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Commission de Surveillance du Secteur Financier



PROSPECTUS

Nordea Markets ETF

Investment Company under Luxembourg Law

As of May 2018

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1. INTRODUCTION

1.1 General

Nordea Markets ETF (the "**Company**") is registered in the Grand Duchy of Luxembourg as an undertaking for collective investments in transferable securities in accordance with Part I of the law of 17 December 2010 concerning undertakings for collective investments, as amended (the "**2010 Law**"). The Company qualifies as an undertaking for collective investments in transferable securities ("**UCITS**") pursuant to article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (the "**UCITS Directive**"), as amended from time to time, and may thus be offered for sale in any member state of the European Union ("**EU Member State**"), provided it is registered in the respective Member State. The Company is currently structured as an umbrella fund, so that both institutional and retail investors are able to choose from different sub-funds (each, a "**Sub-fund**" and, collectively, the "**Sub-funds**") whose performance may be fully or partially linked to the performance of an underlying index (the "**Index**"), a basket consisting of securities (the "**Basket**") or selected equities or equity-type securities via derivatives. The Company's registration is not equivalent to a guarantee by a regulatory authority in respect of the performance or quality of the shares issued by the Company (the "**Shares**"). Any statements to the contrary are neither permissible nor legal.

1.2 Listing on a Stock Exchange

It is planned to have the relevant Shares in the Sub-funds admitted to trading on one or several stock exchanges. Such admission to trading also comprises the obligation of one or several members of the relevant stock exchanges to act as Market Maker and to provide prices at which the Shares may be purchased or sold by the investors. The bid/offer spread may be monitored and regulated by the relevant stock exchange authority.

The approval of the documentation required for listing in accordance with the listing requirements of the relevant stock exchange is not equivalent to a guarantee and/or statement of approval by the said stock exchange regarding the technical competence of the service providers, the suitability of the information set out in the stock exchange prospectuses or in relation to the suitability of the Shares for investment or other purposes.

1.3 Selling and Transfer Restrictions

The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Act of 1933**"), or any other securities laws of any

federal state or political subdivision of the United States of America or its territories, possessions or other regions subject to its jurisdiction, including the Commonwealth of Puerto Rico (the "**United States**"). The Shares may not be offered, sold or otherwise transferred in the United States. The Shares are offered and sold on the basis of an exemption from the registration requirements pursuant to the Act of 1933 in accordance with Regulation S issued thereunder. The Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended, or any other U.S. federal laws. Accordingly, the Shares are neither offered nor sold within the United States or to or for the account of persons subject to U.S. taxation or to, or for, the account of U.S. Persons (as defined for the purposes of U.S. federal laws regarding securities, commodities and taxes, including Regulation S issued under the Act of 1933) (collectively, "**U.S. Persons**"). Subsequent transfers of Shares in the United States and/or to U.S. Persons are impermissible (in that regard, please refer to the provisions on compulsory redemption set out in the section 11.4 entitled "**Compulsory Redemptions**").

The Shares have neither been approved by the United States Securities and Exchange Commission ("**SEC**") or any other U.S. regulatory authority, nor has their approval been denied; in addition, neither the SEC nor any other U.S. regulatory authority has decided upon the accuracy or appropriateness of this document (the "**Prospectus**") and/or the benefits of the Shares. Any statements to the contrary may be subject to criminal prosecution.

Neither this document nor any other sales documentation has been reviewed or approved by the United States Commodity Futures Trading Commission on behalf of the Company. This Prospectus may not be distributed in the United States. The distribution of this Prospectus and the offering of the Shares may also be subject to restrictions in other jurisdictions.

The Foreign Account Tax Compliance Act ("**FATCA**"), a component of the 2010 Hiring Incentives to Restore Employment Act, entered into force in the United States in 2010. The Act requires financial institutions outside of the US (the "**Foreign Financial Institutions**" or "**FFIs**") to pass information about Financial Accounts (the "**Financial Accounts**") held by Specified US Persons ("**Specified US Persons**"), to the US tax authorities and the Internal Revenue Service ("**IRS**") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand Duchy of Luxembourg signed an Intergovernmental Agreement ("**Luxembourg IGA**") with the United States of America. After its implementation into Luxembourg law the Company will have to comply with the requirements of the Luxembourg IGA.

Under the Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for

FATCA purposes. In such cases the Company will transmit such information on reportable accounts to the Luxembourg tax authorities which will exchange that information on an automated basis with the Government of the United States of America pursuant to article 28 of the convention between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion.

The Company will continuously assess the extent of the requirements that FATCA and in particular the Luxembourg IGA places upon it. The Company aims to comply with the provisions of the Luxembourg IGA for classification as FATCA compliant, without being subject to registration and reporting requirements. The Company has decided to qualify the Sub-funds as collective investment vehicles. This implies that the Shares, according to the Company's shareholder register, are exclusively held by or through (i) Exempt Beneficial Owners, (ii) Active Non-Financial Foreign Institutions in accordance with Annex I of the Luxembourg IGA, (iii) U.S. Persons who are not Specified U.S. Persons, or (iv) Financial Institutions that are not Non-participating Financial Institutions. These terms have the meaning ascribed to them in the Luxembourg IGA.

To ensure the Company's compliance with FATCA and the Luxembourg IGA in accordance with the foregoing, the Company may request information and documentation, including W-8BEN tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such shareholder's FATCA status.

Nobody is entitled to issue any declarations or give any representations that are not set out in the Prospectus and/or the documents referred to in the Prospectus. The aforesaid documents are available for public viewing at the Company's registered office.

The Management Company will appoint one or more distributor(s) which will have the sole responsibility for the distribution of the Shares (a "**Distributor**" and together the "**Distributors**"). Pursuant to the distribution agreement(s), the Distributor(s) is/are entitled to appoint other distributors or dealers for the distribution of Shares in certain jurisdictions (a "**Sub-distributor**") and to decide to which Sub-distributor sales or redemption commissions are payable. Information regarding the Distributor(s) and Sub-distributor(s) is set out in the relevant marketing materials pursuant to which the Shares are offered for subscription.

1.4 **Marketing Rules**

Applications for subscription will be accepted solely on the basis of this Prospectus in its most current version. This Prospectus is valid only if accompanied by a copy of the

Company's current annual report (the "**Annual Report**") together with the audited financial statements and/or a copy of the Company's semi-annual report (the "**Semi-Annual Report**") and (where required by law and/or the applicable listing requirements of a stock exchange) its quarterly report (the "**Quarterly Report**"), provided that such semi-annual or quarterly reports are or were issued successive to the most recent Annual Report. The Annual Report and the Semi-Annual Report form part of this Prospectus.

The above mentioned documents and other relevant documentation may be obtained free of any charge at the registered office of the Management Company or the Representatives outside Luxembourg.

Potential investors should read this Prospectus carefully and in full and should consult their legal, tax and financial advisors with regard to:

- (a) the statutory and regulatory provisions regarding the subscription, purchase, possession, redemption or sale and transfer of Shares as applicable in their respective country of residence or nationality;
- (b) foreign exchange restrictions that may apply to potential investors in their respective countries with regard to the subscription, purchase, possession, redemption or sale and transfer of Shares;
- (c) the legal, tax, financial or other consequences of a subscription, purchase, possession, redemption or sale and transfer of Shares; and
- (d) any other consequences of the above acts. Investors who are unclear about anything contained in this Prospectus should consult their respective stock brokers, bankers, lawyers, auditors, tax advisors or other consultants for clarification on this matter.

Nobody is entitled to issue statements or declarations or give any representation in connection with the offer of the shares that are not contained in this Prospectus and the reports referred to above; any statements, declarations or representations given in violation thereof may not be relied upon as having been approved by the Company. In order to take account of material changes, this Prospectus may be amended from time to time; investors should ascertain whether a more recent version of this Prospectus is available.

1.5 **Responsibility for the Prospectus**

The board of directors of the Company (the "**Board**") has applied due care in ensuring that, as of the date of publication of this Prospectus, the information contained herein is accurate and complete in all material respects. The Board assumes responsibility in that regard.

Insofar as this Prospectus refers to third-party websites, the Company does not assume any liability for the contents thereof. At the time of the inclusion of such references in this Prospectus, no illegal contents could be ascertained with respect to the relevant websites. The Company has no influence over the current and future contents of such websites and hereby expressly distances itself from all contents that are changed following the date of this Prospectus. Any opinions or alleged facts published on such websites are not included as reference by the Company in this Prospectus unless explicitly stated otherwise in each case.

1.6 **Currency References**

All references in this Prospectus to "Euro" or "EUR" relate to the common currency of members of the European Economic and Monetary Union; references to "SEK" or "Swedish krone" relate to the currency of Sweden; references to "NOK" or "Norwegian krone" relate to the currency of Norway; references to "DKK" or "Danish krone" relate to the currency of Denmark; any other currency references are defined in the pertaining Appendix.

1.7 **Relevant Time**

All references to times of day shall be to Luxembourg local time.

1.8 **Date**

This Prospectus is dated May 2018.

2. **MANAGEMENT AND ADMINISTRATION**

2.1 **Addresses and Summary**

Registered Office of the Company

11-13, Boulevard de la Foire,
L-1528 Luxembourg
Grand Duchy of Luxembourg

Board of Directors of the Company

Peter Seippel, Member of the Board of Directors

Nordea Bank AB (publ), 17, Smålandsgatan, SE-105 71 Stockholm, Sweden.

Krister Alvelius, Member of the Board of Directors

Nordea Bank AB (publ), 17, Smålandsgatan, SE-105 71 Stockholm, Sweden.

Carl Christenson, Chairman of the Board of Directors

Nordea Bank AB (publ), 17, Smålandsgatan, SE-105 71 Stockholm, Sweden.

Revel Wood, Member of the Board of Directors

FundRock Management Company S.A., 33, Rue de Gasperich, L-5826 Hesperange,
Grand Duchy of Luxembourg.

Management Company

FundRock Management Company S.A.

33, Rue de Gasperich

L-5826 Hesperange

Grand Duchy of Luxembourg

Board of Directors of the Management Company

Kevin Brown (Chairman), Independent Non-Executive Director

London, United Kingdom

Romain Denis, Executive Director, IT Projects, Data Management & Strategic
Projects, FundRock Management Company S.A., Luxembourg, Grand Duchy of
Luxembourg

Christophe Douche, Executive Director – Risks and Operations,
FundRock Management Company S.A., Luxembourg, Grand Duchy of Luxembourg

Eric May, Non-Executive Director, Founding Partner,
BlackFin Capital Partners, Paris, France

Ross Thomson, Executive Director – Ireland Branch,
FundRock Management Company S.A. (Ireland Branch), Dublin, Ireland

Revel Wood, Executive Director - Chief Executive Officer,
FundRock Management Company S.A., Luxembourg, Grand Duchy of Luxembourg

Michael Vareika, Independent Non-Executive Director, Luxembourg, Grand Duchy
of Luxembourg

Tracey Elizabeth McDermott, Independent Non-Executive Director, Luxembourg,
Grand Duchy of Luxembourg

Investment Manager and Sub-Investment Manager of the Sub-funds

The investment manager and sub-investment manager of each Sub-Fund is stated in the
pertaining Appendix relating to the respective Sub-fund.

Depository and Paying Agent

RBC Investor Services Bank S.A.
14, Porte de France
L-4360 Esch-sur-Alzette
Grand Duchy of Luxembourg

Registrar and Transfer Agent of the Company

RBC Investor Services Bank S.A.
14, Porte de France
L-4360 Esch-sur-Alzette
Grand Duchy of Luxembourg

Administrator

RBC Investor Services Bank S.A.
14, Porte de France
L-4360 Esch-sur-Alzette
Grand Duchy of Luxembourg

Auditors of the Company

PwC, PricewaterhouseCoopers, *Société cooperative*
2, Rue Gerhard Mercator
L-2182 Luxembourg
Grand Duchy of Luxembourg

Distributor

Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

Securities Lending Agent

Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

RBC Investor Services Trust
A trust company incorporated under the laws of Canada
3rd floor, 155 Wellington Street West
Toronto, Ontario M5V 3L3
Canada

Legal adviser

Clifford Chance
10, Boulevard Grande Duchesse Charlotte
L-1011 Luxembourg
Grand Duchy of Luxembourg

2.2 Board of Directors of the Company

Pursuant to the Company's articles of association (the "**Articles**"), the Board has the general authority to perform all actions relating to the administration and management of the Company that are in the Company's interest. All authorisations that are not expressly conferred upon by the general meeting of shareholders by law lie with the Board.

The Board in the composition referred to above is responsible for the general investment policy, the investment objectives, the administration as well as the management of the Company and its affairs.

2.3 Management Company

FundRock Management Company S.A. has been designated by the Board as the management company (herein referred to as the "**Management Company**") to provide investment management, administration and marketing functions to the Company with the possibility to delegate part of such functions to third parties pursuant to a fund management company agreement, as amended from time to time, between the Company and the Management Company.

The following persons have been appointed as conducting officers (*dirigeants*) of the Management Company within the meaning of Article 102 of the 2010 Law and CSSF Circular 12/546:

- Revel Wood, Executive Director - Chief Executive Officer
- Gregory Nicolas, Director - Legal, Compliance and Corporate
- Christophe Douche, Director - Risks and Operations
- Romain Denis, Director - IT Projects, Data Management & Strategic Projects

- Enda Fahy, Director - Alternative Investments

The Management Company was incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg on 10 November 2004 under the name RBS (Luxembourg) S.A. and its articles of incorporation were published in the Mémorial C, Recueil des Sociétés et Associations on 6 December 2004. With effect from 31 December 2015, it changed its name to FundRock Management Company S.A. The Management Company is approved as a management company regulated by chapter 15 of the 2010 Law and has also been authorised as alternative investment fund manager under the amended Law of 12 July 2013 on alternative investment fund managers. The Management Company is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under number B 104.196. The Management Company has a subscribed and paid-up capital in excess of EUR 10,000,000.

The Management Company shall also ensure compliance of the Company with the investment restrictions and oversee the implementation of the Company's strategies and investment policy.

The Management Company shall also send reports to the Board on a quarterly basis and inform each board member without delay of any non-compliance of the Company with the investment restrictions.

The Management Company will receive periodic reports from the investment manager detailing the Company's performance and analysing its investment portfolio. The Management Company will receive similar reports from the Company's other service providers in relation to the services which they provide.

The Management Company will monitor on a continuing basis the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company and the relevant third parties provide that the Management Company can give at any time further instruction to such third parties and that it can withdraw their mandate with immediate effect if this is in the interest of the shareholders. The Management Company's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.

The Management Company acts also as management company for other investment funds, the names of which will be kept up to date and be published in the annual and semi-annual financial reports of the Management Company and may be obtained on request from the Management Company.

The Management Company has implemented a conflict of interest policy in accordance with the law and the relevant CSSF regulations and circulars.

The Management Company has established and applies a remuneration policy in accordance with principles laid out under the UCITS Directive and any related legal and regulatory provisions applicable in Luxembourg.

The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company and the UCITS that it manages and of the investors in such UCITS, and which includes, inter alia, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the Management Company manages.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), the Management Company ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that the Management Company's employees who are identified as risk-takers under UCITS Directive are not remunerated based on the performance of the UCITS under management.

An up-to-date version of the remuneration policy (including, but not limited to, the description of how remuneration and benefits are calculated, as well as the identity of the persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee) is available at: http://www.fundrock.com/pdf/Fundrock_Remuneration_policy.pdf. A paper version of this remuneration policy is made available free of charge at the Management Company's registered office.

The Management Company's remuneration policy, in a multi-year framework, ensures a balanced regime where remuneration both drives and rewards the performance of its employees in a measured, fair and well-thought-out fashion which relies on the following principles¹:

- identification of the persons responsible for awarding remuneration and benefits (under the supervision of the remuneration committee and subject to the control of an independent internal audit committee);
- identification of the functions performed within the Management Company which may impact the performance of the entities under management;
- calculation of remuneration and benefits based on the combination of individual

¹ It should be noted that, upon issuance of final guidelines, this remuneration policy may be subject to certain amendments and/or adjustments.

and company's performance assessment;

- determination of a balanced remuneration (fixed and variable); implementation of an appropriate retention policy with regards to financial instruments used as variable remuneration;
- deferral of variable remuneration over 3-year periods;
- implementation of control procedures/adequate contractual arrangements on the remuneration guidelines set up by the Management Company's respective portfolio management delegates.

2.4 Investment Manager of the Sub-funds

Subject to the Company's consent, the Management Company, under its supervision and control and upon its own responsibility, may instruct one or several investment managers (the "**Investment Manager(s)**") with the full or partial daily implementation of the investment policy of Sub-funds. Such Investment Manager(s) must be authorised by the competent regulatory authorities, and its/their appointment must be approved by the Company. Where Assenagon Asset Management S.A., a *société anonyme* incorporated under the laws of Luxembourg on 3 July 2007 and having its registered office at Aerogolf Center, 1B Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under number B 129.914 is appointed as an Investment Manager of a Sub-fund, such appointment generally takes place without any restriction in terms of time and on the basis of an investment manager agreement concluded by the Management Company and Assenagon Asset Management S.A. The Investment Manager is authorised for the purpose of asset management and regulated by the CSSF under Chapter 15 of the 2010 Law. The investment manager agreement may be terminated, either in whole or with regard to one or several Sub-fund(s), at any time by either party upon not less than ninety (90), days' written notice. The Management Company may terminate the investment manager agreement immediately by notice in writing to the Investment Manager where it is in the best interests of the Sub-funds' shareholders to do so.

Subject to the supervision, control and responsibility of the Management Company, the Investment Manager is tasked with the daily implementation of the investment policy of the respective Sub-fund and all other associated services. Said tasks must be fulfilled in accordance with statutory restrictions as well as the principles of the investment policy, guidelines and objectives set out in the Prospectus and specified in greater detail by the Company and the Management Company, as well as in compliance with investment restrictions. Subject to the Management Company's control and instruction, the Investment Manager is entitled to invest assets of the relevant Sub-fund and/or

to sell or liquidate existing investments in line with the respective investment policy of each Sub-fund.

The Investment Manager is authorised, under its responsibility and control, to delegate its functions, powers, duties and obligations to one or more qualified persons, firms or corporations (the "**Sub-Investment Manager(s)**") for each Sub-fund.

The Investment Manager and the Sub-Investment Manager appointed for a Sub-fund are listed in the respective Appendix.

2.5 **Depositary and Paying Agent**

2.5.1 *Depositary Bank's functions*

The Company has appointed RBC Investor Services Bank S.A. ("**RBC**"), having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, as depositary bank and principal paying agent (the "**Depositary**") of the Company with responsibility for:

- (a) the safekeeping of the assets;
- (b) the oversight duties;
- (c) the cash flow monitoring; and
- (d) the principal paying agent functions,

in accordance with law and the Depositary Bank and Principal Paying Agent Agreement entered into between the Company and RBC (the "**Depositary Bank and Principal Paying Agent Agreement**").

RBC Investor Services Bank S.A. is registered with the Luxembourg Register for Trade and Companies under number B 471.92 and was incorporated in 1994 under the name "First European Transfer Agent". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2016 amounted to approximately EUR 1,059,950,131.

The Depositary has been authorized by the Company to delegate its safekeeping duties (i) to delegates in relation to other assets and (ii) to sub-custodians in relation to financial instruments and to open accounts with such sub-custodians.

An up to date description of any safekeeping functions delegated by the Depositary and an up to date list of the delegates and sub-custodians may be

obtained, upon request, from the Depositary or via the following website link: <http://gmi.rbcits.com/rt/gss.nsf/Royal+Trust+Updates+Mini/53A7E8D6A49C9AA285257FA8004999BF?opendocument>.

The Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and the shareholders in the execution of its duties under the law and the Depositary Bank and Principal Paying Agent Agreement.

Under its oversight duties, the Depositary will:

- ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with the law and with the Articles;
- ensure that the value of Shares is calculated in accordance with the law and the Articles;
- carry out the instructions of the Company, unless they conflict with the law or the Articles;
- ensure that in transactions involving the Company's assets, the consideration is remitted to the Company within the usual time limits; and
- ensure that the income of the Company is applied in accordance with the law or the Articles.

