In addition, under certain circumstances trades for the relevant Subfund may be aggregated with Accounts in which GAM has an interest.

When an aggregated order is completely filled, the GAM Investment Manager generally will allocate the securities purchased or proceeds of sale pro rata among the participating Accounts, based on the purchase or sale order. If the order at a particular broker is filled at several different prices, through multiple trades, generally all participating Accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. There may be instances in which not all Accounts are charged the same commission or commission equivalent rates in a bunched or aggregated order.

Although it may do so in certain circumstances, the GAM Investment Manager generally does not bunch or aggregate orders for different Accounts (including the Company), or net buy and sell orders for the Company, if portfolio management decisions relating to the orders are made by separate portfolio management teams, if aggregating or netting is not appropriate or practicable from the relevant GAM Investment Manager's operational or other perspective, or if doing so would not be appropriate in light of applicable regulatory considerations.

The GAM Investment Manager may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for Accounts that are not aggregated and incur lower transaction costs on netted trades than trades that are not netted. Where transactions for the relevant Subfund are not aggregated with other orders, or not netted against orders for the Subfund, that Subfund may not benefit from a better price and lower commission rate or lower transaction cost.

**OTHER CONFLICTS OF INTERESTS**

Each of the Manager, any GAM Investment Manager and any Delegate Investment Manager may in the course of their business have conflicts of interest with the Company in circumstances other than those referred to above. The Manager, the relevant GAM Investment Manager and relevant Delegate Investment Manager will, however, have regard in such event to its obligations to act in the best interests of shareholders when undertaking any investment where conflicts of interest may arise and will seek to resolve such conflicts fairly. In the event that a conflict arises in relation to the allocation of investment opportunities, the Manager, the relevant GAM Investment Manager or the relevant Delegate Investment Manager will ensure that it is resolved fairly.

## **29. DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company in Luxembourg during normal business hours on business days in Luxembourg and at the offices of the respective national representatives during their business days:

- 1a) the investment management agreements, the fund administration agreement, the agreements with the Depositary Bank, the administrator and principal paying agent as well as the registrar and transfer agent. These agreements may be amended with the approval of both parties;
- 1b) the articles of association of the Company.

The following documents may be obtained free of charge on request:

- 2a) the currently valid Key Information Document and the full Prospectus;
- 2b) the most recent annual and semi-annual reports.

The articles of association, the Key Information Document, the full Prospectus, the remuneration policy of the GAM Group and the annual and semi-annual reports are also available on the website [www.funds.gam.com](http://www.funds.gam.com). For the avoidance of doubt, the remuneration policy of the Management Company is available on the website <https://www.fundrock.com/policies-and-compliance/remuneration-policy/>.

In the event of any contradictions between the documents mentioned in the German language and any translations, the German-language version shall apply. This shall be without prejudice to mandatory deviating regulations relating to distribution and marketing in jurisdictions in which Shares of the Company have been lawfully distributed.

### 30. DATA PROTECTION INFORMATION

Prospective investors should note that by completing the application form they are providing information to the Company, which may constitute personal data within the meaning of the Luxembourg Data Protection Act<sup>3</sup>. This data will be used for the purposes of client identification and the subscription process, administration, transfer agency, statistical analysis, market research and to comply with any applicable legal or regulatory requirements, disclosure to the Company (its delegates and agents) and, if an applicant's consent is given, for direct marketing purposes.

Data may be disclosed to third parties including:

- (a) regulatory bodies, tax authorities; and
- (b) delegates, advisers and service providers of the Company and their or the Company's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA which may not have the same data protection laws as in Luxembourg) for the purposes specified. For the avoidance of doubt, each service provider to the Company (including the Management Company, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies) may exchange the personal data, or information about the investors in the Company, which is held by it with another service provider to the Company.

Personal data will be obtained, held, used, disclosed and processed for any one of more of the purposes set out in the application form.

Investors have a right to obtain a copy of their personal data kept by the Company and the right to rectify any inaccuracies in personal data held by the Company. In accordance with the General Data Protection Regulation (EU 2016/679), investors will also have a right to be forgotten and a right to restrict or object to processing in a number of circumstances. In certain limited circumstances, a right to data portability may apply. Where investors give consent to the processing of personal data, this consent may be withdrawn at any time.

Personal data will not be kept longer than necessary for the purpose of the processing, subject to the applicable legal minimum retention periods.