The Depositary will also ensure that cash flows are properly monitored in accordance with the law and the Depositary Bank and Principal Paying Agent Agreement.

2.5.2 *Depositary Bank's conflicts of interests*

From time to time conflicts of interests may arise between the Depositary and the delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. On an ongoing basis, the Depositary analyzes, based on applicable laws and regulations any potential conflicts of interests that may arise while carrying out its functions. Any identified potential conflict of interest is managed in accordance with the RBC's conflicts of interests' policy which is subject to applicable laws and regulation for a credit institution according to and under the terms of the Luxembourg law of 5 April 1993 on the financial services sector.

Further, potential conflicts of interest may arise from the provision by the Depositary and/or its affiliates of other services to the Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company and/or other funds for which the Depositary (or any of its affiliates) act. RBC has implemented and maintains a management of conflicts of interests' policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interests;
- Recording, managing and monitoring the conflicts of interests situations in:
 - implementing a functional and hierarchical segregation making sure that operations are carried out at arm's length from the Depositary business;
 - implementing preventive measures to decline any activity giving rise to the conflict of interest such as:
 - RBC and any third party to whom the custodian functions have been delegated do not accept any investment management mandates.
 - RBC does not accept any delegation of the compliance and risk management functions.
 - RBC has a strong escalation process in place to ensure that regulatory breaches are notified to compliance which reports material breaches to senior management and the board of directors of RBC.
 - A dedicated permanent internal audit department provides independent, objective risk assessment and evaluation of the adequacy and effectiveness of internal controls and governance processes.

RBC confirms that based on the above no potential situation of conflicts of interest could be identified.

An up to date information on conflicts of interest policy referred to above may be obtained, upon request, from the Depositary or via the following website

link:https://www.rbcits.com/AboutUs/CorporateGovernance/p_InformationOnConflictsOfInterestPolicy.aspx.

2.6 Registrar and Transfer Agent

In its capacity of registrar and transfer agent of the Company, the central administrative agent is mainly responsible for the processing of the issue (registration), redemption, transfer and conversion (if any) of the Shares and settlement arrangements thereof, as well as for the safekeeping and maintenance of the shareholders' register (the "**Register**"). The central administrative agent shall furthermore assist the Company to comply with the applicable anti-money laundering legislation and to determine whether prospective investors qualify as well-informed investors.

2.7 Administrator

RBC has been appointed as central administrative agent and registrar and transfer agent of the Company (the "**Central Administrative Agent**"). The Central Administrative Agent is responsible for processing the issue (registration), redemption and conversion of Shares in the Company, as well as for keeping official records of the Register. As Central Administrative Agent, RBC is mainly responsible for the bookkeeping of the Company and for the calculation of the Net Asset Value.

2.8 Distributors

Nordea Bank AB (publ) with its registered office at 17, Smålandsgatan, SE-105 71 Stockholm, Sweden, has been appointed as Distributor.

The Distributor is responsible for supporting the Company in the marketing of the Shares as well as other general marketing activities for the account of the Company.

The Distributors may decide to appoint additional Sub-distributors for the purpose of assisting in the distribution of the Shares.

2.9 Structure

The Company offers investors various investment portfolios. The Sub-funds described in this Prospectus differ in terms of their respective investment objectives, investment policies and reference currencies or other particular characteristics as described in the Appendix pertaining to the relevant Sub-fund. A separate portfolio of assets is held in respect of each Sub-fund, which is invested in accordance with the Sub-fund's relevant investment objective and investment policy.

2.10 Legal Aspects

The Company was established for an indefinite term on 18 April 2018 in the Grand

Duchy of Luxembourg as an open-ended investment company with variable capital ("*société d'investissement à capital variable*"). The Company is governed by the Luxembourg law of 10 August 1915 on commercial companies, as amended, as well as Part I of the 2010 Law. The Company's registered office is at 11-13, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg.

The original version of the Articles was published on 4 May 2018 in the *Recueil Electronique des Sociétés et Associations* ("**RESA**").

The Company is listed in the Luxembourg Register of Trade and Companies under number B 223977.

Any amendments to the Articles will be published in the RESA and, where required, in those daily newspapers and official gazettes that are intended for such publications in those countries where the Shares are distributed. Changes to the Articles become binding on all shareholders following their approval by the general meeting of shareholders.

The Company forms a legal entity. The Board manages a separate pool of assets for each Sub-fund. For the shareholders, the creation of a pool of assets for each Sub-fund serves the sole purpose of enabling an investment of the assets that is in accordance with the investment objective of the relevant Sub-fund. In the external relationship with third parties, particularly with creditors of the Company, each Sub-fund is regarded as a separate legal entity. Each Sub-fund is liable for its own obligations only.

The Company's Board may decide upon the launch of different Share Classes within a Sub-fund. The assets of all Share Classes within a Sub-fund will be invested in accordance with the investment objective and the investment policy of the relevant Sub-fund. However, they may differ from one another with regard to their fee structure, the rules on the minimum investment amount upon initial subscription and upon subsequent subscriptions, the required minimum holding, the rules on the minimum redemption amount, the dividend policy, the requirements to be met by investors or other characteristics, as determined by the Board in each case. The NAV per Share will be calculated individually for each issued Share Class of each Sub-fund. The different characteristics of the individual Share Classes that are available in respect of each Sub-fund are described in the relevant Appendix.

The Company reserves the right to offer only one class or only certain Share Classes to investors in certain jurisdictions in order to comply with applicable laws, customs or business practices. In addition, the Company reserves the right to decide on principles that will apply to certain categories of investors or transactions with regard to the purchase of certain Share Classes.

Detailed information regarding the individual Share Classes are set out in the relevant Appendix for the respective Sub-fund. Within each Share Class, several types of sub-classes may be issued that may differ in terms of, *inter alia*, their respective distribution structure, distribution dates and fee structure and whose designation is stated and detailed in the relevant Appendix. Distributing Shares are identifiable by the suffix "DIS", and Accumulating Shares are identifiable by the suffix "ACC".

Upon their issue, the Shares, depending on their respective class, will grant a right to equal participation in the profits and distributions of the Sub-fund in relation to the respective Share Class. The same applies to a Sub-fund's liquidation proceeds. The Company intends to perform distributions in relation to Share Classes marked with the suffix "DIS".

The respective currency of each Share Class will be indicated in the Share Class name for example "Class I (EUR) ACC".

Distributions normally take place within a few weeks following the determination date. If distributions take place with regard to one or more Sub-funds, payment in the determined amount is made by the Company's paying agent to Depositary (the "**Clearing Agent**") for the purpose of forwarding such payment and depositing it into the accounts of the investors' depositaries. All payments are governed by the applicable tax and other laws, regulations and directives.

As of the date of incorporation of the Company, the initial capital will be EUR 30,000. The Company's minimum capital, which always corresponds to the value of its net assets, is EUR 1,250,000.00. Under Luxembourg law, the Company is entitled to issue an unlimited number of Shares.

The Shares in the Company do not grant any preferential or priority rights, and each Share, regardless of the Share Class to which it belongs and regardless of the relevant NAV per Share, entitles its holder to one vote at all general meetings of the shareholders. The Shares in a specific Sub-fund or Share Class entitle their holders to one vote per Share at meetings relating to the relevant Sub-fund or Share Class. The Shares are issued without a nominal value and must be fully paid in.

The Company calls investors' attention to the fact that any investor may only fully exercise investor rights in direct relation to the UCITS in person and only if the investor's name is entered into the Register. In cases where an investor has invested in a UCITS via an intermediary that carries out the investment in its own name but on behalf of the investor, it is possible that the investor will not be able to exercise all of its rights directly in relation to the UCITS. Investors are advised to inform themselves as to their exercisable rights.

The Company's financial year commences on 1 January and ends on 31 December. The

Company's first financial year will start on the day of its incorporation and end on 31 December 2018. The first annual report will be dated 31 December 2018 and made available to the shareholders in good time for the annual general meeting to take place in 2019. In addition, the Semi-Annual Report will be made available to the investors within three months after 30 June each year and the first Semi-Annual Report will be dated 30 June 2018.

3. INVESTMENT OBJECTIVE OF THE COMPANY AND INVESTMENT POLICY OF THE INDIVIDUAL SUB-FUNDS

3.1 Investment Objective of the Company

The Company was established with the aim of providing investors with the opportunity of purchasing Shares in Sub-funds that pursue the investment objective of tracking the performance of a specific Index, a Basket of securities and/or other assets and/or a structured product or selected equities or equity-type securities via derivatives.

This gives investors the opportunity to establish a market position that enables them to participate in the performance of the relevant Index, Basket and/or structured product. For that purpose, the Company issues Shares that can be traded on one or more exchanges.

3.2 Investment Policy of the Individual Sub-funds

3.2.1 *General Investment Policy of the Individual Sub-funds*

The investment objective of the Sub-funds is to provide investors with a return that tracks the performance of the relevant underlying Index, Basket and/or a structured product or selected equities or equity-type securities via derivatives, as described in greater detail in the relevant Appendix. The Sub-funds follow a passive investment strategy and hence are not actively managed (unless indicated otherwise in the relevant Sub-fund's Appendix). **There is no guarantee that the investment objective of a Sub-fund can be fulfilled.**

Each Sub-fund will be using a specific replication strategy to track the underlying Index, which is stated in the pertaining Appendix relating to the respective Sub-fund.

For the purpose of attaining their investment objectives, Sub-funds may apply various investment techniques.

The Sub-funds may invest in the components of the relevant Index in accordance with their weighting within the Index and, in compliance with the weighting limits discussed below, normally pursue the objective of investing a substantial part of their total assets in the components of their Index. In addition,

each Sub-fund may, in full or in part, invest in securities that track the performance of the relevant Index in accordance with applicable investment restrictions.

Because of (i) the fees, execution costs and expenses incurred by the Sub-fund, (ii) the weighting limits set out in the investment restrictions and (iii) other legal and regulatory restrictions, the ability to track the performance of the relevant Index may be adversely affected.

Taking into account the investment objective and the investment restrictions of the relevant Sub-fund, the Investment Manager may therefore decide to purchase or sell securities for the Sub-fund that are not included in the relevant Index.

The Index may be tracked through the targeted use of derivatives, which are used in order to link the net proceeds from the issue of the Shares to the relevant Index, Basket or structured product. This includes, for instance, OTC swap transactions negotiated with a swap-counterparty on terms that are customary in the market. Accordingly, the Company on behalf of its Sub-Funds may at any time enter into one or more OTC swap transactions for the account of the Sub-funds. From a commercial perspective, the Investment Manager (on behalf of the individual Sub-fund) and the relevant swap counterparty agree upon exchanging, after deduction of all costs incurred, the performance generated by the securities held by the Company for the performance of the relevant Index, Basket and/or structured product. Care is taken to enter into such swap transactions on terms that are customary in the market and that exclusively pursue the Company's interests. The OTC agreements are reviewed at regular intervals and in a traceable manner.

In certain Sub-funds a deviation of the performance of the Sub-fund and the performance of the Index due to additional return components or additional costs in relation to the replication of the Index which are not reflected in the Index calculation (e.g. dividends, withholding tax, etc.) may occur. This will generally lead to a higher tracking error. The performance of Sub-funds which track price indices without dividend payments being reflected in the Index calculation may exceed the performance of the reference Index.

In addition, the relevant Sub-fund may also use other derivative financial instruments (e.g. futures, options, warrants and forward foreign exchange transactions) in order to attain the desired investment objective of the Sub-fund.

Thus, an investor's return on an investment in a Sub-fund will depend on the performance of the relevant investments of the Sub-fund, including the

performance of the derivative components that are used in order to link the investment's performance to that of the relevant Index, Basket or structured product.

The indices referred to in the investment objectives of a Sub-fund are chosen by the Company. Such indices are jointly designed by an index sponsor (the "**Index Sponsor**") and an index administrator (the "**Index Administrator**"). The Index Administrator controls and calculates the Index. The Index Sponsor and Index Administrator are described in the Appendix pertaining to the relevant Index.

As of the date of this Prospectus, none of the Sub-funds pursue an active investment management approach. Instead, the index tracking investment objective of a Sub-fund implies a passive investment management approach. The Company reserves the right to launch additional sub-funds following an active investment management approach.

Efficient Portfolio Management

The Company may, on behalf of each Sub-fund and subject to investment restrictions employ such techniques and instruments relating to transferable securities as are listed in the section "Special Techniques and Instruments that Have Securities and Money Market Instruments as the Underlying" of the Prospectus, and which include derivative instruments (futures, options, warrants and foreign exchange contracts) as well as securities lending and repurchase agreements.

Such techniques and instruments will be only used for efficient portfolio management purposes or hedging where the calculation of the index return hedges currency exposure back to the Base Currency of the Sub-fund.

New techniques and instruments may be added, in which case the Prospectus will be updated in accordance with all applicable laws. The use of techniques and instruments must be made in compliance with the rules and limits as set forth in the section 4 "Investment Restrictions" of the Prospectus. Under no circumstances shall these operations cause any Sub-fund to diverge from its investment objectives.

Changes in the Components of an Index

Depending on the investment objective of each Sub-fund, it may be necessary, in the event of changes in the composition and/or a reweighting of an Index, that the Sub-fund performs relevant adjustments or re-weightings of its investments. Based on the information provided by the Index Sponsor and/or the Index Administrator, the requisite adjustments of the investments

of the relevant Sub-fund will be performed by the Investment Manager.

Reliance upon the Index Sponsor and the Index Administrator

The Management Company and/or the Company, with regard to the Index composition and/or weighting of the Index components, will rely exclusively on the information provided by the relevant Index Sponsor and/or the Index Administrator and do not assume any responsibility with regard to such Index composition and/or a possible reweighting.

EU Benchmark Regulation

The Index Administrator shall be listed on the ESMA's register of administrators and benchmarks in accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmark Regulation**"). The registration is expected to become effective by the end of the grandfathering period ending 2019, which is applicable to the Index Administrator, provided for in the EU Benchmark Regulation at the latest. Investor can receive a copy of the Company's contingency plan as required by the EU Benchmark Regulation at the registered office of the Company. The contingency plan sets out the actions that would be taken in the event that a benchmark materially changes or ceases to be provided.

Changes to the Index

The Board reserves the right to replace the Index relating to a Sub-fund by another index in the following cases, where this is in the interest of the Company or a Sub-fund in its opinion:

- if the weighting of the Index components would result in the Sub-fund (provided it closely relates to the Index) violating the investment restrictions and/or the taxation or tax treatment of the Company;
- if the relevant Index or Index family no longer exists or if the Index calculation method / composition has changed significantly;
- if a new index replaces the existing Index;
- if another index has a better sector or component diversification than the previous Index and offers an attractive risk/return profile;
- if the Index Sponsor and/or the Index Administrator is substituted and the successive Index Sponsor and/or the Index Administrator is deemed

unsuitable by the Board;

- if a new index becomes available that is regarded as the market standard for investors in the relevant market and/or more favourable for investors than the existing Index;
- if an investment in the Index components becomes difficult or if some of the Index components show limited liquidity;
- if the Index Sponsor raises its license fees to a level deemed too high by the Board;
- if the quality (including accuracy and availability of data) of a specific Index has deteriorated in the opinion of the Board;
- if the relevant Index no longer complies with the applicable legal and regulatory criteria that are linked to an index;
- if swap transactions or other derivative financial instruments through which the Sub-fund tracks the Index are not or no longer available, or are only available on terms deemed unacceptable by the Board; or
- if the counterparty to a swap transaction or other derivatives notifies the Company that some of the Index components have limited liquidity or that an investment in those Index components should not be performed for practical reasons.

For the avoidance of doubt: the above list is not exhaustive, and the Board may decide upon the substitution of an Index at any time if this is in the interests of the shareholders, including for reasons other than those listed above.

The Board may change the name of a Sub-fund; this applies in particular if the Index is substituted. The substitution of an Index as well as a change to the name of a Sub-fund and the changes to this Prospectus associated therewith must be approved in advance in accordance with Luxembourg law. In addition, the approval of the stock exchanges on which the Sub-funds are listed might be required. The aforementioned changes will be published on the website <https://nordeamarkets.com> and, if required by applicable law, in daily newspapers chosen by the Board. If the characteristics of the new Index substantially differ from those of the original index, its substitution will not take effect before the deadline following the aforesaid publication in accordance with Luxembourg law has expired.

3.2.2 Overview of the Investment Policy of the Individual Sub-funds

The specific investment guidelines of a Sub-fund are listed in the relevant Appendix.

4. INVESTMENT RESTRICTIONS

Pursuant to Luxembourg law, the following investment restrictions apply to all investments by the Company and each of its Sub-funds. Where appropriate, additional investment restrictions for one or several Sub-funds may be listed in the relevant Appendix. The Board has decided upon the validity of the following investment authorisations and restrictions:

4.1 The investments may be composed exclusively of the following:

- (a) securities and money market instruments that are listed and/or traded on a Regulated Market;
- (b) securities and money market instruments that are traded on another regulated market of an EU Member State, which operates regularly and is recognised and open to the public;
- (c) securities and money market instruments that are officially listed on a stock exchange of a third country or traded on another regulated market of a country in Europe, America, Asia, Africa or Oceania, which operates regularly and is recognised and open to the public;
- (d) securities and money market instruments from new issues, subject to the provision that an application for inclusion in the official list of, and/or for trading on, a stock exchange or regulated market within the meaning of (a) to (c) and the approval of such application within one year of the issue date is guaranteed;
- (e) shares in UCITS and/or UCI within the meaning of article 1, paragraph 2, sub-paragraph a) and b), which are licensed pursuant to the UCITS Directive and have their registered office in an EU Member State or a third country, provided that:
 - such other UCI were licensed pursuant to legal provisions that subject them to supervision which, in the opinion of the CSSF, is equivalent to that under European Union law, and there are sufficient guarantees for a cooperation between the relevant authorities;
 - the level of protection awarded to investors in such other UCI is equal to that awarded to investors in a UCITS and, in

particular, the rules on assets segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments comply with the requirements set forth in the UCITS Directive;

- the business activity of the other UCI is disclosed in semi-annual and annual reports, which allow investors to form an opinion as to its assets and liabilities, income and operations in the period under review;
 - the UCITS or other UCI in which Shares are to be acquired, pursuant to its documents of incorporation, may invest a maximum of 10% of its total assets in shares of other UCITS or UCI;
 - a Sub-fund may invest a maximum of 10% of its assets in shares of other UCITS or UCI, unless otherwise defined in the investment policy of the individual Sub-fund as set out in the relevant Appendix.
- (f) demand the deposit of, or deposits, subject to call with a maximum term of 12 months with credit institutions, provided that the relevant credit institution has its registered office in an EU Member State or, if its registered office is located in a third country, is subject to regulatory provisions that, in the opinion of the CSSF, are equivalent to those under European Union law;
- (g) derivative financial instruments ("**Derivatives**"), including equivalent cash-settled instruments, which are traded on one of the regulated markets mentioned in (a), (b) or (c) above and/or derivative financial instruments that are not traded on an exchange ("**OTC Derivatives**"), provided that:
- the underlying consists of instruments covered by section 4.1, financial indices, interest rates, foreign exchange rates or currencies in which the Company may invest in accordance with the investment objectives set out in its Articles;
 - the counterparties in relation to transactions involving OTC Derivatives are regulated institutions belonging to the categories accepted by the CSSF;
 - the OTC Derivatives are subject to a reliable and traceable daily evaluation and can be sold, liquidated or closed by way of an offsetting transaction at any time on the Company's initiative and at a fair market value.

- (h) money market instruments within the meaning of article 1 of the 2010 Law that are not traded on a regulated market, provided that the issuer or the issuer of such instruments is already subject to provisions on deposit and investor protection, and provided that 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 European Union or the European Investment Bank, a third country or, if such third country is a federal state, a member state of the federation or a public international institution to which at least one EU Member State belongs; or
 - issued by a company whose securities are traded on the regulated markets within the meaning of (a), (b) or (c) above; or
 - issued or guaranteed by an institution that is subject to official supervision in accordance with the criteria stipulated under European Union law, or an institution that is subject to, and complies with, supervisory rules that, in the opinion of the CSSF, are at least as strict as those under European Union law; or
 - issued by other issuers that belong to a category acceptable to the CSSF, provided that investments in such instruments are subject to investor protection provisions equal to those mentioned in hyphens one, two or three above and provided that the issuer is either a company with an equity capital of at least EUR 10 million that prepares and publishes its annual accounts in accordance with the Fourth Directive 78/660/EEC, or an entity that is responsible within a group that comprises one or more listed companies for the financing of that group, or an entity that is to finance the guaranteeing of obligations by way of securities by utilising a credit facility provided by a bank.