#### **BENEFICIAL OWNERSHIP**

<sup>3</sup> "Data Protection Act"- the Act of 1 August 2018 on the organisation of the National Data Protection Commission and the general data protection framework in its amended or revised version, including the statutory provisions and regulations, which are issued and amended from time to time, as well as the General Data Protection Regulation (EU) 2016/679.

The Company may also request such information (including by means of statutory notices) as may be required for the maintenance of the Company's beneficial ownership register (the "**RBE**") in accordance with the law of 13 January 2019 establishing a Register of Beneficial Owners (the "**RBE Law**"), as well as the Grand-Ducal Regulations and the CSSF regulations and circulars thereon, as amended from time to time, and in accordance with the Luxembourg law of 12 November 2004 on the fight against money laundering. Such information includes, but is not limited to, first and last name, nationality, country of residence, home or business address, national identification number and information on the nature and extent of the Beneficial Ownership held by each Beneficial Owner in the Company. The Company is further required, *inter alia*, (i) to provide such information upon request to certain Luxembourg national authorities (including the CSSF, the *Commissariat aux Assurances*, the *Cellule de Renseignement Financier*, the Luxembourg tax authorities and other national authorities) and (ii) to register such information in a publicly accessible central RBE. Under the RBE Law, the Beneficial Owner is liable to prosecution if it fails to comply with its obligation to inform the Company of its status as Beneficial Owner. Further, the Company is liable to prosecution if it (i) fails to comply with the terms of a beneficial ownership notice or (ii) provides materially false information in response to such a notice or (iii) fails to keep the relevant information available at its registered office. Further details on the purpose of this processing, the various functions of the receivers of the investor's personal data, the categories of personal data concerned and the rights of the investor in relation to these personal data and any other information required under the Data Protection Act can be found in the Privacy Policy, which can be found at the following link: <https://www.fundrock.com/policies-and-compliance/privacy-policy/>.

### 31. ANNEX I – BENCHMARKS

| <b>GAM Multibond - Subfunds</b>  | <b>Benchmark</b>                                                                                                                                                                       |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ABS                              | Risk-free interest rate that varies by currency of the share class. Such as Euro-Short Term Rate (ESTR), Swiss Average Rate Overnight (SARON) (Exclusively for performance comparison) |
| EMERGING BOND*                   | JP Morgan Emerging Market Bond Index Global Diversified                                                                                                                                |
| <b>LOCAL EMERGING BOND</b>       | JP Morgan GBI-EM Global Diversified Composite (Exclusively for performance comparison)                                                                                                 |
| <b>ESG LOCAL EMERGING BOND *</b> | JP Morgan ESG GBI-EM Global Diversified                                                                                                                                                |

\*The benchmarks are mentioned in the respective investment policy (see Chapter 3)

The Company has established robust written plans outlining the measures it would take if the benchmarks were to change significantly or if they were no longer available. The relevant guidelines are available at the Company.

## 32.ANNEX II – PRE-CONTRACTUAL DISCLOSURE FOR THE FINANCIAL PRODUCTS REFERRED TO IN ARTICLE 8, PARAGRAPHS 1, 2 AND 2A, OF REGULATION (EU) 2019/2088 AND ARTICLE 6, FIRST PARAGRAPH OF REGULATION (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** GAM MULTIBOND - ESG LOCAL EMERGING BOND  
**Legal entity identifier:** 5493009ROLE31POD3P77

### Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?** *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☒ ☒ ☐ **Yes**

☐ ☒ ☒ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☐ **✗ promotes E/S characteristics, but will not make any sustainable investments**

### What environmental and/or social characteristics are promoted by this financial product?

GAM MULTIBOND - ESG LOCAL EMERGING BOND (the “**Financial Product**”) selects investments with reference to the J.P. Morgan ESG GBI-EM Global Diversified Index (“**ESG Index**”). The ESG Index uses ESG scores (the “**JESG Scores**”), based on ESG data from RepRisk, Sustainability and Climate Bonds Initiative (CBI), to determine eligibility and index weights.

The ESG Index provider considers key environmental and social factors as inputs into the JESG score relating to sovereign issuers, such as:

**Environmental:** energy and climate, natural disasters, and resource use.

**Social:** human rights abuses, impacts on communities, social discrimination, forced labour, child labour, societal stability, satisfaction of basic needs, health standards, and equal employment and education opportunity.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Annex.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus and Annex in detail to ensure that the sustainability profile of the Financial Product

reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Fund should take into account both the financial and non-financial characteristics of the Fund, as further described in the Prospectus.

Furthermore, investors' attention is drawn to the risk factors in the Prospectus, which should be considered before investing in the Fund.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

**What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The ESG Index Provider uses a proprietary methodology incorporating sustainability data from third party providers to calculate issuer scores. Further information on the third parties and indicators used can be viewed online at:

[<https://www.jpmorgan.com/content/dam/jpm/global/disclosures/us/girg-supplemental-disclosure.pdf>]

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product and will be reported on in the Financial Product's annual reporting.

**Investments per JESG band:** proportion of the Financial Product invested issuers within each JESG scoring band (Band 1 to 5).

**Principal Adverse Impacts:** In addition, the following indicators for adverse impacts, from Table 1 of Annex I of the SFDR Delegated Act, will be reported on as a minimum, to the extent they are indirectly incorporated in the JESG scoring methodology. This list may be expanded over time.

**GHG Intensity:** GHG intensity of investee countries

**Investee countries subject to social violations:** Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.

Reporting on the above indicators will rely on sustainability-related data and ratings. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Company may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Fund suffering losses (including loss of opportunity). Investors' attention is drawn to the GAM Investments Responsible Investment Policy for further details.

**What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Not applicable (the Financial Product does not claim to make sustainable investments)

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable (the Financial Product does not claim to make sustainable investments)

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

The Financial Product takes into account principal adverse impacts (**PAIs**), as detailed in Table 1, 2 and 3 of Annex 1 of the SFDR Delegated Act, to the extent the PAIs are also incorporated into the JESG scoring methodology.

The ESG Index reflects following Indicators considered applicable to investments in sovereigns in the following way:

- **GHG intensity of investee countries** – the JESG scoring methodology includes energy and climate factors such as carbon intensity, CO2 emission trend, coal use and renewable energy use as factors within the aggregate score.
- **Number of investee countries subject to social violations** – the JESG scoring methodology includes social violations as factors within the aggregate score.

More information about principal adverse impacts on sustainability factors are outlined in “GAM Principal Adverse Impacts Statement”, which can be found on the following website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing> and the ESG Index Provider methodology disclosure [<https://www.jpmorgan.com/content/dam/jpm/global/disclosures/us/girg-supplemental-disclosure.pdf>]

Ongoing monitoring of the indicators will be disclosed in the Financial Product’s annual report.



### What investment strategy does this financial product follow?

The Financial Product is actively managed and aims to outperform the ESG Index. The fundamental philosophy of the Financial Product is that some ESG factors are well understood by the market and are appropriately reflected in the relevant security prices, while other ESG factors are not. Those ESG factors which in the opinion of the Investment Manager are not, or not adequately, priced-in will be actively incorporated into the investment process of the Financial Product to increase the Financial Product’s risk-adjusted returns.

The Financial Product selects investments with reference to the ESG Index. The ESG Index is constructed to exclude issuers with poor ESG scores relative to the universe and to adjust constituents’ weights in line with their ESG scores.

The provider of the ESG Index calculates the ESG scores of all issuers within the sovereign universe by taking a simple average of the normalised Sustainalytics and RepRisk scores for each issuer and allocating a percentile rank (from 0 – 100). A three-month rolling average of the daily scores is then calculated to determine the JESG score.

Each issuer is assigned to one of five JESG Score bands depending on their JESG score. Band 1 issuers are the best ESG performers, with JESG Scores falling between 80 and 100. Band 5 issuers are the worst ESG performers, with JESG Scores falling between 0 and 20. Issuers within Band 5 are excluded from the JESG indices and are not eligible for re-entry until twelve months thereafter. The Financial Product will similarly not invest in issuers in Band 5.

Issuers within better-performing ESG Score Bands will receive higher allocations in the ESG Index relative to the J.P. Morgan GBI-EM Global Diversified Index (“**Baseline Index**”). The Investment Manager has a house view for its local emerging market bond strategy, which consists of active international allocations within the investable universe. The Investment Manager applies these investment views, in terms of over and/or under-weights, proportionately to the ESG Index. This means the Financial Product maintains an ESG tilt but may result in the Financial Product not reflecting the ESG Index weights.

The Financial Product may also include securities from other issuers not included in the ESG Index, provided they do not fall into Band 5 of the JESG scoring methodology. The JESG scoring methodology covers all sovereign issuers globally.

Further aspects of the invest strategy and investment restrictions are detailed in the Prospectus.

### What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

In this context, GAM understands “binding” to mean the inclusion of hard investment limits or processes in the portfolio.