4.2 Each Sub-fund:

- may invest a maximum of 10% of its assets in transferable securities and money market instruments other than those mentioned in paragraph 4.1;
- may acquire movable and immovable assets that are required for the direct implementation of its activity;
- may neither acquire precious metals nor certificates relating to precious metals;

- may also hold liquid funds. Money market instruments with a residual term of 12 months or less, which are negotiated regularly, are regarded as liquid funds for these purposes.
- 4.3 According to the principle of risk diversification, each Sub-fund may invest a maximum of 10% of its net assets in transferable securities or money market instruments issued by the same institution. Each Sub-fund may invest a maximum of 20% of its assets in deposits with the same institution.
- 4.4 The aggregate value of all transferable securities and money market instruments of those issuers in which more than 5% of the assets of a Sub-fund are invested may not exceed 40% of the assets of the relevant Sub-fund. Said restriction does not apply to deposits and transactions in OTC Derivatives that are entered into with regulated financial institutions.
- 4.5 The default risk in relation to a Sub-fund's transactions in OTC Derivatives must not exceed 10% of its assets if the counterparty is a credit institution within the meaning of paragraph 4.1 letter (f); otherwise, it may not exceed 5% of the Sub-fund's assets.
- 4.6 Notwithstanding the aforementioned maximum thresholds, none of the Sub-funds may invest more than 20% of its net assets in the same institution in a combination of:
- transferable securities and money market instruments issued by that institution;
 - deposits with that institution; and/or
 - the risks associated with the OTC Derivatives acquired by that institution.
- 4.7 Notwithstanding the above rules, the following applies:
- (a) The 10% threshold mentioned in paragraph 4.3 above may be raised to a maximum of 25% with regard to qualifying bonds issued by a credit institution that has its registered office in an EU Member State and that is subject to special public supervision under applicable law, which is aimed at the protection of the holders of such bonds. In particular, the proceeds from the issue of the said bonds must be invested in accordance with the statutory provisions in such assets that, for the entire term of the bonds, will sufficiently cover the resulting liabilities and will be used on a priority basis for the repayment of capital and interest that becomes due upon the issuer's default. If a Sub-fund invests more than 5% of its assets in bonds that were issued by such an issuer, the total value of such investments may not exceed 80% of the Sub-fund's assets.
- (b) The 10% threshold mentioned in paragraph 4.3 above may be raised to a maximum of 35% if the transferable securities or money market instruments

were issued or guaranteed by an EU Member State or its local authorities, a third country or an international public institution of which at least one EU Member State is a member to.

- (c) The transferable securities covered by the first two paragraphs will not be taken into account when determining the 40% threshold mentioned in connection with the risk diversification requirement.
- (d) The thresholds mentioned in paragraphs 4.3 to 4.6 and 4.7 (a) and (b) may not be cumulated; therefore, the investments mentioned in those paragraphs in transferable securities and money market instruments issued by the same issuer or in deposits or derivatives with that issuer may under no circumstances exceed 35% of a Sub-fund's net assets.
- (e) Companies that, with respect to the preparing of consolidated accounts within the meaning of Directive 83/349/EEC or in accordance with recognised international financial reporting standards, belong to the same group of companies, must be regarded as one issuer when calculating the investment thresholds mentioned in paragraphs 4.3 to 4.7.
- (f) Investments of a Sub-fund in transferable securities and money market instruments of one group of companies may, on aggregate, equal 20% of the assets of the relevant Sub-fund.

4.8 A Sub-fund is entitled, in accordance with the risk diversification principle, to invest up to 100% of its net assets in transferable securities and money market instruments pertaining to different issues, which were issued or guaranteed by an EU Member State or its local authorities, another authorised state, provided said that the state is recognised by the regulatory authority in Luxembourg or an international public institution of which at least one EU Member State is a member to. Such transferable securities or money market instruments must be divided into at least six different issues, with securities and money market instruments pertaining to the same issue not allowed to exceed 30% of the aggregate net assets of a Sub-fund.

4.9 Each Sub-fund must comply with paragraphs 4.3 to 4.8 as well as 4.10 and 4.14 within six months of the date of its admission.

4.10 (a) The Company may invest a maximum of 20% of the assets of a sub-fund in a single UCITS and/or other UCI within the meaning of paragraph 4.1 (e).

For the purpose of implementing this investment threshold, each Sub-fund of a UCI, in accordance with article 181 of the 2010 Law, is regarded as an independent issuer, subject to the provision that the division of the liability of the Sub-funds in relation

to third parties is guaranteed.

If provided for in the relevant Appendix, the investments in shares of UCI other than UCITS may not exceed a total of 30% of the Sub-fund's assets.

If a Sub-fund has acquired shares of a UCITS and/or another UCI, the investment assets of the relevant UCITS or UCI will not be taken into account in relation to the maximum thresholds mentioned in paragraphs (c) to (g).

Generally, however, a Sub-fund may invest a maximum of 10% of its assets in shares of other UCITS or UCI, unless otherwise defined in the investment policy of the individual Sub-fund as set out in the relevant Appendix.

(b) if a Sub-fund acquires shares in other UCITS and/or other UCI, which are managed directly or indirectly by the same management company or another company with which the Management Company is associated with through joint management, control or a material, direct or indirect, participation of more than 10% of the relevant capital or votes, the Management Company or other company may not charge any management fees or fees for the subscription or redemption of shares in the relevant UCITS and/or UCI by the Sub-fund.

(c) Each Sub-fund may subscribe, acquire and/or hold shares issued or to be issued by one or more Sub-funds of the Company (the "**Target Sub-fund**"), under the condition, however, that:

- a Sub-fund invests no more than 20% of its assets in one and the same Target Sub-fund; and
- the Target Sub-fund does not, in turn, invest in the Sub-fund which invested in that particular Target Sub-fund; and
- the Target Sub-fund, pursuant to its investment policy, does not invest more than 10% of its assets in any other Target Sub-fund; and
- the voting rights, if any, attaching to the relevant shares of the Target Sub-fund are suspended for as long as such shares are held by the Sub-fund concerned, without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as shares of Target Sub-funds are held by Sub-funds, the value of such shares will not be taken into consideration for the calculation of the net assets of the Company for the purpose of verifying the minimum threshold of the net assets; and
- there is no duplication of management, subscription or redemption fees

between those at the level of the Sub-fund having invested in the Target Sub-fund, and this Target Sub-fund.

4.11 The Company must not acquire any Shares that carry voting rights enabling the Company to exert significant control over the management of an issuer.

4.12 The Company must not acquire more than:

- 10% of the non-voting shares of one and the same issuer;
- 10% of the debt securities of one and the same issuer;
- 25% of the shares of one and the same UCITS and/or UCI; or
- 10% of the money market instruments of one and the same issuer.

In the last three aforementioned cases, the acquisition restrictions need not be complied with if the gross amount of the debt securities or money market instruments or the net amount of the Shares issued cannot be determined at the time of acquisition.

4.13 The restrictions pursuant to paragraphs 4.11 and 4.12 do not apply to:

- transferable securities and money market instruments issued or guaranteed by an EU Member State or its local authorities;
- transferable securities or money market instruments issued or guaranteed by a third country;
- transferable securities or money market instruments issued by international public institutions of which at least one EU Member State is a member to;
- shares held by a Sub-fund in the capital of a company in a third country, which invests most of its assets in securities of issuers residing in that country, provided that the relevant participation represents the sole opportunity for that Sub-fund, based on the laws of the relevant country, to invest in securities of issuers of that country. However, the aforesaid exemption applies only subject to the provision that the company in the relevant third country does not exceed the thresholds mentioned in paragraphs 4.3 to 4.7 and 4.10 to 4.12 in relation to its investment policy. If the thresholds mentioned in paragraphs 4.3 to 4.7 and 4.10 are exceeded, the provisions set out in paragraphs 4.9 and 4.20 will apply *mutatis mutandis*;
- shares held by Sub-funds in the capital of subsidiaries, which are solely engaged in management, consultancy or distribution activities in the country where the respective subsidiary is located, with regard to the redemption of shares at the

request of investors.

4.14 With regard to one or several Sub-funds, the Company may pursue the investment policy of mirroring the composition of a specific Index recognised by the CSSF, provided that:

- the composition of the Index is sufficiently diversified;
- the Index represents an adequate benchmark for the underlying market;
- its publication takes place in an appropriate manner.

Subject to other applicable restrictions, the Company may invest up to 20% of its assets for the relevant Sub-funds in shares and/or debt instruments of one and the same issuer. The aforesaid threshold is raised to 35% in the event of extraordinary market conditions. Exceptional market conditions may, for example, be market concentration on a specific company or industry, increased market volatility or market turbulence. This particularly applies to Regulated markets in which mostly transferable securities or money market instruments are traded. An investment of up to that 35% cap is permissible for one single issuer only. Under exceptional market conditions, the Company will make use of this possibility.

Sub-funds whose investment objective is the tracking of an Index may invest in Index components either directly by way of securities investments or indirectly by utilising derivative financial instruments.

Each Sub-fund may take out loans of up to 10% of its net assets, provided that such borrowing is of a temporary nature. However, each Sub-fund may acquire foreign currencies by way of "back-to-back" loans.

4.15 The Company may not extend loans or act as a guarantor for third parties. This restriction does not oppose the acquisition of not fully paid-up securities and the securities lending transactions. This restriction does not apply to margin payments in relation to options dealing or other similar transactions that are carried out in accordance with standard market practice.

4.16 No Sub-fund will purchase securities on a loan basis (unless the Sub-fund takes out short-term loans for the settlement of purchases or sales of securities), engage in uncovered sales of transferable securities or maintain physical short positions. Within the limits set out above, deposits in other accounts in connection with option, forward or futures contracts are allowed.

4.17 The Company may at any time set further investment restrictions in the interests of investors, provided that these are necessary in order to comply with the laws and

regulations of those countries in which shares in the Company are offered and sold. In that case, the Prospectus will be amended.

- 4.18 The Company may purchase securities warrants for each Sub-fund.
- 4.19 The Company may not engage in uncovered sales of transferable securities.
- 4.20 If the aforementioned thresholds are exceeded for reasons beyond the control of the Company and/or a Sub-fund or as a consequence of the exercise of subscription rights associated with transferable securities or money market instruments, the Company and/or the relevant Sub-fund, taking into account the interests of the investors concerned, must above all enter into sales transactions in order to remedy that situation.
- 4.21 The amount of the holdings of a capital company by a Sub-fund must not exceed 10% of the capital of the capital company.

5. SPECIAL TECHNIQUES AND INSTRUMENTS THAT HAVE SECURITIES AND MONEY MARKET INSTRUMENTS AS THE UNDERLYING

5.1 Introduction

The Company may, for each Sub-fund, for investment purposes, hedging purpose, and the purpose of efficient portfolio management of the assets of the respective Sub-fund and/or to protect its assets and commitments, employ certain techniques and instruments as set out hereunder. In no case whatsoever must recourse to transactions involving derivatives or other financial techniques and instruments cause the Company to depart from the investment objectives set out in the Prospectus.

5.2 Transactions involving the use of derivative instruments

5.2.1 Use of Derivatives

The Company may enter into derivative transactions for investment purposes, for efficient portfolio management purposes as well as for hedging purposes. Hedging techniques will only be applied for the purposes of hedging currency exposure in the Sub-fund where the calculation of the index return hedges currency exposure back to the Base Currency of the Sub-fund.

The Company may, for each Sub-fund, enter into contract relating to forward transactions (financial futures and forwards), swaps (including total return swaps) and options on financial instruments, provided that their underlying securities are permissible investments under section "Investment Restrictions" of this Prospectus. These contracts may be traded on an exchange or over-the-counter.

5.2.2 General limits applicable to derivative transactions

The Company must ensure that the overall risk associated with derivatives does not exceed the net assets of the relevant Sub-fund. The following are taken into account in computing risk: the market value of the underlying instruments, the risk of default, future foreseeable market developments and the period within which the positions are to be liquidated. This also applies to the following two points:

- In the case of investments in derivatives, the overall risk for the underlying instruments may not exceed the investment limits set forth under the section "Investment Restrictions" of this Prospectus. Investments in index-based derivatives need not be taken into account in the case of the investment limits set forth under the section "Investment Restrictions" of this Prospectus.
- If a derivative has a security or money market instrument as the underlying, it has to be taken into account with regard to compliance with the rules set forth under the section "Investment Restrictions" of this Prospectus.

5.2.3 Total Return Swaps

In particular, subject to the investment restrictions set forth in this Prospectus, the Sub-funds may enter into total return swaps: total return swaps are contracts in which one party receives interest payments on a reference asset plus any capital gains and losses over the payment period, while the other receives a specified fixed or floating cash flow unrelated to the credit worthiness of the reference asset, especially where the payments are based on the same notional amount. The reference asset may be any asset, index, or basket of assets.

Under no circumstances shall these operations cause a Sub-fund to diverge from its investment objectives as laid down under "Investment Objective" and "Investment Policy" of each Sub-fund.

In case there are revenues arising from the total return swaps, they shall be returned to the Company following the deduction of any direct and indirect operational costs and fees arising. Information on costs and fees incurred by each relevant Sub-fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the Management Company, if applicable, will be available in the Company's Semi-Annual and Annual Reports.

5.3 Securities Lending Transactions

The Company may enter into securities lending transactions provided that it complies with the following rules:

- (a) The Company may only lend securities through a standardised system organised by a recognised clearing institution or through a first class financial institution specialising in this type of transaction.
- (b) Any such securities lending arrangements will be with counterparties that are institutions of appropriate financial standing which engage in these types of arrangements and approved by the Securities Lending Agent and which may be related to the Management Company and the Depositary, and will be entered into on normal commercial terms negotiated at arm's length and any fees under such arrangements will be charged at normal commercial rates.
- (c) All the revenues arising from Repo agreements and securities lending shall be returned to the Company following the deduction of any direct and indirect operational costs and fees arising. Details of the Company revenues arising and attendant direct and indirect operational costs and fees from time to time as well as the identity of the entities to which such costs and fees are paid and any relationship they have with the Management Company or the Depositary shall be included in the Company's Semi-Annual and Annual Reports. Currently, approximately 60% of the revenue received in the context of securities lending transactions is credited to the relevant Sub-fund while the Securities Lending Agent receives approximately 40% of the revenues to cover the due diligence and operational costs resulting from the transactions carried out in relation to the securities lending.
- (d) As part of its lending transactions, the Company must in principle receive collateral, the value of which at the conclusion of the contract must be at least equal to the valuation of the securities subject to the Company's Haircut policy.
- (e) This collateral received should be of high quality and must be given in the form of liquid assets and/or in the form of equity and fixed income securities issued and blocked in the name of the Company until the expiry of the loan contract.
- (f) The Company will ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- (g) Securities lending transactions may amount to up to 100% of the global

valuation of the securities portfolio of each Sub-fund.

- (h) The Company will ensure that it can instruct the Securities Lending Agent to recall any securities subject to the securities lending agreement or instruct the lending agent to terminate any securities lending agreement into which it has entered at any time.

The Sub-funds will ensure that the volume of the securities lending transactions is kept at an appropriate level or that it is entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations. The counterparties to efficient portfolio management techniques should be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed for by European Union law.

A Sub-funds' exposure to securities lending transactions is set out in the relevant Sub-fund Appendix.

5.4 **Repurchase Agreements**

The Company may enter into repurchase ("**Repo**") transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement. The Company can act either as purchaser or seller in Repo transactions. Its involvement in such transactions is however subject to the following rules:

- The Company may not buy or sell securities using a Repo transaction unless the counterpart in such transactions is a first class financial institution specialising in this type of transaction.
- During the life of a Repo contract of purchase, the Company cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.

The Company must take care to ensure that the level of its exposure to the Repo transaction is such that it is able, at all times, to meet its repurchase obligations. Securities underlying derivative financial instruments, lent or acquired via reverse repurchase agreements (the "**Reverse Repo**") may not be sold via repurchase agreements. The Company does currently not expect to enter in any Repo transaction, but reserves the right to do so in the future. In case the Company's position changes and expects to enter into Repo transactions, this Prospectus will be up-dated accordingly.

The proportion of the assets held by a Sub-Fund that may be subject to Repo

transactions is generally expected to range between 0% and 50% of that Sub-fund's Net Asset Value. This proportion may be increased up to a maximum of 70% of that Sub-fund's Net Asset Value, depending on market circumstances

All the revenues arising from Repo, Reverse Repo, buy/sellback or sell/buyback transactions shall be returned to the Company following the deduction of any direct and indirect operational costs and fees arising. Information on direct and indirect operational costs that may be incurred in respect of Repo, Reverse Repo, buy/sellback or sell/buyback transactions, as well as the entities to which such costs and fees are paid, and any relationship they may have to the Management Company, Investment Manager or Depositary, will be available in the Annual Report of the Company.

5.5 Collateral Policy

Where the Company enters into OTC financial derivative and/or efficient portfolio management transactions, collateral may be used to reduce counterparty risk exposure subject to the following conditions:

- Liquidity - any collateral received other than cash must 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.
- The following types of securities are accepted as collateral provided they comply with the above requirements:
 - Fixed income securities, and
 - Exchange traded equities included in world stock indices.

Collateral received must also comply with the provisions of Article 48 of the 2010 Law.

- *Valuation*: collateral received will be valued on at least a daily basis. In this context, corresponding variation margins will be exchanged on a daily basis, if required. Assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place.
- *Issuer credit quality*: collateral received must be of high quality.
- *Correlation*: collateral received 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.
- *Collateral diversification (asset concentration)*: collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient

diversification with respect to issuer concentration is considered to be respected if a Sub-fund receives from a counterparty of OTC derivative and/or efficient portfolio management transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a Sub-fund is exposed to different counterparties, the different baskets of collateral must be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, a Sub-fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by an EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. Such a Sub-fund must receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Sub-fund's Net Asset Value.

- *Risks linked to the management of collateral:* such as operational and legal risks, will be identified, managed and mitigated in accordance with the Management Company's risk management process concerning the Company.
- Where there is a title transfer, the collateral received must be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- Collateral received must be capable of being fully enforced by the Company at any time without reference to or approval from the counterparty.
- Non-cash collateral received must not be sold, re-invested or pledged.

Efficient portfolio management and OTC Derivatives transactions are always over-collateralised and appropriate haircuts are applied as set out below. Collateral is held in a custody account that is kept separate from the intermediary's balance sheet. Daily revaluation at market prices ensures that the value of the collateral provided is always adjusted correctly. To further minimise risks, borrowers are carefully selected.

Cash collateral received in the context of Derivatives, securities lending and Repo transactions should only be:

- placed on deposit with entities prescribed in Art. 41 (1) of the 2010 Law;
- invested in high-quality government bonds;
- used for the purpose of Reverse Repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;

- invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (Ref. CESR/10-049).

Reinvested cash collateral should further be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above.

Reinvestment of cash collateral involves risks associated with the type of investments made. Reinvestment of collateral may create a leverage effect which will be taken into account for the calculation of the Company's global exposure.

If a Sub-fund receives collateral for at least 30% of its assets it will put in place an appropriate stress testing policy to ensure regular stress tests which are carried out under normal and exceptional liquidity conditions to enable the Sub-fund to assess the liquidity risk attached to the collateral.

5.6 **Haircut Policy**

The Company has implemented a haircut policy in respect of each class of assets received as collateral. The haircut policy takes into account the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. To that effect, a margin surplus, as described in the haircut policy below, is maintained across all eligible collateral asset classes (in accordance with section 5.5 "Collateral Policy").

Collateral is marked to market on a daily basis. In this context, corresponding variation margins will be, to the extent required, exchanged on a daily basis. The value of collateral may change on an intra-day basis due to market movements resulting from corporate actions and other events which may result in the discounted value of the collateral held falling below 100% of the value of the lent securities for a short duration until the next daily marking to market occurs. Collateral is likewise monitored on a daily basis to ensure the required diversification levels are maintained.

Collateral is received in the context of OTC Derivatives transactions where the exposure to the relevant OTC counterparty exceeds the applicable legal and regulatory limits as stated under section 4 "Investment Restrictions" (i.e. 10% when the counterparty is a credit institution, or 5% of its assets in any other case).

According to the Company's haircut policy, the following discounts will be made:

Type of Collateral	Discount
Cash	0%
Government bonds, with a maturity up to 10 years, issued by OECD Member States subject to a minimum long term credit rating of AA- / Aa3	0.5% - 5%
Global equities dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a OECD Member State and included in a main index	15%

5.7 Securities Financing Transactions

Apart from securities lending transactions, as described above, the Company does not make use of any securities financing transactions ("**SFTs**") covered by Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("**SFTR Regulation**").

The Sub-Funds may only enter into OTC Derivatives and SFTs through a regulated first class financial institution of any legal form with a minimum credit rating of investment grade quality specialised in this type of transaction which has its registered office in one of the OECD Member State.

A Sub-funds' exposure to SFTs is set out in the relevant Sub-fund Appendix.

6. DETERMINATION OF THE GLOBAL EXPOSURE

The global exposure of the Sub-funds will be measured either through the commitment approach or through the Value at Risk (the "**VaR**") methodology.

The commitment approach is based, in part, on the principle of converting the exposure to derivative instruments into equivalent positions of the underlying assets and quantifying the exposure in absolute value of the total commitments (which may account for coverage and netting).

In financial mathematics and financial risk management, VaR is a widely used risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR measures the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The calculation of VaR is conducted on the basis of a one-sided confidence interval of ninety-nine (99) per cent and a holding period of twenty (20) days. The exposure of the Sub-funds is subject to periodic stress testing and back

testing.

The method used to calculate the global exposure and, if applicable, the expected level of leverage calculated as the expected average sum of notionals of derivatives taking into account basic netting effects, are set out for each Sub-fund in the relevant Appendix.

The Company will implement a suitable risk management procedure, by way of which it can at all times monitor and measure the risk exposure of the positions in the respective portfolios of the Sub-funds and their contribution to the overall risk profile of the relevant portfolio. The Company will implement a procedure aimed at the exact and independent valuation of OTC Derivatives. The Company will ensure that the total exposure of the Sub-funds in relation to derivatives does not exceed the total net value of its portfolio. Even under extraordinary market conditions, the use of said derivatives may neither change the investment objectives or the investment profile of the Company and the Sub-funds.

7. RISK FACTORS

7.1 Introduction

In the following, a general description of a number of risk factors can be found which may affect the value of the Shares. The particular risks associated with a specific Sub-fund are (where appropriate) set out in the relevant Appendix.

The following description of risks is not exhaustive. The risks listed do not necessarily apply to each issue of Shares, and other risks may have to be taken into account with regard to a particular issue of Shares. The specific factors that are relevant for a specific Sub-fund in each case will depend upon several interconnected criteria, such as the type of Shares and the investment policy of the relevant Sub-fund.

An investment in the Shares should be preceded by a thorough consideration of all associated risks.

The value of, and the proceeds from, the investment, and thus also the value of, and the proceeds from, Shares in a Sub-fund, may fall as well as increase, so that investors may lose some or all of their investment. Taking into account the various commissions and fees that may be incurred in connection with the Shares, an investment in the Shares should be made on a medium- to long-term basis. An investment in a Sub-fund should not represent a significant portion of an investment portfolio and may not be suitable for all investors. Any investment decision should be preceded by in-depth discussions with the relevant investor's legal, tax and financial advisors, auditors or other consultants. The legal, regulatory, fiscal and accounting treatment of the Shares may vary from jurisdiction to jurisdiction. Any descriptions of the Shares contained in this

Prospectus and/or the Appendix pertaining to the relevant Sub-fund are for general information purposes only. Investors should note that the value of the Shares may fall; in addition, investors should be able to bear the loss of their entire investment. However, each investor's risk is limited to the sum invested. Investors are not obliged to make any payments in addition to their invested amounts. Several risk factors may apply at the same time and/or exacerbate each other's effect. This may have an unforeseeable effect on the value of the Shares.

Investors should note that the Sub-funds are neither governed by any capital protection measures nor by any guarantees and that the invested capital and/or the amount corresponding thereto is neither protected nor guaranteed. The performance of the Sub-funds is linked to the performance of an index, basket or structured product, which may be positive or negative. This means that the value of the Shares may go up or down. In particular, the net asset value of the Sub-funds may fall below the respective purchase price at any time, which, in the event of a sale, may result in a loss of capital and, in the event of very unfavourable circumstances, e.g. a value loss of all index components triggered by the market, in a total loss of the invested capital. Investors in the Sub-funds must be prepared and able to bear a partial or even total loss of the invested capital.

Any collateral provided to the Company by counterparties in connection with securities lending, Repo and OTC transactions in order to minimise credit risk is subject to the statutory and regulatory provisions. It cannot be ruled out that individual items of collateral may be worthless at, and/or rendered completely worthless prior to, the time of their utilisation. Therefore, there is a risk that the sum that can be realised through the utilisation of the collateral may not be sufficient to meet all shareholder claims and/or that investors suffer a total loss in respect of their investment.

7.2 The following risk factors apply with regard to each Sub-fund

7.2.1 *General Risks*

Settlement Risk: In particular in the case of an investment in unlisted securities, there is a risk that the settlement via a transfer system may not take place as expected because a payment or delivery may be delayed or not take place as agreed.

Credit Risk: The default of a securities issuer or counterparty may cause losses to a Sub-fund. The issuer risk describes the effect of specific events and developments in relation to an issuer that, in addition to general developments in the capital markets, affect the price of a security issued by that issuer. Even if the securities are selected carefully, losses in connection with dwindling of

assets of the issuer of the relevant securities cannot be ruled out.

Counterparty risk: The counterparty risk includes the risk of a default of a contracting party that may occur with regard to some or all of its receivables. This applies to all contracts concluded for the account of a Sub-fund.

If the investment objective of a Sub-fund provides for tracking the performance of an Index by using swap contracts, the counterparty for such swap contracts will generally be one of the counterparties listed in appendix 2 of this Prospectus. There is a risk that a counterparty will default and become unable to fulfill its payment obligations to the respective Sub-fund.

If a counterparty is also involved as counterparty in securities lending transactions, there is a risk that – in the event of a default by a counterparty – the securities cannot be returned upon termination of the lending transaction.

Therefore, any counterparty in securities lending transactions will provide the Sub-fund with collateral on a daily basis which, in case of a default of such counterparty, will be realised by the Sub-fund and reduce the counterparty risk. Notwithstanding, a loss cannot be ruled out in the event of a default by a counterparty despite subsequent realisation of the pledged collateral. The reinvestment of cash collateral is associated with the risk that the collateral is not available in the enforcement event.

Investment Policy Changes: Changes in the investment policy within the investment spectrum that is possible for the relevant Sub-fund may affect the risk associated with that Sub-fund in terms of substance.

Dissolution or Merger: In accordance with the Articles, it is possible to dissolve a Sub-fund in full or to merge it with another Sub-fund within the Company or another undertaking for collective investments in accordance with Part I of the 2010 Law or another sub-fund within such undertaking for collective investments. Thus, the investor is exposed to the risk that the planned holding period cannot be realised.

Shares: The value of an investment in Shares depends on various factors, including the market and economic conditions in the geographic region in which the investments by the relevant Sub-fund are to be made as well as sector-specific and political events.

Share Valuation: The value of a Share may fluctuate as a consequence of value changes in relation to the assets of the Sub-fund and/or the Index and/or changes in relation to the derivative financial instruments and techniques used.

Valuation of the Index and the Assets of the Sub-fund: The assets of the Sub-fund, the Index or the derivative financial instruments and techniques may have complex structures. Valuations of these assets or derivative financial instruments and techniques are normally available only to a limited number of market participants, which often act as counterparties in connection with the relevant transactions. These valuations are often subjective, and there may be significant differences between the available valuations.

Listing on a Stock Exchange: It cannot be guaranteed that a listing applied for by the Company will be attained and/or maintained and/or that the listing conditions will remain unchanged. In addition, trading in the Shares on a stock exchange may be suspended in accordance with the rules of that stock exchange in the event of specific market conditions, and investors might not be able to sell their Shares before trading is resumed.

Use of Derivatives: Since a Sub-fund whose performance is linked to an Index will often invest in securities not contained in that Index, Derivatives and techniques will be used in order to link the value of the Shares to the performance of the relevant Index. Although a prudent use of such Derivatives and techniques can be advantageous, this also involves risks that, in some cases, can be greater than the risks associated with traditional forms of investment. In addition, losses may be incurred because of the fact that the counterparty to a transaction defaults through the use of Derivatives, even if that counterparty is not represented in the Index, e.g. in the case of OTC swap transactions. The use of Derivatives and techniques may be associated with transaction costs.

Companies with Low Capitalisation: Certain Sub-funds will predominantly invest in small and medium-sized companies. Investments in securities of smaller, lesser known companies involve a greater risk and the possibility of greater price volatility than investments in larger and better known companies. The value of shares in smaller companies may fluctuate regardless of the share prices of major companies and the known stock exchange indices. This may be due to a high level of uncertain growth prospects of such smaller companies, the lower market liquidity for the shares in such companies and the greater risk that such shares might suffer if market conditions change. For instance, small and limited product ranges, markets, distribution channels and financial and management resources are associated with a greater business risk.

Inflationary Risk: Inflation encompasses a devaluation risk with regard to all assets.

Concentration Risk: Sub-funds tracking an Index that focuses on a specific

industry or in which a specific industry is disproportionately represented will, subject to the diversification rules listed in the relevant investment restrictions, focus on an investment in Index components of issuers engaged in the relevant industry. Some of these companies may have a lower capitalisation than others, which is why they will be exposed to the particular risks of unfavourable developments in the areas of politics, industry, society, state supervision, technology, overall business activity as well as in relation to the specific industry sector. In addition, by focusing on a specific industry, a Sub-fund may become dependent upon the development of that particular industry, which may deviate from the development in the market overall. The number of companies in one particular industry, which is often small, and the resulting above-average weighting of individual companies in the Sub-fund is associated with the risk of a quick and significant decline in the value of the relevant Sub-fund.

Focus on Specific Countries: If a Sub-fund tracks an Index that focuses on companies in one country or region, may result in greater dependency on unfavourable social, political or economic events in the relevant country or region. The same applies if the Index relates to specific products, goods, commodities or other assets that are produced, mined or otherwise created in a specific country or region.

Concentration on Certain Assets or Markets: Additional risks may thus arise in the event that the investment is concentrated on certain assets or markets. In that case, the fund will be particularly dependent upon the development of those assets or markets.

Country or Transfer Risk: A country or transfer risk applies if a foreign debtor, despite being solvent, is unable to meet its obligations within due time or at all because of an inability or difficulties in its home country to perform the required transfers. This means that, for instance, payments to which the fund assets are entitled may not be executed or might be carried out in a currency that is not convertible because of foreign currency restrictions.

Liquidity Risk: Assets may also be acquired for each Sub-fund that are not admitted to the official trading on an exchange or included in an organised market. The acquisition of such assets is associated with the particular risk that problems might arise in connection with the subsequent sale of such assets to third parties.

Political Factors and Investments in Emerging Markets and Non-OECD Member States: The performance of the Shares and/or the possibility to purchase, sell or repurchase them may be adversely affected by economic

changes and uncertainty factors such as political developments, changes in government policy, the imposition of restrictions on capital transactions as well as regulatory changes. These risks may be reinforced in the case of investments in or in relation to emerging markets or non-OECD Member States. Political changes, social instability and negative developments of diplomatic relations in non-OECD Member States can lead to further governmental restrictions including expropriation of assets, confiscatory taxes or nationalisation of components of an Index or Basket. In addition, local depositary services continue to be underdeveloped in many non-OECD countries and the emerging markets, and trading in these markets is associated with transaction and custody risks. Under certain circumstances, a Sub-fund may not receive all of its assets back and/or the retrieval of parts of its assets may be delayed. In addition, the legal infrastructure as well as the financial reporting, auditing and publication standards in the emerging markets or non-OECD Member States may not afford the same level of investor information and protection as those that generally apply for larger markets.

Regulatory Risk: The Company must comply with applicable regulatory restrictions and legal changes relating to the Company or the Shares, so that changes in the investment policy or objectives of a Sub-fund may become necessary. The assets of the Sub-fund, the Index and the derivative financial instruments and techniques used for attaining the investment objective may also be subject to changes in applicable laws and regulations and/or regulatory measures that may affect the value of the Shares in the relevant Sub-fund.

Legal and Fiscal Risk: The legal and fiscal treatment of the Sub-funds may change in an unforeseeable and uncontrollable manner. An amendment in respect of errors in the taxation basis of the Sub-fund for previous financial years (e.g. as a result of an external tax audit) may, in the event of an amendment that is disadvantageous for the investor, result in the investor having to bear the tax burden resulting from the correction regarding the previous financial years, although the investor may not have held an investment in the relevant Sub-fund at that time. Conversely, in the event of a favourable correction in respect of the current financial year and previous financial years, it is possible that an investor may not be able to profit from such changes for those financial years in which the investor participated in the fund assets because of a redemption or sale of the assets prior to the implementation of the relevant correction.

In addition, a correction of tax data may result in the fact that taxable proceeds and/or tax advantages may be applied in a tax period other than the period to which they actually relate, so that this may have a negative effect on the investor concerned.

Other Risks: The purchase and sale of options as well as the conclusion of swaps are associated with the following risks:

- Price changes in relation to the underlying may reduce the value of an option right or even render it worthless. Changes in the value of an asset underlying a swap may also result in losses for a Sub-fund.
- The conclusion of a counter-transaction (offsetting), which might be required, will incur costs.
- Because of the leverage effect of options, the value of the Sub-fund's assets may be affected to a greater extent than would be the case in the event of a direct purchase of the underlying.
- The purchase of options is associated with the risk that options may not be exercised because the prices of their underlying do not perform as expected, so that the option premium paid by the Sub-fund will lapse. The sale of options is associated with the risk that the Sub-fund will have to pay more than the market price for assets for receiving assets or pay less than the market price for delivering assets. In that case, the Sub-fund will suffer a loss corresponding to the amount by which the price difference exceeds the option premium received.

Voting Rights and Other Rights: The Company will inform the shareholders who are registered in the share register of any voting and other rights. If an investor invests in Shares through a Distributor or Sub-distributor or holds rights in Shares through a Clearing Agent or an intermediary buyer, such shareholder normally will not be listed in the share register. In that case, information, on which the Company has no direct influence, will normally be provided by the shareholder's depository. Failure by the depository to forward such information may thus result in the shareholder being unable to exercise relevant voting or other rights.

Loss Risk: In the event of a negative performance of the underlying Index, the shareholder will be subject to an unlimited loss risk in relation to its Share(s). The Sub-funds do not attempt to beat the reference market. The Company will not engage in any hedging activities regarding that potential loss in value (no active management). Therefore, losses in relation to the Index, Basket or structured product will normally result in a corresponding loss in relation to the Sub-fund.

Depository Risk: The keeping of assets in safe custody, in particular if it takes place abroad, is associated with a loss risk resulting from the applicable insolvency risk and possible breaches of the duty of care or misconduct by the

Depository or a sub-custodian.

Volatility: Volatility is the measurement of a security's relative margin of fluctuation and, thus, its price risk within a given period of time. It is measured with the help of statistical spread measurements such as variance or standard deviation on the basis of historical values. Historical volatility, however, offers no guarantee regarding future volatility. Any information in that regard is based solely on estimates that may subsequently turn out to be inaccurate. Investors bear the risk that actual volatility may exceed stated estimated volatility. 30% volatility within one year means that the price of the Share fluctuated, on average, between 70% and 130% of the current price. Higher volatility means higher fluctuations in relation to the Share in the Sub-fund in the past – thus increasing the level of risk associated with an investment. **Therefore, investors should note that the relevant Sub-fund may show increased volatility depending on the risk assessment based on its composition, meaning that Share prices may go significantly up or down within short periods of time.**

Currency Risk: An investment in the Shares may be associated with direct or indirect currency risks. For once, a Sub-fund may be denominated in a different currency than the underlying Index. In addition, the components of an Index may be denominated in a different currency than the base currency of the Index. In that case, currency losses may have a negative effect on the result of the investment from the investor's point of view.

Risks associated with investments in reference assets where the value or return includes currency conversion using one or more exchange rates include the risk that exchange rates may change (in certain circumstances significantly, including due to devaluation or revaluation of a currency) and the risk that government or monetary authorities with jurisdiction over a currency may impose or modify exchange controls (as some have done in the past).

Notwithstanding any currency hedging techniques which may be utilized by any Sub-fund, changes in foreign currency exchange rates may affect the value of Shares, notably of those held in a Share Class denominated in a currency other than the reference currency of the relevant Sub-fund.

Shareholders investing in a Sub-fund in a currency other than in its reference currency should be aware that exchange rate fluctuations could cause the value of their investment to diminish or increase. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro-economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government

intervention.

The currency of each Sub-fund, as well as the different Share Class currencies, are specified in the relevant Appendix.

Subscription and Redemption of Shares: Rules regarding the subscription and redemption of Shares give the Company scope regarding the number of Shares that will be available for subscription and redemption on a Business Day. In addition, in accordance with such restrictions, the Company may delay or partially perform the relevant subscription or redemption process. If subscription or redemption applications are received late, there will also be a delay in relation to the receipt of the application and the actual subscription or redemption date. Such postponements or delays may result in orders being completed only partially or a reduction of the redemption amount.

Hedged Classes of Shares: With regard to any Hedged Classes of Shares that may be available from time to time, shareholders should be aware that the hedging strategy employed by the Company will not, and should not be expected to, completely eliminate the exposure of Hedged Classes of Shares to currency fluctuations. Among other things, because the Net Asset Value of the Sub-funds will fluctuate over time and the Net Asset Value of the Sub-funds and the corresponding hedged amounts are calculated and adjusted only periodically, any currency risk related to changes in the Net Asset Value of the Sub-funds that is not determined or reflected at the time the forward currency contracts are entered into will remain unhedged. Although the Company will keep the hedging transactions relating to Hedged Classes of Shares under review, under-hedged and over-hedged positions may from time to time occur. Furthermore, the use of hedging strategies may substantially limit shareholders in the relevant Hedged Class of Shares from benefiting with respect to favourable currency fluctuations in relation to the Base Currency of the relevant Sub-Fund. All costs and gains/losses of hedging transactions are borne by the shareholders of the respective Hedged Classes of Shares.

Currency Hedging: Fluctuations between the currency of a currency-Hedged Class of Shares and the currency of the underlying index constituents are reduced by the use of one-, three- or six-month foreign exchange forwards depending on cost and efficiency. The use of one-month foreign exchange forwards is normally in line with the index methodology but does not take into account the underlying index constituents' intra-month price movements. As a result a risk of an intra-month under- or over-hedging arises. Consequently the performance of the base index measured in its base currency will not exactly be achieved by the hedged index measured in the hedged currency.

In this context, the Company will (1) ensure that over-hedged positions do not exceed 105% of the net asset value of the relevant Share Class and will ensure (2) that under-hedged positions do not fall short of 95% of the portion of the net asset value of the Share Class which is to be hedged against currency risk at the beginning of the respective hedging transaction. Hedged positions will be kept under review on an ongoing basis, at least at the same valuation frequency of the Company, to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels disclosed above. Such review will incorporate a procedure to rebalance the hedging arrangements on a regular basis to ensure that any such position stays within the permitted position levels disclosed above and is not carried forward from month to month.

Any currency forwards and futures used to implement such strategies with respect to one or more Share Classes shall be assets/liabilities of a Sub-fund as a whole but will be attributable to the relevant Share Class(es) and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Share Class. Where a Share Class is to be hedged this will be disclosed in the description of the relevant Sub-fund in which such Share Class is issued. Any currency exposure of a Share Class may not be combined with or offset against that of any other Share Class of a Sub-fund. The currency exposure of the assets attributable to a Share Class may not be allocated to other Share Classes.