The following elements contain hard investment limits:

- The financial product excludes debt instruments of issuers assigned to the lowest band (band 5) of the JESG rating methodology. In the event that an issuer is classified in Band 5 of the JESG Valuation Methodology, the Investment Manager of the Financial Product will determine how best to liquidate the position. The Investment Manager will refrain from investing in similar INVESTMENTS until the JESG score determined has improved.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

The following investment processes will be applied:

- Issuers that score higher in the ESG assessment methodologies will receive a higher allocation in the ESG Index than in the Underlying Index. The Investment Manager will, in line with its strategic house view, make active international allocations against the ESG Index as a reference benchmark, as described in the Investment Strategy section. This means that the Financial Product will maintain an ESG tilt relative to the Underlying Index, but this may result in the Financial Product not reflecting the ESG Index weighting.

For the avoidance of doubt, GAM excludes investments in the following companies as referred to in Article 12(1)(a) to (g) of Commission Delegated Regulation (EU) 2022/1288 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks:

- companies involved in any activities related to controversial weapons;
- companies involved in the cultivation and production of tobacco;
- companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels; and
- companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh.

#### **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The reduction in the scope of the investments is directly linked to the Index construction and will depend on the extent to which relevant issuers fall within Band 5. There is no minimum committed rate of reduction.

#### **What is the policy to assess good governance practices of the investee companies?**

In accordance with the European Commission Q&A on SFDR dated 17 May 2022, the good governance practices do not apply to government bonds. This Financial Product invests only in government bonds and, therefore, does not need to apply the requirements related to good governance under SFDR.

The ESG Index is constructed with the inclusion of governance factors that are deemed relevant to investments in government issuers.

#### **What is the asset allocation planned for this financial product?**

At least 80% of the Financial Product's investments are aligned to the environmental and social characteristics described in this Annex. The remaining investments include non-sovereign securities. The Investment Manager may include these investments to take advantage of investment opportunities, for diversification and liquidity management.

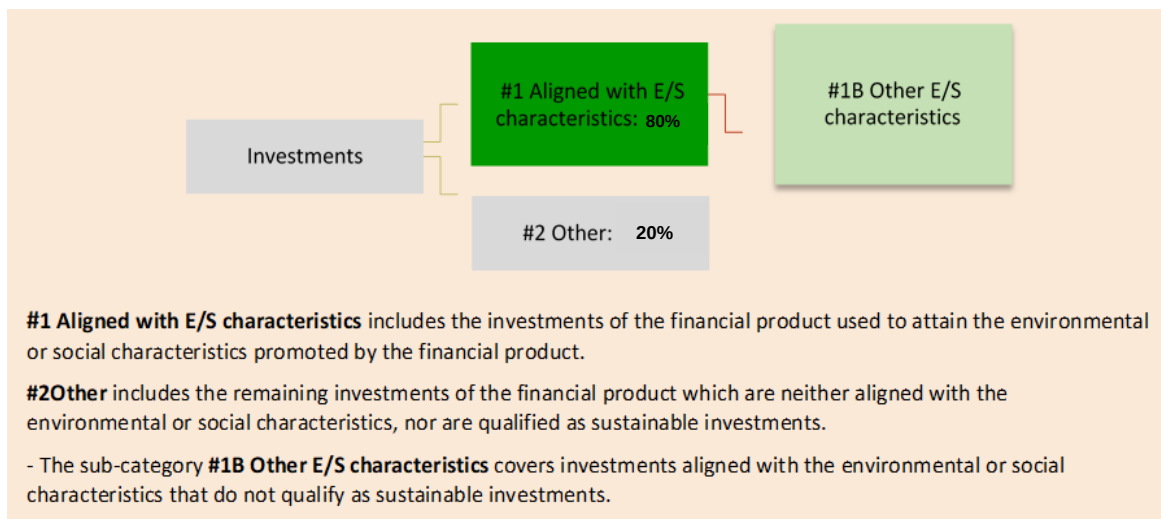
**Good governance**  
practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation**  
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



This target is expected to be met under normal conditions. There may be exceptional circumstances where the Investment Manager may increase the Financial Product's allocation to cash or other liquidity instruments. Full details and thresholds are provided in the relevant section of the Prospectus.

#### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Environmental or social characteristics are assessed based on the underlying exposure of a derivative. Where the underlying exposure of a derivative is an ineligible issuer, the derivative would not be eligible for inclusion in the Financial Product.