7.2.2 *Risks in Relation to the Index Components*

(a) Special Risks in Relation to Shares

Index components relating to shares are associated with special risks, such as the risk that the relevant company may become insolvent, the risk that the share price will fluctuate or risks in connection with dividend payments by the company. The performance of shares depends to a very significant extent on developments on the capital markets, which in turn depend on the general global economic situation and more specific economic and political conditions. Shares in companies with a low to medium market capitalisation may be subject to even higher risks (e.g. in relation to volatility or insolvency) than it is the case for shares in larger companies. Moreover, shares in companies with a low capitalisation may be extremely illiquid as a result of low trading volumes.

Shares in companies which have their statutory seat or significant business operations in countries with limited certainty of law are subject to additional risks such as, for instance, government

interventions or nationalisation. This may result in a total or partial loss in respect of the value of the share and, thus, in losses for the relevant Sub-fund.

If the Index component consists of securities in lieu of shares (e.g. American Depositary Receipts ("ADRs") or Global Depositary Receipts ("GDRs" and together "**Depositary Receipts**"), additional risks might occur. ADRs are securities issued in the United States of America that take the form of participation certificates in relation to a portfolio of shares held in the home country of the issuer of the underlying shares outside the United States. GDRs are also securities that take the form of participation certificates in relation to a portfolio of shares held in the home country of the issuer of the underlying shares. They normally differ from the participation certificates referred to as ADRs in that they are publicly offered and/or issued outside the United States of America on a regular basis. Each Depositary Receipt represents one or more shares or a fraction of a security in a foreign corporation. In the case of both types of Depositary Receipts, the legal owner of the underlying share is the depositary bank, which also acts as the issuing agent of the Depositary Receipts.

Depending on the jurisdiction in which the Depositary Receipts were issued and the laws by which the depositary contract is governed, it cannot be ruled out that the holder of the Depositary Receipts may not be recognised as the actual beneficial owner of the underlying shares in the relevant jurisdiction. Particularly in the case that the depositary bank becomes insolvent and/or debt enforcement proceedings are initiated with regard to it, the relevant underlying shares may be subjected to disposal restrictions and/or utilised commercially in the context of debt enforcement measures undertaken against the depositary bank. In that case, the relevant holder will forfeit the rights in the underlying shares represented by the relevant Depositary Receipt. The Depositary Receipt as an Index component will be rendered worthless thereby, resulting in losses for the relevant Sub-fund.

(b) Risks in Relation to Interest Rate Changes

In the case of an investment in fixed-rate securities, it is possible that the market interest rate level existing at the time of the securities' issuance may change. If market rates increase as compared to the rates at the time of issue, the prices of fixed-rate securities will normally go down. If, however, market rates go down, the prices of fixed-rate

securities will normally increase. This price development means that the current yield on the fixed-rate security roughly corresponds to the current market rate. These price fluctuations, however, may differ depending on the maturity of the fixed-rate security. Fixed-rate securities with shorter maturities are associated with lower price risks than fixed-rate securities with longer maturities. On the other hand, fixed-rate securities with shorter maturities are normally associated with lower yields than fixed-rate securities with longer maturities.

Money market instruments, because of their short maturity of up to 12 months, are normally associated with lower price risks.

Securities with a low credit rating are associated with higher risks than securities with a high credit rating.

(c) Special Risks in Relation to Commodities

Commodities are normally divided into three categories: minerals (e.g. oil, gas or aluminium), agricultural products (e.g. wheat or maize) and precious metals (e.g. gold or silver). Most commodities are traded on specialised exchanges or through interbank trading in the form of over-the-counter (OTC) transactions.

Index components relating to the price of commodities are subject to significant price risks because the prices of commodities are subject to significant fluctuations. The prices of commodities are influenced by a number of factors, including, inter alia, the following factors:

Cartels and regulatory changes: A number of producers or producing countries of commodities have formed organisations or cartels to regulate supply and therefore influence prices. However, the trading commodities are also subject to regulations imposed by supervisory authorities or market rules whose application may also affect the development of the prices of the relevant commodities.

Cyclical supply and demand behaviour: Agricultural commodities are produced at a particular time of the year but are in demand throughout the year. In contrast energy is produced without interruption, even though it is mainly required during cold or very hot times of the year.

This cyclical supply and demand pattern may lead to strong price fluctuations.

Direct investment costs: Direct investments in commodities are

associated with costs for storage, insurance and taxes. In addition, no interest or dividends are paid on commodities. The overall yield of an investment is influenced by these factors.

Inflation and deflation: The general development of prices may have a strong effect on the price development of commodities.

Liquidity: Many markets of commodities are not very liquid and may therefore not be able to react rapidly and sufficiently to changes in supply and demand. In case of low liquidity, speculative investments by individual market participants may lead to price distortions.

Political risks: Commodities are frequently produced in emerging markets and subject to the demand from industrialised countries. The political and economic situation of emerging markets, however, is often significantly more unstable than that of industrialised countries. They are exposed to a greater risk of rapid political changes and adverse economic developments. Political crises can damage investors' confidence, which can in turn influence commodity prices. Wars or conflicts may change the supply and demand in relation to certain commodities. It is also possible that industrialised countries impose embargoes regarding the export and import of goods and services. This may have a direct or indirect effect on the price of the commodities that serve as the securities' underlying.

Weather and natural disasters: Unfavourable weather conditions and natural disasters may have a long-term negative effect on the supply of specific commodities. A crisis of supply of this sort may lead to strong and incalculable price fluctuations.

Futures curve risk: The performance of an index that tracks the performance of various commodities futures contracts will be influenced to a significant extent by the shape of, and changes in, the futures curves of the individual commodities contained in the index. The shape of the futures curve is influenced to a significant extent by supply and demand.

Since futures contracts have a specific expiry date in each case, the Index Administrator will, at a specific date, substitute the futures contract for another futures contract, which - apart from a later expiry date - will be subject to the same contractual specifications as the original futures contract ("roll-over"). The roll-over - i.e. the substitution of a futures contract for another futures contract -

normally does not affect the index level. This is because, in the context of each roll-over, the Index Administrator will adapt the number of futures contracts held in the relevant commodity so that the value of the Index following the roll-over will be the same as before. This applies regardless of whether the futures contracts are in contango or backwardation. Solely the performance of the futures contract after the roll-over is authoritative with regard to the further performance of the Index. However, in a contango situation, investors will participate in the further performance of the replacement futures contract with a smaller number of contracts. In contrast thereto, in a backwardation situation, investors will participate in the further performance of the replacement futures contract with a higher number of contracts. This applies to both rising and falling prices.

However, it cannot be ruled out that the roll-over may result in costs that might have a negative effect on the performance of the Index.

In addition, the value of the Index might also be adversely affected by other Index adjustments (weighting adjustment, exchange of components, etc.). For instance, its value may decline if the expiring futures contract must be taken into account in the calculation at the bid price, but the replacement futures contract at the offer price.

(d) Special Risks in Relation to Futures Contracts

Futures contracts are standardised forward transactions relating to financial instruments such as shares, indices, interest rates, foreign currencies (so-called financial futures) or commodities such as precious metals, industrial metals, agricultural commodities and energy (so-called commodities futures).

A futures contract represents the contractual obligation to purchase or sell a certain quantity of the relevant contractual object at a certain date and price. Futures contracts are traded on futures and options exchanges and are standardised for that purpose with regard to the size of contract, type and quality of the contractual object and potential delivery places and dates.

As a rule, there is a correlation between the price performance of an asset that underlies a futures contract and is traded on a spot market and the corresponding futures market. However, futures contracts are generally traded at a premium or discount in relation to the spot price of the underlying asset. This difference between the spot and futures

price, which is referred to as "basis" in futures and options exchange jargon, on the one hand results from the inclusion of the costs that are normally incurred in spot transactions (storage, delivery, insurance, etc.) and/or the revenues that are normally associated with spot transactions (interest, dividends, etc.), and on the other hand from the differing valuation of general market factors in the spot and the futures market. In addition, depending on the value, there can be a significant gap in terms of the liquidity in the spot and the corresponding futures market.

7.2.3 *Risks in Relation to the Index*

Index Calculation and Substitution: Under certain circumstances described in the section entitled "Changes to the Index", the calculation or publication of the Index may be suspended or even terminated. In addition, the Index components may be changed or the Index may even be substituted for another Index. The regular adjustment of the Index components by the Index Sponsor and/or Index Administrator may result in costs that might have a negative effect on the performance of the Index. Under certain circumstances, such as the termination of the calculation or publication of the Index or the suspension of the trading in Index components, this may result in the suspension of the trading in the Shares or the suspension of the obligation of the market makers to provide bid and offer prices on the relevant stock exchanges.

There is no guarantee that an Index will be calculated and published in the manner described for in this Prospectus for an unlimited period of time or that it will not be subjected to significant changes. The past performance of an Index is no indicator for its positive performance in the future.

An Index Sponsor and/or the Index Administrator is not obliged to take into account the needs of the Company or the shareholders when determining, composing or calculating an Index. An Index Sponsor and/or the Index Administrator is neither responsible for, nor involved in, the determination of the launch date of a Sub-fund or the prices and quantity of the Shares issued. Neither can an Index Sponsor and/or the Index Administrator influence the relevant redemption terms.

No Investigations or Reviews in Relation to the Index or Indices: Neither the Company, the Investment Manager(s), the Sub-Investment Manager nor their respective affiliates have engaged, or will engage, in investigations or reviews on behalf of the shareholders in respect of the Index. Investigations or reviews by or for the Company, the Investment Manager(s), the Sub-Investment Manager or their respective affiliates will be performed for investment

purposes only. The specific risks associated with an investment in particular indices and/or the relevant Index components are set out below.

Tracking Error Risk: A temporary non-availability of certain securities in the market, the compliance with legally binding issuer limits, the reinvestment of dividends at Index level, the transaction costs associated with the purchase of Index components or the use of Derivatives (if any), taxes, Index adjustments or other extraordinary circumstances can result in a deviation from the performance of the Index (the "**Tracking Error**" for the purpose of this section). In addition, the Sub-fund incurs transaction costs and other costs, fees or taxes in duties in connection with the tracking of the underlying Index, which are not taken into account in the calculation of the Index. This means that, in such a case, the relevant Sub-fund will not be able to track the performance of the underlying Index in full. If the performance of the securities included in the Sub-fund deviates from the corresponding obligation of the Sub-fund under a relevant swap agreement, this poses an additional risk for the Sub-fund.

The expected Tracking Error under normal market conditions, as stated in the relevant Appendix, is a Management Company's assessment based on the standard deviation of the difference between the performance of the Sub-fund and the performance of the Index in the past few months. In the event of unexpected circumstances the actual Tracking Error may differ from the expected Tracking Error.

7.2.4 *Securities Lending*

Securities lending transactions involve counterparty risk, including the risk that the lent securities may not be returned or returned in a timely manner. Should the borrower of securities fail to return the securities lent by a Sub-fund, there is a risk that the collateral received may be realized at a lower value than the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements, decrease in the credit rating of the issuer of the collateral or the illiquidity of the market in which the collateral is traded which could adversely impact the performance of the Sub-fund.

A list of principal borrowers and counterparties for securities lending transactions is set out in appendix 2 of this Prospectus. Counterparties may engage in activities that might result in conflicts of interests with adverse effect on the performance of the Sub-funds. In such circumstances, the relevant counterparties have undertaken to use their reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its or his respective obligations and duties) and to ensure that the interests of the Company and the shareholders are not unfairly prejudiced.

7.2.5 *Other Risks*

Potential Conflicts of Interest: The Management Company maintains and applies, in accordance with the 2010 Law, effective and appropriate organizational and administrative arrangements enabling to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of each Sub-fund and its shareholders. The Management Company, any of its delegates or counterparties such as for example investment managers, investment sub-managers, investment advisors, service agents, paying agents, distributors and other agents which may be appointed from time to time (the "**Delegates**", the "**Parties**") may from time to time act in their relevant capacities in relation to or be otherwise involved with other investment funds (UCITS or AIFs) or other clients. It is therefore possible that any of them may, in due course of their business, have potential conflicts of interests with the Management Company, the Company, a Sub-fund or any of the shareholders. Each of the Parties will at all times have regard in such event to its obligations under laws and agreements to act in the best interest of the Company and the shareholders, when undertaking any dealing or investments with other investment funds or other clients, where conflicts of interest may arise. In such events, each will endeavour to resolve such conflicts fairly.

Where the arrangements made by the Management Company to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to some shareholders of a Sub-fund will be prevented, the general nature or sources of conflicts of interest to these shareholders shall be disclosed in this Prospectus or in any other adequate way disclosed to the shareholders and appropriate policies and procedures shall be developed and implemented. Investors may obtain, free of charge, the conflicts of interest policy at the registered office of the Management Company.

Nordea, RBC and/or affiliated companies may act as the Company's swap counterparty, securities lending counterparty, Distributor, Index Sponsor and/or Index Administrator, Investment Manager, Market Maker and/or sub-custodian. Nordea, RBC or the affiliated company in one of the aforementioned capacities, the Board, the Custodian, the Administrator the shareholders, other investment managers, the Index Sponsor and/or Index Administrator the swap counterparty, the securities lending counterparty, the Distributor or a market maker may in each case engage in activities that might result in conflicts of interests, e.g. financial and banking transactions with the Company, or the investment and trading in Shares, other securities or assets held within the Sub-fund or as index components (including the sale to, and purchase from, the Company).

Index swaps entered into on behalf of the Sub-funds are not traded on an exchange. Therefore, the price shall be determined by the swap counterparty and controlled by the Administrator. Accordingly, potential conflicts of interest cannot be ruled out. The counterparty may have an obligation to assess the value of such derivative transactions or contracts. Such valuations may serve as the basis for calculation of the value of certain Company assets. The counterparty may also act as an Index Administrator.

The Board believes that it has taken reasonable measures to deal with deviations or conflicts of interest. It assumes that each relevant counterparty is qualified and competent to provide these services and that all costs for the Company are typical of what would be incurred if these services were provided by a third party.

License Agreement regarding the Use of an Index: In order to be able to reproduce the Index, the respective Index Sponsor granted a license for the use of the respective Index and for the use of certain trademarks and copyrights. Said license agreements may be terminated by the respective sponsor, so that the licensee Sub-fund may not attain its objective and the previous investment objective may not be achieved as a result of a substitution of the Index or dissolution of the Sub-fund. It is possible that the Index will no longer be composed or published by the relevant Index Sponsor and that there may be no comparable substitute for the Index. This may result in a termination of the relevant Sub-fund, which may have adverse consequences for the investor.

Legal Qualification of an Index: The Investment Manager has qualified the indices as financial indices in accordance with the ESMA Guidelines on the basis of an internal review process. Revisions of this qualification in certain cases, as a result of regulatory practice, cannot be ruled out.

Allocation of Deficits under the Share Classes of a Sub-fund: The right of creditors to participate in the assets of the Company is restricted to the assets (if any) of the relevant Sub-fund. All assets of a Sub-fund are available for the fulfilment of the Sub-fund's obligations, notwithstanding the different amounts that are designated for payment in relation to the different Share Classes (as listed in the relevant Appendix relating to the Sub-fund). If, for instance, the amounts received by the Company from the assets of the relevant Sub-fund in connection with (i) a winding-up of the Company or (ii) the dissolution of a Sub-fund are (following the payment of all fees, expenses and other obligations to be borne by the relevant Sub-fund) insufficient as to cover the full payment of the redemption amount payable in relation to all Share Classes of the relevant Sub-fund, all Share Classes of the relevant Sub-fund shall rank *pari passu* with each other and the proceeds of the relevant Sub-fund shall be distributed to the

shareholders of such Sub-fund on a pro rata basis, based on the amounts paid in by each shareholder. The relevant shareholders shall have no further rights to payments in relation to their Shares or any claims towards other Sub-funds or assets of the Company. In practice, the reciprocal liability between classes is likely to apply only if the total amounts payable in relation to a class exceed the Sub-fund assets fictitiously allocated to the relevant class, i.e. the amounts that may be received by the Company from the assets of the relevant Sub-fund (following the payment of all fees, expenses and other obligations to be borne by the relevant Sub-fund) and that are designated for the financing of payments in relation to the relevant class or are allocable to that class for other reasons. For instance, such a situation might occur in the event of the payment default of a swap-counterparty in relation to the assets of the relevant Sub-fund. Under those circumstances, the remaining assets that are fictitiously allocated to another class of the same Sub-fund might be used for the fulfilment of those payment obligations and thus will not be available for the payment of other amounts otherwise payable by that class.

Separate Liability of the Sub-funds: Although the statutory provisions provide for a separate liability of the Sub-funds, this is subject to a possible legal risk, in particular in relation to the satisfaction of claims of local creditors in a foreign court. Accordingly, it cannot be determined without doubt whether the assets of a Sub-fund of the Company might be liable for the obligations of other funds of the Company. At the time of the publication of this Prospectus, the Board is not aware of any such existing or potential obligations of the Sub-funds of the Company.

The Risks Associated with Trading on a Stock Exchange: It is planned to have the relevant Shares in the Sub-funds admitted to trading on one or several stock exchanges. When the Shares are traded on the stock exchange (the "**Secondary Market**"), the Share's trading price not only depends on the performance of the investments contained in the fund's assets. Rather, the price of the Shares is also influenced by the supply and demand situation on the stock exchange. This means that the trading price of the Shares may undergo a negative or positive development merely as a result of market conditions, psychological or even irrational sentiments, opinions and rumours circulating on the stock exchange.

The market maker's obligation to maintain liquidity is limited to certain quantities (minimum quotation volumes) at maximum price ranges. The minimum inclusion period in relation to bid and offer prices normally does not span the entire effective trading times on the relevant exchange. This may result in brief temporary disruptions regarding price quotations. This can lead to orders being executed that do not correspond to the relevant exchange's stipulated quality criteria.

Consequences of Winding-Up Proceedings: If the Company (for whatever reason) is unable to meet its obligations or liabilities or to pay its debts, its creditors may apply for the winding-up of the Company. The institution of such proceedings may entitle its creditors (including swap counterparties) to terminate contracts with the Company (including in relation to the assets of the Sub-funds) and to claim compensation for the losses suffered by them in connection with such early termination. The institution of such proceedings may result in (i) a winding-up of the Company and the sale of its assets (including the assets of all Sub-funds), (ii) the payment of the fees and expenses of the appointed liquidator or other insolvency administrator, (iii) the satisfaction of claims that must be given priority by law and (iv) the payment of the Company's liabilities (in that order), before any excess amounts can be distributed to the shareholders of the Company.

THERE IS NO GUARANTEE THAT THE INVESTMENT OBJECTIVE OF A SUB-FUND CAN BE REALISED.

THE SUCCESS OF AN INVESTMENT IN THE SUB-FUNDS MAY DIFFER FROM THAT OF A DIRECT INVESTMENT IN THE SECURITIES UNDERLYING THE RELEVANT INDEX, BASKET OR STRUCTURED PRODUCT.

8. RISK PROFILE TYPOLOGY

Unless otherwise indicated in the relevant Appendix, the Sub-funds are available as an investment to institutional and retail investors. However investors should generally be prepared to take risks in relation to the invested capital and returns. The risk associated with an investment in the various Sub-funds may, as described in the following, be low, medium or high:

- The "low risk" category applies to Sub-funds where the risk of capital losses ensues from the low volatility of the investment class(es) contained in the Sub-funds and/or the use of capital protection strategies (possibly including a bank guarantee that, as set out in the relevant Appendix, applies with regard to one or more dates). This type of investment is suitable for investors with little financial market experience. The Shares may be subject to value fluctuations, which may result in a lower value than their initial value, potentially causing investors to incur significant capital losses;
- The "medium risk" category applies to Sub-funds where the risk of capital losses ensues from the medium volatility of the relevant investment class(es) and/or the partial capital protection of the Sub-fund. This type of investment is suitable for investors with some financial market experience. Investors must be prepared and able to accept value fluctuations regarding the Shares and

possibly a substantial capital loss; and

- The "high risk" category applies to Sub-funds that invest in investment class(es) that are characterised by high volatility and/or restricted liquidity and that do not pursue capital protection strategies. This type of investment is suitable for experienced investors only who are able to assess the associated risks and the value of the investment. Investors must be prepared and able to accept very substantial value fluctuations regarding the Shares and possible a very substantial capital loss.

The above categorisation shows the risk level associated with each Sub-fund and does not represent a guarantee with respect to potential returns. It merely serves a comparison with other Sub-funds publicly offered by the Company or third parties. In the event of doubts regarding the appropriate risk level, investors should consult their personal investment manager.

9. **FORM OF THE SHARES**

All Shares are issued in uncertificated registered form, and the share register is conclusive evidence of ownership. The Company treats the registered owner of a Share as the absolute and beneficial owner thereof.

Shares do not carry any preferential or pre-emptive rights and each Share, irrespective of the Class to which it belongs, is entitled to one vote at all general meetings of shareholders. Shares are issued without par value and must be fully paid for on subscription.

The Board in its sole discretion reserve the right to close, deactivate or restrict the Company to new subscriptions or conversions in (but not to redemptions or conversions out, except in the circumstances set out in this Prospectus) if, in the opinion of the Board, this is necessary to protect the interests of existing shareholders. One such circumstance would be where the Company has reached a size such that capacity of the market and/or the capacity of the Investment Manager has been reached, and where to permit further inflows would be detrimental to the performance of the Company. Where the Company is materially capacity-constrained in the opinion of the Board the Company may be closed, deactivated or restricted to new subscriptions or conversions in without notice to shareholders.

10. **ISSUE AND SUBSCRIPTION OF SHARES**

Pursuant to this Prospectus, the Board is at any time entitled to issue Shares pertaining to any Sub-fund and any Share Class. In addition, the Board reserves the right to stop the issue and sale of Shares at any time and without prior notice. The Board also reserves the right to allow, at any time and without prior notice, the issue and sale of

Shares pertaining to Sub-funds that were previously closed with regard to further subscription applications. Said decision will be taken by the Board by giving due consideration to the interests of the current shareholders.

The launch date and possibly the offer period for each newly created and/or reactivated Sub-fund will be determined by the Board and is stated in the relevant Appendix. The Board may use its reasonable discretion in deciding, prior to the launch date, to cancel the offer of a Sub-fund. The Board may also decide to cancel the offer of a new class of Shares. In that case, those investors that already submitted a subscription application will be duly informed, and any subscription amounts already paid will be reimbursed. It is pointed out in this context that, until the reimbursement of the aforesaid amounts, investors will have no right to claim interest.

The Company will not issue any Shares for the duration of the period during which the calculation of the NAV per Share of the relevant Sub-fund is suspended.

The Board may use its reasonable discretion in deciding whether to refuse an application for subscription or redemption of Shares if it has reason to believe that the application was submitted improperly or in a manner that might harm the interests of the Company or those of the existing or potential shareholders.

10.1 **Subscriptions of Shares by Authorised Participants**

As a general rule, only those investors that are to be regarded as Authorised Participants may subscribe for Shares directly from the Company. Authorised Participants must comply with the FATCA requirements and with the requirements for (i) Exempt beneficial owners, (ii) active non-financial foreign institutions in accordance with Annex I of the Luxembourg IGA, (iii) U.S. Persons who are not classified as specified U.S. Persons, or (iv) financial institutions that are not non-participating financial institutions. These terms have the meaning ascribed to them in the Luxembourg IGA. Investors that are not Authorised Participants may, as described in the section below, acquire Shares from a Distributor or Sub-distributor stated in the Prospectus or from the relevant stock exchange on which such Shares are listed. This means that the Company will accept subscription applications from Authorised Participants only. The respective subscription deadline is set-out in the relevant Sub-Fund's Appendix. An exception applies insofar as that cash subscriptions are also accepted from other investors if this is mandatorily required under the relevant laws of a country in which the Company is licensed for public distribution. Such exceptions are described in this Prospectus, if applicable.

The Company and certain financial institutions have entered into agreements (the "**Participation Agreements**"), which set out the rules and conditions pursuant to and upon which the Authorised Participants may subscribe for Shares. Pursuant to the

provisions of the Participation Agreements, subscriptions of Shares by Authorised Participants may, in whole or in part, be carried out against securities (issue or receipt), so as long as the relevant laws and regulations are complied with. In this context, an auditor report will be produced, the costs of which shall be borne by the Authorised Participant. Subscriptions of Shares by Authorised Participants normally take place in denominations that - for each Sub-fund and each Share Class - comprise a predetermined number of Shares. The Participation Agreements also contain detailed rules on the implementation of subscriptions of Shares by Authorised Participants. These rules set forth minimum subscription thresholds.

The issue price for Shares in all Sub-funds and Share Classes is based on the Net Asset Value on the relevant Valuation Date in relation to the Shares of the relevant Sub-fund/Share Class. That value is increased by the Subscription Fee set out in the Participation Agreement. This subscription fee is charged for the benefit of the relevant Sub-fund. This Subscription Fee is intended to compensate for brokerage, tax, foreign exchange, execution, market impact and other costs and expenses related to transactions in the investment portfolio of the relevant Sub-fund. The Management Company may decide on the amount of the subscription fee up to the maximum amount disclosed in the relevant Appendix.

10.2 **Purchases of Units by non- Authorised Participants**

Issuing Procedure

Investors that are not Authorised Participants may acquire Shares from the Distributor stated in the Prospectus at the respective NAV on the relevant Valuation Date, plus a subscription fee where applicable (the "**Selling Price**"), as described in the relevant Appendix (the "**Issuing Procedure**"). The Board may use its reasonable discretion as to whether to waive a possible minimum and/or pro-rata subscription fee in full or in part. The applicable deadline for the receipt of subscription applications at the NAV on the relevant Valuation Date is set out in the Appendix pertaining to the relevant Sub-funds. With regard to applications that are received by the Distributor after the end of the relevant deadline, settlement and the calculation of the relevant Selling Price will be delayed until the next Valuation Date.

11. **REDEMPTION OF SHARES**

Authorised Participants and non-Authorised Participants can redeem their Shares with the Company. The respective redemption deadline is set-out in the relevant Sub-Fund's Appendix.

11.1 **Redemption of Shares by Authorised Participants with the Company**

The Authorised Participants have entered into Participation Agreements, which set out

the rules and conditions pursuant to and upon which the Authorised Participants may redeem Shares. Redemptions of Shares by Authorised Participants normally take place in denominations that - for each Sub-fund and each Share Class comprise a number of Shares as stated in the Participation Agreement. The Participation Agreements also contain detailed rules on the implementation of the redemption of Shares by Authorised Participants. Pursuant to the provisions of the Participation Agreements, redemptions of Shares by Authorised Participants may, in whole or in part, be carried out against securities (issue or receipt), so long as the relevant laws and regulations are complied with. In this context, an auditor report will be produced, the costs of which shall be borne by the Authorised Participant. These rules include thresholds in relation to minimum redemptions as well as commitment size and provide for the possibility to delay redemptions that exceed a certain percentage of the NAV of the relevant Sub-fund and/or in the relevant Participation Agreement.

The redemption price for Shares in all Sub-funds and Share Classes is based on the NAV on the relevant Valuation Date in relation to the Shares of the relevant Sub-fund/Share Class. The redemption of Shares by Authorised Participants will generally not incur a Redemption Fee, unless otherwise indicated in the relevant Appendix.

11.2 Redemption of Shares by non-Authorised Participants with the Company

An investor who is not an Authorised Participant may instruct the financial intermediary holding his/her Shares to file an application with the Company for the redemption of all or some of its Shares for payment in cash.

The redemption amount is calculated on the basis of the NAV on the relevant Valuation Date less the Redemption Fee stated in the relevant Appendix. This Redemption Fee is charged for the benefit of the relevant Sub-fund. This Redemption Fee is intended to compensate for brokerage, tax, foreign exchange, execution, market impact and other costs and expenses related to transactions in the investment portfolio of the relevant Sub-fund. The Management Company may decide on the amount of redemption fee up to the maximum amount disclosed in the relevant Appendix.

The applicable deadline for the receipt of redemption applications at the NAV on the relevant Valuation Date is set out in the Appendix pertaining to the relevant Sub-funds. With regard to applications that are received by the Company after the end of the relevant deadline, settlement and the calculation of the relevant selling proceeds will be delayed until the next Valuation Date.

Procedure for Redemptions by the Company

Applications for the redemption of Shares by the Company should contain the following information:

- (a) the investor's redemption request through a financial intermediary, the number of Shares to be redeemed, as well as the relevant Share Class and the relevant Sub-fund;
- (b) arrangements for the delivery of the Shares to be redeemed (transfer to the Company's account with the Depositary); and
- (c) the bank details of the shareholder relating to the account to which the redemption proceeds are to be transferred.

The details of the account to which the Shares to be redeemed are to be credited may be requested in writing from the Company.

The payment of the redemption price to a shareholder, or the financial intermediary who held the redeemed shares, shall, as decided by the Board, be made in cash, in the Sub-fund's base currency or in another currency determined by the Board within a deadline stipulated by the Board which, however, may not exceed three (3) business days (following the valuation date on which the redemption request was accepted); this, however, is subject to the proviso that the shares to be redeemed are received by the Company prior to the payment of the redemption price.

11.3 **Procedure Regarding Redemptions Corresponding to 10% of a Sub-fund**

If a redemption application is received with regard to a Sub-fund that, individually or collectively with other redemption applications received on the same Valuation Date, corresponds to more than 10% of the NAV of the relevant Sub-fund, the Company, in its sole unrestricted discretion, reserves the right to spread the settlement of each application over several Valuation Dates.

If for a Sub-fund any applications for redemption for cash is received in respect of any one redemption day (the "**First Redemption Day**") which either singly or when aggregated with other applications for redemptions for cash so received, is more than 10% of the NAV of that Sub-fund (or such other percentage as the directors may in their discretion apply to ensure the interests of remaining shareholders are protected), the Company and the Management Company reserve the right in its sole and absolute discretion to scale down pro rata each application with respect to such First Redemption Day so that a minimum of 10% of the NAV of the relevant Sub-fund will be redeemed on that First Redemption Day.

To the extent that any application is not given full effect on that First Redemption Day by virtue of the exercise of the power to pro-rate applications, it will be treated with respect to the unsatisfied balance thereof as if a further request had been made by the redeeming shareholder in respect of the next Valuation Date and, if necessary, subsequent Valuation Date, until such application will have been satisfied in full. With

respect to any application received in respect of the First Redemption Day, to the extent that subsequent applications are received in respect of following Valuation Date, such later applications will be postponed in priority to the satisfaction of applications relating to the First Redemption Day, but subject thereto will be dealt with as set out in the preceding sentence.

11.4 **Compulsory Redemptions**

General

If, at any time, the Company learns that a person who or which, either on its own or together with another person, is a Prohibited Person, the Company, in its reasonable discretion, may enforce the compulsory redemption of the relevant Shares at the applicable NAV per Share in accordance with the provisions of this Prospectus, less the expenses incurred by the Administrator and the Depositary in connection with the processing of that redemption. The relevant Shares will be redeemed within no less than 10 calendar days after the Company's compulsory redemption notice and the relevant investor will then cease to be the owner of the relevant Shares.

If the Company becomes aware, that according to the entry into the Company's shareholder register Shares are held by investors or through intermediaries, which cannot be assigned to one of the FATCA groups as described in section 10.1, first paragraph (Exempt Beneficial Owners, Active Non-Financial Foreign Institutions, in accordance with Annex I of the Luxembourg IGA, U.S. Persons who are not Specified U.S. Persons, or Financial Institutions that are not Non-participating Financial Institutions), the Company may at its sole discretion compulsorily redeem those shares. The compulsory redemption can be executed within ninety (90) calendar days after having taken note of the before mentioned circumstances.

Liquidation of a Sub-fund

If the NAV of a Sub-fund, at a certain valuation time, is less than EUR 20 million and/or if the NAV of a Share Class of that Sub-fund is less than EUR 10 million or a corresponding value in the Sub-fund's relevant Base Currency, the Company may, in its reasonable discretion, redeem all outstanding Shares of the relevant Sub-fund or the relevant Share class at the daily NAV per Share, less the pro-rated Subscription/Redemption Fee and any securities transfer fees and redemption dividends, calculated as of the cut-off date as well as by taking into account any liquidation costs that may have been incurred. The Company shall serve a notice to the holders of the relevant Share Class or Share Classes prior to the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of, the redemption operations: the Company shall inform shareholders to the extent required by Luxembourg laws and regulations or otherwise deemed appropriate by

the Company, by publication of a notice, in a newspaper determined by the Company, and/or sent to the shareholders and/or communicated via other means prior to the effective date of the liquidation. Such notices will be available at the registered office of the Management Company or at the Representatives outside Luxembourg.

12. **CONVERSION OF SHARES**

General

Shares in any Share Class in any Sub-fund can be converted into any Share Class of the same Sub-fund or any other Sub-fund, subject to the provisions of this section and the relevant Sub-fund Appendix.

Upon each conversion of Shares, a Conversion Fee as stated in the relevant Sub-fund Appendix may be levied.

Procedure for Conversion

Shareholders may convert all or part of their Shares in an original Sub-fund, including Shares in an original class into Shares of one or more new Sub-fund(s) (which may include the original Sub-fund) and in particular into Shares in a new Class of the new Sub-fund, by application in writing, by mail or by telefax to the Registrar and Transfer Agent in Luxembourg stating which Shares are to be converted into which Sub-fund(s)/Share Classes.

The application for conversion must include either (i) the monetary amount in the currency of the Share Class the shareholder wishes to convert or (ii) the number of Shares the shareholder wishes to convert and (iii) which Shares are to be converted into which Sub-fund(s) or Share Classes. In addition, the application for conversion must include the shareholder's personal details together with its personal account number provided on its initial subscription.

The application for conversion must be duly signed by the registered shareholder, save in the case of joint registered shareholders where an acceptable power of attorney has been provided to the Company and the Registrar and Transfer Agent.

Failure to provide any of this information may result in delay of the application for conversion.

Applications for conversion received by the Registrar and Transfer Agent in Luxembourg before the relevant Sub-fund Conversion Deadline, (as specified in the relevant Sub-fund Appendix), will be processed on the relevant Valuation Date indicated in respect of each Sub-fund in the relevant Sub-fund Appendix.

The rate at which Shares shall be converted will be determined by reference to the

respective NAV of the relevant Shares and taking into account the Conversion Fee calculated on the relevant Valuation Date indicated in respect of each Sub-fund in the relevant Sub-fund Appendix.

Notification of Transaction

As soon as reasonably practicable following such conversion of Shares, the Registrar and Transfer Agent will inform the shareholder concerned, by a contract note sent by telefax or ordinary post, of the number of Shares of the new Sub-fund or new Share Class obtained by conversion and the price thereof. Shareholders should check this contract note to ensure that the transaction has been accurately recorded.

Fractions of Shares in the new Sub-fund or new Share Class up to four (4) decimal places will be issued, the Company being entitled to receive the adjustment.

13. PREVENTION OF MONEY LAUNDERING

Pursuant to the Luxembourg law of 12 November 2004 on the combating of money laundering and the financing of terrorism as well as CSSF Circular 08/387, undertakings for collective investments and all commercial participants in the financial sector are obliged to prevent the use of undertakings for collective investments for money laundering purposes. The Participation Agreement provides for a relevant procedure aimed at identifying Authorised Participants. Each Authorised Participant is a commercial participant in the financial sector that is domiciled in a country pertaining to the Financial Action Task Force on Money Laundering ("**FATF**") and obliged to adhere to identification procedures that are in compliance with Luxembourg law.

14. SECONDARY MARKET

The Shares may be purchased and sold in the Secondary Market. The Shares shall generally be admitted to one or more stock exchanges (as further indicated in the relevant Sub-fund Appendix) in order to facilitate their trading in the Secondary Market. If Shares are purchased and sold in the Secondary Market, investors will have to employ the services of an intermediary (e.g. broker), which may add costs to the purchase or sale transaction. Moreover, investors may have to pay more than the current NAV for purchase of the Shares, and may receive less for the sale of the Shares than the current NAV.

The price of Shares traded in the Secondary Market in part depends on market supply and demand, value fluctuations in the underlying Index and other factors such as the prevailing conditions for the financial markets and companies, as well as the economic and political climate. In accordance with the terms and conditions of the relevant stock exchanges, it is expected that market makers will provide liquidity as well as bid and

offer prices in order to facilitate the trading of the Shares in the Secondary Market.

Authorised Participants and non-Authorised Participants who purchased their Shares in the Secondary Market can redeem their Shares with the Company.

In respect of Sub-funds listed on a stock exchange the Company will appoint one or more issuer agent(s) acting on its behalf. Units listed for trading on a stock exchange will be shown in the register as being held by a Central Securities Depository (CSD) which can be found in Appendix 3. The Central Securities Depositories will, if possible, hold all interests (e.g. issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) in listed Units for the sole purpose of enabling clearing and settlement of such interests in uncertificated and dematerialised book-entry form in the records maintained by the CSDs for the benefit of the ultimate beneficial owners. Clearing and settlement will take place in accordance with applicable laws, regulations and operating procedures applicable to and/or issued by the relevant CSDs. The Company shall be entitled to obtain information from the CSDs in relation to the registered fund units.

15. PROHIBITION OF LATE TRADING AND MARKET TIMING

Late trading refers to the acceptance of a subscription (or redemption) order following the expiry of the relevant deadlines (as described above) on a Business Day as well as the execution of that order at the price applicable on that day on the basis of the NAV. Late trading is strictly prohibited.

Market timing refers to the arbitrage method where an investor systematically subscribes for and returns Shares of the Company, thereby exploiting time differences and/or inefficiencies or deficits in the method regarding the determination of the NAV of the relevant Sub-fund. Market timing practices may interfere with the investment management of the portfolios and may adversely affect the performance of the relevant Sub-fund. In order to avoid such practices, Shares are issued at an unknown price, and neither the Company nor the Administrator will accept orders that are received following the expiry of the relevant deadlines.

The Company reserves the right to refuse purchase and/or redemption orders in relation to a Sub-fund from persons who are suspected of having engaged in market timing practices.

16. NAV, ISSUE AND REDEMPTION PRICE

16.1 NAV Determination

The Administrator will determine the NAV per Share under the Management Company's responsibility. The NAV per Share for the relevant Share Class of each

Sub-fund is calculated on each Calculation and Publication Day in the base currency and will be made available at the registered office of the Company and published on the internet site <https://nordeamarkets.com>. The base currency of each Sub-fund is stated in the relevant Appendix.

The NAV per Share for a Valuation Date is calculated on the relevant Calculation and Publication Day for each Share Class. The securities contained in the fund assets are evaluated on the basis of the last available closing prices in the relevant principal markets on the Reference Date. The NAV per Share for a Share Class pertaining to a Sub-fund is determined by dividing the value of the total assets of the relevant Share Class of the Sub-fund, less the liabilities of the Sub-fund, by the total number of Shares pertaining to that class that are issued and outstanding at a certain valuation time. When calculating the NAV per Share, revenues and expenses are treated as accruing on a daily basis.