#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of "sustainable investments" within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product's portfolio alignment with such Taxonomy Regulation is not calculated.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

#### Does the financial product invest in EU tax compliant fossil gas and/or nuclear energy activities<sup>1</sup>?

- ☐ Yes:
- ☐ in fossil gas      ☐ in nuclear energy
- ☒ No

Notwithstanding the fact that the Financial Product is not required to invest in fossil gas and/or nuclear energy related activities that comply with the EU taxonomy, the Financial Product may from time to time hold assets that

<sup>1</sup> Fossil gas and/or nuclear activities are only EU taxonomy compliant if they contribute to climate change mitigation ("climate change mitigation") and do not significantly affect any EU taxonomy objective - see explanation in the left margin. The full criteria for EU tax compliant economic activities in the area of fossil gas and nuclear energy are set out in Commission Delegated Regulation (EU) 2022/1214.

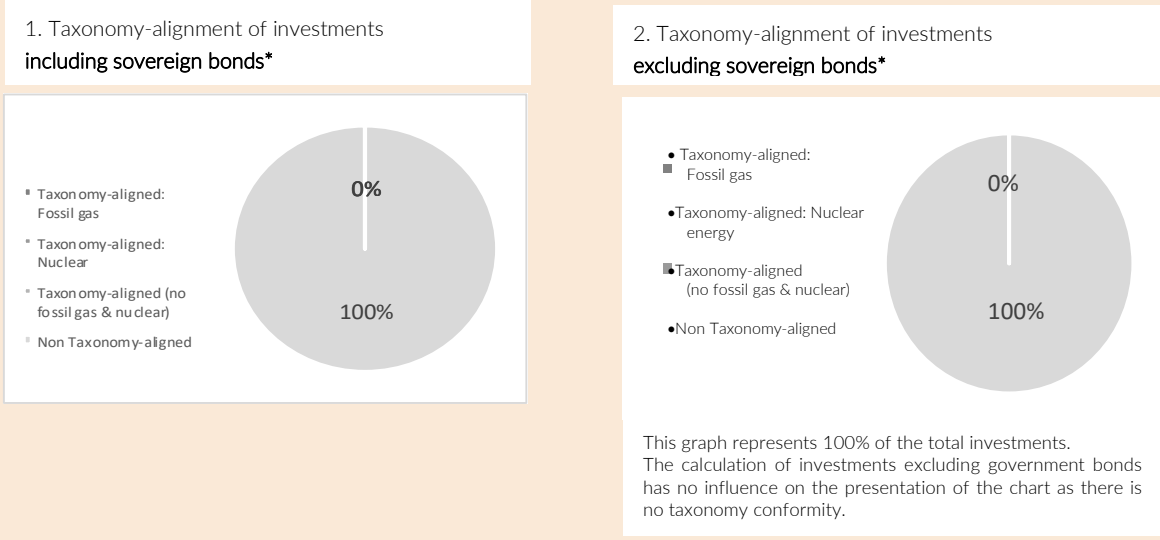
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

meet the criteria of fossil gas and/or nuclear energy related economic activities that comply with the EU taxonomy.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

**What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The investment Manager may invest in non-sovereign securities which are included in #2 Other. The Investment Manager may include these investments to take advantage of investment opportunities, for diversification and liquidity management. These investments will be subject to the limits set out in the Prospectus.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Yes - J.P. Morgan ESG GBI-EM Global Diversified Index

**How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

The ESG Index uses ESG scores, based on ESG data from RepRisk, Sustainalytics and Climate Bonds Initiative (CBI), to determine the index weights. Issuers with better ESG scores will have higher weights relative to the baseline index weights. Furthermore, instruments categorised as a "green bond" by the Climate Bonds Initiative will receive a scoring upgrade. Issuers in the bottom band (Band 5) of the JESG scoring methodology are excluded from the ESG Index.

The ESG Index is rebalanced on the last business day of each month.

**How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

The Investment Manager will apply its house view for its local emerging market bond strategy, which consists of active regional allocations relative to the reference benchmark, which is the ESG Index.

Should an issuer be allocated to Band 5 of the JESG scoring methodology, the Investment Manager of the Financial Product will determine how best to liquidate the position. The Investment Manager will abstain from investing in similar investments until the identified JESG score has improved.

**How does the designated index differ from a relevant broad market index?**

The designated Index methodology screens out the bottom band of the related Baseline Index constituents (Band 5).

The methodology also applies an ESG overlay which adjusts the weights of the index constituents based on their ESG scores.

**Where can the methodology used for the calculation of the designated index be found?**

<https://www.jpmorgan.com/content/dam/jpm/cib/complex/content/markets/composition-docs/pdf-29.pdf>

<https://www.jpmorgan.com/content/dam/jpm/global/disclosures/us/girg-supplemental-disclosure.pdf>



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

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