The Company's and the Sub-funds' NAV is determined in accordance with Article 10 of the Articles, which sets out, *inter alia*, the following provisions that are applicable to the determination of said value:

- (a) the value of cash balances or deposits, bills of exchange and payment requests as well as trade accounts receivables, prepaid expenses and deferred charges, cash dividends and interest income decided upon or accrued as aforesaid but not yet received will be fully taken into account, unless it is unlikely that such amounts will be paid or received, in which case their value will be determined subject to a discount that is deemed appropriate in order to reflect their actual value;
- (b) securities that are listed on a recognised stock exchange or traded on any other regulated market will be valued at their last available official closing prices or, in the case of several such markets, based on their last available closing prices on the most important market for the relevant security, so long as these prices are normally the same as the prices used by the index offeror in the calculation of the index of the relevant Sub-fund; if the last available price does not accurately reflect the fair market value of the relevant securities, the value of such securities shall be determined by the Board on the basis of their reasonable foreseeable realisation prices determined subject to due deliberations and in good faith;
- (c) securities that are not traded on a regulated market will be valued on the basis of their likely realisation price, as determined by the Board subject to due deliberations and in good faith;
- (d) the liquidation value of futures, forward or option contracts that are not traded

on regulated markets is the net liquidation value determined in accordance with the principles set forth by the Board on a uniform basis in relation to each of the different types of contracts. The liquidation value of futures, forward or options contracts that are traded on stock exchanges or other regulated markets is based on the last available settlement prices for those contracts on stock exchanges and regulated markets on which the relevant futures, forward or options contracts are traded by the Company; in the event that one of said futures, forward or options contracts cannot be liquidated on the day on which the net assets are determined, a value deemed appropriate and reasonable by the Board shall be used as the basis for the determination of the liquidation value of the relevant contract;

- (e) interest rate swaps will be valued at their market value, which is determined by reference to the relevant interest rate curves. Swaps relating to indices and financial instruments will be valued at their market value that is determined by reference to the relevant index or financial instrument. The valuation of a swap agreement relating to an index or financial instrument is based on the market value of that swap transaction, which will be determined in good faith in accordance with the procedure determined by the Board; and
- (f) all other securities and assets will be valued at their market value, which will be determined in good faith in accordance with the procedure determined by the Board.

Investments held in a particular Sub-fund that are not denominated in the Base Currency will be converted into the Base Currency at the exchange rate that is applicable within the principal regulated market for the relevant value on the valuation day preceding the valuation time. The Board may, in its absolute discretion, allow the use of other valuation methods if it is of the opinion that such a valuation better reflects the fair realisation value of an investment in the Company.

The Company's net assets will at all times correspond to the sum of the NAVs of the various Sub-funds.

The Board may launch one or several Sub-funds and may set up a Sub-fund with two or more Share Classes as follows:

- (a) if two or more Share Classes are issued in relation to a specific Sub-fund, the assets allocable to such Share Classes shall be invested in accordance with the specific investment policy relating to that Sub-fund. Within one Sub-fund, different Share Classes may be issued by the Board, each of which (i) pursues a specific distribution policy,

e.g. one that entitles to distributions ("**Distributing Shares**") or one that does not entitle to distributions ("**Accumulating Shares**") and/or (ii) have a specific subscription and redemption fee structure and/or (iii) have a specific investment management or consultancy fee structure and/or are subject to other fixed criteria determined by the Board;

- (b) the proceeds to be received from the issue of Shares pertaining to each Share Classes will be allocated to the Sub-fund relating to that Share Class in the Company's books; if several Share Classes within the relevant Sub-fund are outstanding, the relevant amount will increase the net assets relating to the relevant Sub-fund as allocable to the shareholders of the relevant Share Class;
- (c) any assets, receivables, liabilities, proceeds and expenses allocable to the relevant share class will be allocated to the relevant Sub-fund in accordance with the provisions of Article 10 of the Articles;
- (d) in the Company's books, derivative assets will be allocated to the same Sub-fund as those assets from which they have been derived, and in connection with each new valuation of an asset, the relevant increase or reduction in value will be allocated to the relevant Sub-fund;
- (e) liabilities arising in connection with an asset pertaining to a specific Sub-fund or an act pertaining to that Sub-fund will be allocated to that Sub-fund;
- (f) if a receivable or liability of the Company cannot be allocated to a specific Sub-fund, that receivable or liability will be allocated to all Sub-funds in proportion to the number of Sub-funds or on the basis of the proportional value of the share classes, in accordance with the Board's due considerations; and
- (g) distributions to the shareholders in relation to a Share Class will reduce the value of the Shares pertaining to that Share Class by the distribution amount.

Within the individual Sub-funds, the NAV per Share of the different Share Classes may not be consistent because the distribution/payment of dividends and the fee and cost structures of the individual Share Classes will be different.

The Company's distribution policy provides that distributions will take place in relation to Distributing Shares only.

16.2 **Suspension of NAV Calculation and Suspension of Share Issuance and Redemption**

In accordance with Article 11 of its Articles, the Company may suspend the calculation of the NAV of one or several Sub-funds and the subscription and redemption of Shares:

- (a) during a period in which one of the most important stock exchanges or one of the other markets on which a significant part of the Company's investments allocable to the relevant Sub-fund are listed or traded is closed, or the foreign exchange markets for the currencies in which the NAV or a significant part of the investments of the relevant Sub-fund are denominated is closed (other than on regular holidays), or on which trading in those markets is restricted or suspended, provided that the closure of such stock exchange or the mentioned restriction or suspension affects the valuation of the listed investments of the relevant Sub-fund; or
- (b) while circumstances apply that represent an emergency because of which the sale or valuation of investments held by the Company would be impossible or if such sale or valuation would be detrimental to the interests of the shareholders; or while the means of communication that are normally used for the determination of the price or value of an investment of the relevant Sub-fund or the current price or value of the assets allocable to that Sub-fund on an exchange are not available; or
- (c) if the prices of investments held by the Company cannot be determined immediately or accurately for any other reason beyond the Board's control; or
- (d) during a period of time in which the Company is unable to return funds for making redemption payments or in which a transfer of funds for the realisation or acquisition of investments or payments cannot be carried out at regular foreign exchange rates in the opinion of the Board because of redemptions of Shares; or
- (e) following the publication of a convocation notice regarding a general meeting of shareholders for the purpose of deciding upon the winding-up of the Company or a Sub-fund.
- (f) A notice regarding such suspension shall, if appropriate, be published by the Company and may be transmitted to those shareholders who submitted a request for subscription, redemption or conversion of shares whose NAV calculation was suspended. Such notice will be available at the registered office of the Management Company or at the Representatives outside Luxembourg.

Such a suspension with respect to a Sub-fund will have no effect on the

calculation of the daily NAV per Share and the subscription and redemption of Shares in other Sub-funds.

The start and the end of a suspension period will be communicated to the CSSF and, where required, to the stock exchanges on which the Shares are listed. Furthermore, all foreign supervisory authorities where the relevant Sub-fund(s) are registered will be informed about the start and the end of a suspension period. Every such suspension will be published accordingly, if deemed necessary by the Board. Each applicant and/or shareholder who applies for the subscription or redemption of Shares in the relevant Sub-fund(s) directly at the Company will be notified about the suspension. Applications for subscription or redemption will be calculated with the issue and redemption prices at the resumption of the NAV calculation.

17. DISTRIBUTION OF PROCEEDS

17.1 Accumulating Shares

Income and capital gains arising in each Sub-fund in relation to Shares of "ACC" Classes will be reinvested in such Sub-fund. The value of the Shares of each such Class will reflect the capitalisation of income and gains.

The Board currently intends to propose to the annual general meeting of the Company the reinvestment of the net results of the year for all such Share Classes of Sub-fund. However, should payment of a dividend in respect of any such Share Classes be considered to be appropriate the Board will propose to the general meeting of shareholders that a dividend be declared out of any income attributable to such Share Classes and available for distribution and/or realised investments.

17.2 Distributing Shares

For "DIS" Classes, the Company intends to declare dividends. Such dividends, if any, will be declared on the dates, which will be determined in the relevant Sub-fund Appendix. Dividends which should have been declared on a day which is not a Luxembourg Banking Day, will be accrued and declared on the next succeeding Luxembourg Banking Day. Dividends will generally be paid within 10 Luxembourg Banking Days of the date of declaration.

In the event that a dividend is paid by one or several Sub-funds, such dividend will be paid to the registered shareholders by bank transfer. All dividends will be calculated and paid in accordance with the requirements of the Relevant Stock Exchange.

Distributions of dividends and other payments with respect to Shares held through settlement systems will be credited, to the extent received by the Depositary as

depository, to the cash accounts of such settlements systems' participants in accordance with the relevant system's rules and procedures. Any information to the investors will likewise be transmitted via the settlement systems.

The general meeting of the shareholders of the distributing share class(es) of each Sub-fund, if issued, will decide, within the limits of Luxembourg law, upon the Board's proposal regarding the utilisation of the proceeds and may decide upon distributions of profits.

For each Share Class or Share Classes that carry profit distribution rights, the Board may decide upon the payment of interim dividends in accordance with Luxembourg law.

By reference to the daily NAV per Share, the accrued net gain (or loss) will be calculated as of that time at which subscription or redemption takes place, so that the net claim as to proceeds in the form of the dividend will always correspond to the current net proceeds of the Index. It is planned that the Company will distribute dividends and/or interim dividends for the Shares pertaining to each Share Class of each Sub-fund, as provided for in the relevant Appendix, on that day or those days in the ex-dividend months determined by the general meeting of shareholders. Such a dividend payment is to take place no more than two months following the date of the dividend resolution.

A distribution of dividends that is not taken up within five years as of the relevant resolution shall lapse and be re-included in the relevant Share class of the Sub-fund. If the relevant Sub-fund has already been liquidated, any dividends and other payments will be allocated to the remaining Sub-funds in proportion to their relevant net assets. A dividend that has been decided upon by the Company and is held by it for the relevant beneficiary shall not bear interest.

The payment of dividends may not result in the Company's net assets falling below the minimum threshold pursuant to Luxembourg law. All dividends are to be paid from the proceeds less all costs incurred by the relevant share class in the relevant period.

18. TAXES AND COSTS

18.1 Taxation Rules

18.1.1 Taxation of the Company in Luxembourg

According to current Luxembourg law and practice, the Company is not liable for income tax in Luxembourg, and no withholding tax is due on the dividends paid by the Company. According to current Luxembourg law and practice, no capital gains tax is due by the Company in Luxembourg on the capital gains

realised in relation to the Company's assets.

However, the Company must pay an annual subscription tax (*taxe d'abonnement*) in Luxembourg which is calculated at a rate of 0.05% of the NAV of all its Sub-funds. The rate of taxation is 0.01% for all Share Classes reserved for institutional investors. The aforesaid *taxe d'abonnement* is payable quarterly on the basis of the NAV of the Sub-funds at the end of the quarter to which the tax relates. Sub-funds (i) whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public; and (ii) whose exclusive object is to replicate the performance of one or more indices, are exempt from the *taxe d'abonnement*. If several Share Classes exist within a Sub-fund, the exemption only applies to the share class fulfilling the condition (i) above. Without prejudice to additional or alternative criteria that may be determined by regulations, the index referred to under condition (ii) above must represent an adequate benchmark for the market to which it refers and must be published in an appropriate manner.

18.1.2 Taxation of the Shareholders in Luxembourg

Under current laws and practice in Luxembourg, the shareholders of the Company are not liable to any taxation in Luxembourg in relation to the holding, sale, redemption or transfer of the shares of the Company (except for those domiciled, resident or having a permanent establishment in Luxembourg).

18.1.3 Common Reporting Standard

The Company may be subject to the standard for automatic exchange of financial account information in tax matters (the "**Standard**") and its common reporting standard (the "**CRS**") as set out in the Luxembourg law dated 18 December 2015 implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation (the "**CRS-Law**").

Under the terms of the CRS-Law, the Company is to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions, the Company will be required to annually report to the Luxembourg tax authority personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain shareholders as per the CRS-Law (the "**Reportable Persons**") and (ii) Controlling Persons of certain non-financial entities ("**NFEs**") which are themselves Reportable Persons. This information,

as exhaustively set out in Annex I of the CRS-Law (the "**Information**"), will include personal data related to the Reportable Persons.

The Company's ability to satisfy its reporting obligations under the CRS-Law will depend on each shareholder providing the Company with the Information, along with the required supporting documentary evidence. In this context, the shareholders are hereby informed that, as data controller, the Company will process the Information for the purposes as set out in the CRS-Law. The shareholders undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

The term "**Controlling Person**" means in the present context any natural persons who exercise control over an entity. In the case of a trust it means the settler(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, persons in equivalent or similar positions. The term "Controlling Persons" must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

The shareholders are further informed that the Information related to Reportable Persons within the meaning of the CRS-Law will be disclosed to the Luxembourg tax authority annually for the purposes set out in the CRS-Law. In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authority.

Similarly, the shareholders undertake to inform the Company within thirty (30) days of receipt of these statements should any included personal data be not accurate. The shareholders further undertake to immediately inform the Company of, and provide the Company with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any shareholder that fails to comply with the Company's Information or documentation requests may be held liable for penalties imposed on the Company and attributable to such shareholder's failure to provide the Information.

18.2 Costs Charged to the Company

18.2.1 All-In Fee

Each Sub-fund will pay an All-In Fee as described in the relevant Appendix (the "**All-In Fee**"), which may differ for the different Share Classes of a Sub-fund. This charge includes in particular the fees for the Management Company, the Investment Manager of the Sub-funds, the Sub-Investment Manager of the Sub-funds, the Depositary and Paying Agent, as well as the fees for the Registrar and Transfer Agent of the Company and the Administrator. The All-In Fee is distributed by the Company and paid directly to the Depositary and/or the relevant service providers. The All-In Fee is calculated on the basis of the average daily NAV of the share class of the relevant Sub-fund and is payable in arrears on a monthly basis.

In addition, the All-In Fee covers miscellaneous other costs, fees and expenses (but not the costs listed in "Other costs and expenses not included in the All-In Fee" and excluded from the All-In Fee) that are incurred in the course of the ordinary business activity of the relevant Sub-fund (the "regular costs of a Sub-fund"). For instance, the regular costs of a Sub-fund included in the All-In Fee will include the following: Expenses for regular legal and audit services in relation to day-to-day matters; the preparation and printing of the reports to the shareholders, the key investor information document and the Prospectus (including all adjustments and supplements), the annual reports and information brochures; the ongoing registration fees and other costs charged by supervisory authorities in various jurisdictions as well as the costs and cash expenses incurred by the individual service providers.

The following additional costs and expenses are also included in the All-In Fee: all taxes and other tax-related expenses that may be imposed on the Company, e.g., if applicable, the annual Luxembourg tax (*taxe d'abonnement*) and/or the costs and commissions required for maintaining the listing of the Shares in a Sub-fund on the relevant stock exchange or any other listing ("**Ongoing Listing Costs**"). For the avoidance of doubt, this does not include any withholding taxes on dividends, stamp duties, etc.

18.2.2 Other costs and expenses not included in the All-In Fee

The Company will incur other costs that are not included in the All-In Fee and that may have to be paid by the Company out of the assets of the relevant Share Class or Sub-fund ("**Other Costs**"). For instance, the following costs and expenses are not included in the All-In Fee:

- any value added tax or similar sales or service duties payable by the

Company ("**VAT**") ("**Other Taxes and Duties**");

- any ongoing index license fees ("**Ongoing Index License Fees**"), except as decided otherwise by the Board at its sole discretion;
- any non-regular fees payable by the Company to the Management Company;
- all fees and reasonable costs of the members of the Board;
- any translation fees;
- all costs and expenses incurred in connection with the purchase and sale of securities or other assets of a Sub-fund, e.g. brokerage commissions and commissions by correspondents in relation to the transfer of securities or other investments ("**Transaction Costs**");
- all costs and commissions incurred outside the regular business activity of a Sub-fund (e.g. costs for legal advice in the event that a Sub-fund enforces or defends a claim).

The Company shall, as decided by the board, bear the establishment expenses of setting up, including legal and other costs for drafting and printing of the prospectus, expenses for notarial deeds, costs relating to the initial filing of the Company with administrative and stock exchange authorities and any other cost relating to the incorporation and launching of the Company.

The Board, upon its sole discretion, will decide if the expenses related to the setting up of the Company will be amortised, in accordance with applicable accounting rules, over a period of three (3) years.

The costs and expenses will be distributed by the Company to the various Share Classes and/or Sub-funds in accordance with Article 10 of its Articles. If VAT is payable in relation to the All-In Fee or other fees payable by the Company, such VAT shall be borne by the relevant Sub-fund in addition to the Other Costs.

18.2.3 Payments out of the All-In Fee

A Distributor may enter into a contractual obligation to reimburse an Authorised Participant, a different Distributor or, where applicable, a sales agent for payments out of their Share in the All-In Fee or to pay part of those payments to them. The selection of the persons with whom such contracts may be concluded as well as the underlying terms and conditions is at the parties' discretion, except that all such contracts are subject to the provision

that the Company may not incur any obligation or liability of any type in that regard.

18.2.4 Repayments, Soft Commissions

The Company does not receive any repayments in relation to the All-In Fees of the Sub-funds that are allocated by the Management Company and paid to the Depository and/or the relevant service providers. Neither does the Company receive any commissions in kind (so-called soft commissions).

18.2.5 Total Expense Ratio

The annual report discloses the costs incurred by the Company at the Sub-fund level (All-In Fee and Other Costs) and reports them as the ratio of the average Sub-fund volume (so-called total expense ratio "**TER**"). The TER is determined in each case for the respective preceding financial year. The TER does not take into account any Transaction Costs.

19. INFORMATION TO THE SHAREHOLDERS

19.1 Regular Reports and Publications

The reports to the shareholders for the previous financial year, as audited in accordance with the accounting principles applicable in Luxembourg, will be available at the Management Company's registered office, at the Representatives outside Luxembourg, and from the Administrator within no more than four months following the end of the respective financial year and will be accessible by shareholders within no more than eight days before the relevant general meeting. In addition, unaudited interim reports will be available at the aforesaid registered office within two months following the end of the respective financial half-year. The Management Company may also provide shareholders and prospective investors with a short version of the above reports that do not contain an extensive list of the securities held by the individual Sub-funds. The aforesaid short annual reports and unaudited interim reports contain an offer to send a free copy of the complete versions of these documents to the relevant person upon request. Information on the current portfolio composition of the respective Sub-fund may be requested at any time at the registered office of the Management Company or at the Representatives outside Luxembourg.

19.2 Documents Available for Inspection

Copies of the following documents will be available for inspection on Business Days free of charge at the Company's registered office or at the Representatives outside Luxembourg, where copies of this Prospectus, all key investor information documents and the financial reports will also be available free of charge:

- (a) the Articles of the Company,
- (b) the articles of incorporation of the Management Company,
- (c) the contract with the Depositary,
- (d) the contract entered into by and between the Company, the Management Company and the Administrator, and
- (e) the contract entered into by and between the Company, the Management Company and the Investment Manager.

19.3 **Complaints Handling**

Investors are entitled to file complaints free of charge with the Distributor or the Management Company in an official language of the relevant exchange domicile.

The complaints handling procedure is available free of charge on the internet at <https://www.nordea.com/en/>.

20. **DISSOLUTION OF THE COMPANY, ITS SUB-FUNDS OR SHARE CLASSES, CONSOLIDATION OF SUB-FUNDS OR SHARE CLASSES**

20.1 **Dissolution of the Company, its Sub-funds or Share Classes**

The Company is established for an unlimited term. However, the Company may be liquidated at any time by virtue of a resolution of an extraordinary general meeting of shareholders, subject to compliance with the provision of the Company's Articles.

Upon its dissolution, the liquidator(s) appointed by the Company's shareholders in accordance with Luxembourg law will realise the Company's assets taking into account the best interest of the shareholders. At the liquidator's or liquidators' request, the Depositary will distribute the net liquidation proceeds among the shareholders of each Share class in proportion to their respective rights. As provided under Luxembourg law and following liquidation, the liquidation proceeds allocable to shares that have not been presented for redemption will be deposited until the end of the limitation period in the "*Caisse de Consignations*". In the event of the occurrence of circumstances resulting in the liquidation of the Company, the further issue of Shares is prohibited. Any Shares issued despite the aforesaid prohibition may be void. The Board may decide that redemption of Shares will continue to be possible. This, however, is contingent upon the equal treatment of all shareholders being guaranteed.

The Board may decide upon the compulsory redemption of all Shares pertaining to the Share Classes of a Sub-fund if the value of the net assets within a Sub-fund falls below EUR 20 million and/or the value of the net assets within a Share Class

falls below EUR 10 million for any reason. The aforesaid amount is the minimum amount for the relevant Sub-fund and/or Share Class that is required for its operation in a commercially efficient manner; cf. the section titled "Compulsory Redemptions". A compulsory redemption is also possible if a change in the economic or political climate would have materially adverse consequences for the assets held by the relevant Sub-fund.

The compulsory redemption will take place at the NAV per Share (taking into account the current realisation prices of the investments and the realisation costs), calculated at the valuation time at which the resolution of the Board enters into effect. Prior to the effective date of the compulsory redemption, the Company will publish a written notice for the shareholders of the relevant Share Classes and/or Sub-funds in the *RESA* and a Luxembourg daily newspaper detailing the reasons for the compulsory redemption as well as the compulsory redemption procedure. If required, the aforesaid notice will also be included in the official journals that are intended as publication media in those countries where the Shares are distributed. Such notice will be available at the registered office the Management Company or at the Representatives outside Luxembourg.

In addition, the general meeting of the holders of a Share Class issued within a Sub-fund may, at the Board's request, decide to redeem all Shares of the relevant class and to repay to the shareholders the NAV of their Shares (taking into account the current realisation prices of the investments and the costs of realisation). The NAV will be calculated as at the valuation time at which said resolution takes effect. Such a general meeting of shareholders will not be subject to any quorum requirements, and the decision will be made by simple majority resolution of the persons present or represented. The shareholders of the relevant Sub-fund and/or share class will be informed about the decision by the Board or the resolution by the general meeting of shareholders in the relevant Sub-fund concerning the compulsory redemption of all shares by publication of a notice on the website of <https://nordeamarkets.com> or by other electronic means of communication. If required, the aforesaid notice will also be included in the official journals that are intended as publication media in those countries where the shares are distributed. Such notice will be available at the registered office of the Management Company or at the Representatives outside Luxembourg.

Assets that, following the implementation of the compulsory redemption, cannot be distributed to the beneficiaries will be deposited with the *Caisse de Consignations* in the name of the relevant beneficiaries. All redeemed Shares will be cancelled.

20.2 Consolidation of Sub-funds or Share Classes

Merging of multiple Sub-funds of the Company, merging of Sub-funds of the Company with sub-funds of another UCITS and merging of the Company with another

UCITS are subject to the relevant provisions of the 2010 Law and all implementing regulations. Accordingly, the Board shall have authority to decide with respect to any merger of Sub-funds of the Company and merger of Sub-funds of the Company with sub-funds of another UCITS, unless the Board resolves to subject the decision with respect to such mergers to a vote by a meeting of shareholders. Such meeting shall not be subject to quorum requirements and shall adopt resolutions with a simple majority of votes cast. In the event of a merger of the Company with another UCITS or if the Company is wound up as a result of the merger of a Sub-fund into another UCITS, the meeting of shareholders must approve such an action, subject to quorum and majority requirements identical to those applicable for amendment of the Articles.

The Board may decide at any time to merge the Share Classes of a Sub-fund. The shareholders will be informed about the merger decision in the same manner as set out above in section 20.1.

21. GENERAL MEETINGS

The annual general meeting will be held at the address of the registered office of the Company or at such other place as may be specified in the convening notice of the meeting, in the course of April of each year.

The Company may organise the annual general meeting of shareholders via video conference or any other electronic means of communication, in which case such meeting shall be deemed to be held at the registered office of the Company. The annual general meeting may be held abroad if, in the absolute and final judgment of the Board exceptional circumstances so require. In accordance with the Articles, the shareholders of a Sub-fund or Share Class may be invited to general meetings at any time in order to decide upon matters exclusively relating to the relevant Sub-fund or Share Class. Each Share in a Sub-fund and Share Class will entitle to one vote, regardless of its asset value, in accordance with the applicable statutory provisions. In accordance with Luxembourg law notices of all general meetings will be send to shareholder by registered mail and/or, if required, published in the RESA, in a Luxembourg daily newspaper and, if necessary and/or communicated via other means (e.g. on the Company's website <https://nordeamarkets.com/>). Notices will be available at the registered office of the Management Company or at the Representatives outside Luxembourg. Such notice will indicate the time and place of the meeting, the conditions of admission thereto, will contain the agenda and refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities at the meeting.

22. **APPLICABLE LAW, PLACE OF JURISDICTION AND APPLICABLE LANGUAGE**

The district court of Luxembourg shall be the place of jurisdiction with regard to all legal disputes between shareholders, the Company, the Management Company and the Depositary. Luxembourg law shall apply. In relation to matters relating to claims of investors from other countries, the Company, the Management Company and/or the Depositary may decide to recognise the jurisdiction of the countries in which the relevant Shares were purchased and sold.

23. DEFINITIONS

Accumulating Shares	As defined in section 17.1.
Authorised Participant	<p>Any first-rate financial institution or financial services provider that is admitted and regulated by a recognised authority in a member state of the Financial Action Task Force on Money Laundering ("FATF") to render financial services and that</p> <ul style="list-style-type: none">• may act as market maker on a relevant stock exchange and• has entered into a Participation Agreement with the Company regarding the subscription and redemption of Shares. <p>Any Authorised Participant must comply with the FATCA requirements and with the requirements for (i) Exempt Beneficial Owners; (ii) Active Non-Financial Foreign Institutions in accordance with Annex I of the Luxembourg Intergovernmental Agreement; (iii) U.S. Persons who are not classified as Specified U.S. Persons, or (iv) Financial Institutions that are not Non-participating Financial Institutions. These terms have the meaning ascribed to them in the Luxembourg IGA.</p>
Banking Day	Any day on which the commercial banks, relevant stock exchanges, foreign currency markets and clearing systems in the Relevant Jurisdiction are open for general business.
Base Currency	Base currency for each Sub-fund in which its NAV is calculated, as set out in the relevant Appendix.
Board	Means the board of directors of the Company.
Business Day	Any day that is a Banking Day in Luxembourg and a day on which (a) such securities market, the securities market designated by the Investment Manager is open for normal trading, and (b) such other day or days as the Investment Manager and the Sub-Investment Manager may agree from time to time and the Relevant Jurisdiction.

Calculation and Publication Day	As indicated in the relevant Sub-Fund's Appendix.
Conversion Fee	Means the fee which may be levied upon the conversion of Shares pursuant to section 12 of this Prospectus and in relation to a particular Sub-fund, as set out in the Appendix relating to such Sub-fund;
CSSF	The <i>Commission de Surveillance du Secteur Financier</i> , the financial supervisory authority in Luxembourg.
Distributing Shares	As defined in section 17.2.
Distribution Policy	Distributions take place with regard to Distributing Shares only.
ESMA Guidelines	European Securities and Markets Authority ("ESMA") Guidelines ESMA/2014/937 for competent authorities and UCITS management companies dated 1 August 2014 (as amended from time to time).
Exchange Traded Fund ("ETF")	Exchange traded investment funds or investment companies whose investment objective is to track the performance of an Index. In this case, ETFs are passively managed funds which should track the respective benchmark Index or the investment strategy or rather their performance as precisely as possible.
FATCA	The Foreign Account Tax Compliance Act ("FATCA"), which is part of the Hiring Incentives to Restore Employment Act 2010 and entered into force in the United States of America.
First Valuation Date	The first Valuation Date with regard to a Sub-fund and/or share class, as stated for that Sub-fund and/or share class in the relevant Appendix; if no subscriptions are accepted on that day, the next following Valuation Date shall be the First Valuation Date on which the Company's Administrator accepts the first subscription for the relevant Sub-fund and/or share class.

Hedged Class of Shares	Means a Class of Shares created to provide protection against movements of one currency against other currencies.
Index Components	With regard to the relevant Index, this term refers to the transferable securities selected by the Index Sponsor and/or Index Administrator as part of the Index. Details on the relevant Index Components may, where available and published, be taken from the internet site indicated in the relevant Appendix.
2010 Law	The Luxembourg law of 17 December 2010 regarding undertakings for collective investments, as amended.
License Holder	The Management Company and/or Company (as the case may be) to which the index sponsor has granted by way of license and subject to the terms of an index license agreement between them, the right to use the relevant index in connection with the operation, marketing and promotion of the relevant Sub-fund.
Market Maker	The market maker ensures that there is sufficient liquidity both on the supply as well as on the demand side. A market maker (or designated sponsor) provides a buying price (bid price) and a selling price (ask price) at which investors may purchase or sell shares.
Net Asset Value ("NAV")	The NAV of the Company, a Sub-fund and/or a share class, which is calculated as set out in this Prospectus.
NR	The suffix "NR" means that the Index of the Sub-fund is a "Net Return" Index. This is equivalent to NTR.
NTR	The suffix "NTR" means that the Index of the Sub-fund is a "Net Total Return" Index. This is equivalent to NR.
OECD	The Organization for Economic Cooperation and Development.
OECD Member State	A member state of the OECD.
Prohibited Person	Any person, corporation or entity (i) a US Person

(including those deemed to be US Persons under the 1940 Act and US Commodity Exchange Act, as amended (the "CEA")); (ii) any retirement plan subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended or any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue code of 1986, as amended; (iii) any other person, corporation or entity which cannot acquire or hold Shares without violating laws or regulations whether applicable to it or the Company or otherwise or whose holding might result (either individually or in conjunction with other investors in Shares in the same circumstances) in the Company incurring any liability to taxation or suffering pecuniary disadvantages which the Company might not otherwise incur or suffer or the Company being required to register or register any class of its securities under the laws of any jurisdiction (including, without limitation, the Securities Act, the 1940 Act or the CEA), or (iv) a depository, nominee or trustee for any person, corporation or entity described in (i) to (iii) above.

Redemption Fee

The fee to be paid by the investor and/or the Authorized Participants upon the redemption of Shares in a Sub-fund by the Company; the amount of the maximum redemption fee is stated for each Sub-fund in the relevant Appendix. In the event of a sale of Shares in the secondary market via the relevant stock exchange, no redemption fee applies.

Reference Day

Any Banking Day in Luxembourg that precedes the Calculation and Publication Day and that corresponds to or precedes the Valuation Date.

Regulated Market

A regulated market for the purposes hereof is a market within the meaning of the definition contained in article 4 paragraph 1(14) of Directive 2004/39/EC on markets in financial instruments.

Relevant Jurisdiction

The country in which the investor submitted its subscription, repurchase and redemption application.

Relevant Stock Exchanges	Stock exchanges on which the Shares in the Sub-funds are admitted to trading and listed.
Representatives	As set out in the relevant Appendix.
Rules	The Rules include (i) Part 1 of the 2010 Law; (ii) the UCITS Directive; (iii) all applicable statutory provisions by virtue of which the aforesaid Rules may be amended or supplemented or which may replace them; and (iv) all ordinances and directives issued in accordance with the Rules by the Luxembourg supervisory authority.
Share Classes	Refers to the class(es) of Shares in a Sub-fund, which may differ from one another with regard to their fee structure, the rules on the minimum investment amount upon initial subscription and upon subsequent subscriptions, the required minimum holding, the rules on the minimum redemption amount and the dividend policy or other characteristics. The Share Classes are stated in the relevant Appendix.
Subscription Fee	The maximum subscription fee that may be charged to investors and/or Authorized Participants for the subscription or purchase of Shares in the Sub-funds, as set out in detail in the relevant Appendix. In the event of a purchase of Shares in the secondary market via the relevant stock exchange, there is no subscription fee.
Subscription/ Redemption/Conversion Deadline	In accordance with the information regarding each Sub-fund in the relevant Appendix, this is the time of day on a Valuation Date until which applications for subscription in tangible assets or by way of the cash / DvP subscription procedure, for redemption in tangible assets and cash redemptions and conversions must have been received by the Company's Administrator so that they can be processed on the respective Valuation Date.
Tracking Error ("TE")	Standard deviation of the difference between the performance of a Sub-fund and the performance of the underlying Index (Benchmark). A low Tracking Error

represents a very similar performance. The Tracking Error will increase with the average deviation of the fund's performance from the performance of the Benchmark.

TR	The suffix "TR" in the name of reference index of the Sub-fund is a "Total Return" Index.
UCI	An undertaking for collective investments.
UCITS	An undertaking for collective investments in transferable securities.
UCITS Directive	Directive 2009/65/EC of the European parliament and of the council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities, as amended from time to time.
UCITS ETF	A UCITS ETF is a UCITS of which at least one Share or Share Class of which is traded throughout the day on at least one regulated market or multilateral trading facility with at least one market maker which takes action to ensure that the stock exchange value of its shares does not significantly vary from its net asset value.
Valuation Date	<p>Any Business Day on which the stock exchanges in all the financial marketplaces listed in the Appendix pertaining to the relevant Sub-funds are open and on which the relevant Index Closing Price used for NAV calculation purposes is determined.</p> <p>24 and 31 December will not be considered as Valuation Dates.</p>
Valuation Time	As subscriptions and redemptions are carried out on the basis of forward pricing, this term refers to the date of, or the time on, a Business Day on or at which the daily NAV per Share in each Share class of the Sub-funds is calculated; the Valuation Time must be prior to the time of publication on the relevant Business Day.

APPENDIX 1
NORDEA MARKETS ETF - NORDEA SMART BETA EUROZONE EQUITY UCITS
ETF

Investors are reminded to read this Prospectus in full and to consider the risks listed in the section entitled "Risk Factors" of the main part of the Prospectus. In cases of doubt, please consult your independent financial advisor. The information contained in this Appendix relates to Nordea Smart Beta Eurozone Equity UCITS ETF and forms an integral part of the Prospectus.

Investment Objective

The investment objective of the Nordea Markets ETF – Nordea Smart Beta Eurozone Equity UCITS ETF (the "**Sub-fund**" for the purpose of this appendix) is to track the performance of the Nasdaq Nordea SmartBeta Multifactor ESG Eurozone NR Index (the "**Index**" of this Sub-fund). There is no assurance that the Sub-fund will achieve its investment objective. The risk profile of the Sub-fund is generally regarded as high. The Tracking Error is not expected to exceed 1 % under normal market conditions.

Description of the Sub-fund's Index

The Nasdaq Nordea SmartBeta Multifactor ESG Eurozone NR Index once every quarter selects 30 securities from the Eurozone countries which have the highest weighted high dividend, high momentum and low beta factors. On each quarterly rebalancing each security is given equal weight in the Index. Dividends are reinvested net withholding tax.

Index Information

Further information on the Index, its methodology of construction, index value and maintenance of the Index can be found on the website of Nasdaq <http://nasdaqomxnordic.com>.

Index Composition

The Index composition can be found on the website of Nasdaq <http://business.nasdaq.com/intel/indexes/research/nasdaq-global-index-policies/index.html>.

Investment Policy

The Sub-fund will take an exposure to the components of its Index. The proportionate exposure by the Sub-fund to the component securities will be substantially achieved either through direct investment or through the use of derivatives or through a combination of both techniques. The Sub-fund must invest its assets predominantly in shares, transferable securities, money market instruments, units of UCIs, deposits with credit institutions, structured notes listed or dealt in on a Regulated Market and other assets eligible under the rules set forth in the section 4 "Investment restrictions" of this prospectus. Moreover, the Sub-fund may enter into derivative transactions as described under section 3 "Investment objectives and investment policy of the Sub-funds".

Investor Profile	
This Sub-fund is suitable for investors who are interested in achieving both investment returns and capital growth over a long-term investment horizon. There can be no guarantee that the investment objective will be met. The value of investments may go down as well as up and investors may not recover the value of their initial investment.	
Investment Manager	Assenagon Asset Management S.A., Aerogolf Center, 1B Heienhaff, L-1736 Senningerberg, Luxembourg
Calculation and Publication Day	The Banking Day in Luxembourg that follows the Valuation Date
Financial Centre	Luxembourg
Base Currency	EUR
Index Sponsor	Nordea Bank AB (publ)
Index Administrator	Nasdaq Inc.
Website of the Index Sponsor	https://nordeamarkets.com
Target Replication Strategy	Physical replication
The global exposure	Commitment approach
Subscription/Redemption/ Conversion Deadline	15:00 (3:00 pm) Luxembourg time on any day that is also a Calculation and Publication Day.
Settlement	T+2
All-In Fee	The following fees are to be paid. For "I" Class: 40 bps. For "R" Class: 65 bps.
Minimum Subscription Size for Authorized Participants	There is no minimum holding amount. For each Share Classes the Subscription size are: <ul style="list-style-type: none"> • For "I" Class: 10.000 "I" Shares • For "R" Class: 1 "R" Shares
Redemption Fee²	up to 2%
Subscription Fee²	up to 2%
Conversion Fee²	up to 2%

² In the event of a purchase of Shares in the Issuing Procedure, in the event of a sale of Shares in the Redemption Procedure or a conversion of Shares, a subscription and/or redemption fee or a conversion fee may be charged. Investors should note that no subscription and/or redemption fees will be charged to investors purchasing Shares on the secondary market (i.e. on the stock exchange). **Any fees charged are for the benefit of the Sub-fund.**

Share Classes	The following Share Classes are being offered: "I"/ "R" Shares. "I" Share Classes are intended for institutional investors. "R" Share Classes are intended for retail investors and advisory concept investors. "Class I (EUR) ACC" and "Class R (EUR) ACC"
Initial Dealing Day	To be determined by the directors of the Company
ISIN Code / WKN	Class I (EUR) ACC - LU1820829452 Class R (EUR) ACC - LU1769747533
Listed stock exchange	It is planned to apply for the listing of certain share classes on Nasdaq Stockholm AB, Nasdaq Copenhagen A/S, Nasdaq Helsinki Oy. It cannot be excluded that shares will also be traded on other markets.
SFTR	The Sub-funds' exposure to securities lending transactions is expected to amount to 30%, with a maximum amount of 70% (as a percentage of net asset value). All type of transferable securities of the Sub- fund can in principle be subject to securities lending transactions. No other SFTs or Total Return Swaps are being used as of the date of this Prospectus.
Additional trading currencies will be published on the website https://nordeamarkets.com/	

APPENDIX 2 COUNTERPARTIES

Here follows a non-exhaustive list of counterparties approved by the Company for trades with the Sub-funds in OTC Derivatives and exchange traded Derivatives:

Nordea Bank AB
Smålandsgatan 17
105 71 Stockholm
Sweden

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF
United Kingdom

Morgan Stanley & Co International Limited
20 Bank Street
Canary Wharf
London E14 4AD
United Kingdom

J.P. Morgan Securities Plc.
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

BNP Paribas
London Branch
10 Harewood Avenue
London NW1 6AA
United Kingdom

APPENDIX 3

CENTRAL SECURITIES DEPOSITORIES

Here follows a list of approved Central Securities Depositories (CSDs) used by the Company on its behalf in the respective country/region.

Luxembourg

Clearstream International
42 av. J.-F. Kennedy
1855 Luxembourg

Belgium

Euroclear Bank SA/NA
1 Blvd du Roi Albert II
Brussels, 1210
Belgium

Sweden

Euroclear Sweden AB
Klarabergsviadukten 63
P.O. Box 191
101 23 Stockholm

Finland

Euroclear Finland Ltd
Urho Kekkosen katu 5C
PL 1110
00101 Helsinki

Denmark

VP Securities A/S
Weidekampsgade 14
P.O. Box 4040
DK-2300 Copenhagen

Norway

Verdipapirsentralen ASA
Fred. Olsens gate 1
PO Box 1174 Sentrum
NO-0107 Oslo

Nasdaq CSD SE

Valņu iela 1

Rīga LV-1050

Latvia

APPENDIX 4

REPRESENTATIVES OUTSIDE LUXEMBOURG

The full list of Representatives outside Luxembourg can be obtained, free of any charge and in paper form, at the registered office of the Management Company. The Representatives will at the request of a retail investor provide the retail investor with information about the Company or assist the retail investors with redemption of shares, conversion of shares and receipt of dividends, as applicable, either by helping the retail investor get in contact with the Company or by the Representative carrying out these tasks on behalf of the retail investor.

Sweden

Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
Sweden
Telephone: + 10 157 10 00

Finland

Nordea Bank AB (publ), Finnish Branch
Satamaradankatu 5
FI-00020 Helsinki
Finland
Telephone: +358 9 1651

Denmark

Nordea Danmark, filial af Nordea Bank AB (publ)
Grønjordsvej 10
2300 Copenhagen S
Denmark
Telephone: +45 3333 3333

Norway

Nordea Bank AB (publ), filial i Norge
Essendrops gate 7
NO-0368 Oslo
Norway
Telephone: +47 22 48 50 00