



# UCITS

## **Unit Trust Agreement** including Annexes relating to Sub-Funds

and

## **Prospectus**

Date of publication: 1 January 2022

## **LGT Quality Funds**

**in the legal form of a unit trust (“collective trusteeship”) established under the laws of Liechtenstein as an undertaking for collective investment in transferable securities**

**(hereinafter referred to as the “UCITS”)**

(Umbrella structure)

## Overview of the Organizational Structure of the UCITS

<b>UCITS:</b>	LGT Quality Funds
	c/o LGT Capital Partners (FL) Ltd. Herrengasse 12 9490 Vaduz, Liechtenstein
<b>Depository</b>	LGT Bank AG Herrengasse 12 9490 Vaduz, Liechtenstein
<b>Management Company:</b>	LGT Capital Partners (FL) AG Herrengasse 12 9490 Vaduz, Liechtenstein
<b>Management board of directors:</b>	<b>Company</b> Dr. André Lagger, Chief Executive Officer, LGT Financial Services Ltd., Vaduz, President Werner von Baum, Chief Risk Officer, LGT Capital Partners Ltd., Pfäffikon, Vice President Dr. Magnus Pirovino, Director
<b>Management executive board:</b>	<b>Company</b> Roger Gauch, Chief Executive Officer, LGT Capital Partners (FL) Ltd., Vaduz Lars Inderwildi, Head Operations, LGT Capital Partners (FL) Ltd., Vaduz Alois Wille, Head Risk & Project Management, LGT Capital Partners (FL) Ltd., Vaduz Pierre-André Wirth, Head Legal & Compliance, LGT Capital Partners (FL) Ltd., Vaduz
<b>Asset Manager:</b>	LGT Capital Partners Ltd. Schützenstrasse 6 8808 Pfäffikon, Switzerland
	<i>With partial delegation for the following sub-fund to:</i>
	<b>LGT Sustainable Bond Fund EM Defensive</b>
	LGT Capital Partners (Asia-Pacific) Ltd. 4203, Two Exchange Square 8 Connaught Place Central, Hong Kong
<b>Authorized distributor in Liechtenstein:</b>	LGT Bank Ltd. Herrengasse 12 9490 Vaduz, Liechtenstein
<b>Administrator:</b>	LGT Financial Services Ltd. Herrengasse 12 9490 Vaduz, Liechtenstein
<b>Auditor:</b>	PricewaterhouseCoopers Ltd. Birchstrasse 160 8050 Zürich, Switzerland
<b>Legal structure:</b>	UCITS in the legal form of a unit trust (" <b>collective trusteeship</b> ") under the laws of Liechtenstein in accordance with the Law of 28 June 2011 concerning Specific Undertakings for Collective Investment in Transferable Securities, as amended (the " <b>UCITS Act</b> ") and the Ordinance of 5 July 2011 concerning Specific Undertakings for Collective Investment in Transferable Securities, as amended (" <b>UCITS Ordinance</b> ").
<b>Umbrella structure:</b>	Umbrella structure which may comprise several sub-funds
<b>Jurisdiction / Incorporation:</b>	Liechtenstein
<b>Financial year:</b>	The financial year of the UCITS commences on 1 May and ends on 30 April of each year.
<b>Base currency:</b>	The UCITS' base currency (i.e. the currency of the accounts of the UCITS as such) is the USD. The Sub-Funds may have different base currencies (see Annex A).
<b>Competent authority:</b>	<b>supervisory</b> Financial Market Authority of Liechtenstein (Finanzmarktaufsicht Liechtenstein, (" <b>FMA</b> "); <a href="http://www.fma-li.li">www.fma-li.li</a> )
<b>Publication medium:</b>	<a href="http://www.lafv.li">www.lafv.li</a>

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## Definitions

In the UCITS Documentation, the following words and phrases have the meanings set forth below. Investors should also refer to the definitions set out in Annex A in respect of the relevant Sub-Fund.

<b><i>“Administrator”</i></b>	means, unless otherwise specified in Annex A, LGT Financial Services Ltd., or any alternative(s) or successor(s) thereto appointed by the Management Company to act as administrator of the UCITS and its Sub-Funds.
<b><i>“Administration Agreement”</i></b>	means, unless otherwise specified in Annex A, the administration agreement between the Management Company and the Administrator dated 07 May, 2018, as may be amended, supplemented or novated from time to time.
<b><i>“Asset Manager”</i></b>	means, unless otherwise specified in Annex A, LGT Capital Partners Ltd., or any alternative(s) or successor(s) thereto appointed by the Management Company to act as discretionary asset manager of the Sub-Funds.
<b><i>“Auditor”</i></b>	means PricewaterhouseCoopers Ltd., or any alternative(s) or successor(s) thereto appointed by the Management Company to act as auditor to the UCITS and its Sub-Funds.
<b><i>“Business Day”</i></b>	means any day normally treated as a business day in Liechtenstein and Switzerland and in other markets which forms the basis for the valuation of a substantial part of the assets contained in each Sub-Fund (as set out in Appendix A) and/or such other places as the UCITS or the Management Company may, with the consent of the Depositary, determine.
<b><i>“Class(es)”</i></b>	means a specific division of Units in a Sub-Fund established by the Management Company pursuant to the provisions of the Unit Trust Agreement and the Prospectus.
<b><i>“Conversion Day”</i></b>	means the day in respect of which Units in a Sub-Fund may be converted, as specified in Annex A for each Sub-Fund and/or such other days as may be specified by the Management Company from time to time.
<b><i>“Conversion Deadline”</i></b>	means, in relation to each Valuation Day, the deadline in respect of which requests for conversion must be received by the Depositary, as specified in Annex A for each Sub-Fund and/or such other days as may be specified by the Management Company from time to time, subject to the fair and equal treatment of all Unitholders.
<b><i>“Conversion Fee”</i></b>	means the charge, if any, to be levied on Unitholders converting Units, as described in Annex A in respect of each Sub-Fund.
<b><i>“Data Protection Legislation”</i></b>	means, from 25 May 2018 onwards, the EU data protection regime introduced by the General Data Protection Regulation (Regulation 2016/679).
<b><i>“Delegated Regulation”</i></b>	means the Commission Delegated Regulation (EU) No 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.
<b><i>“Depositary”</i></b>	means, unless otherwise specified in Annex A, LGT Bank Ltd. or any alternative(s) or successor(s) thereto appointed by the Management

Company and approved by the FMA to act as depositary of the UCITS and its Sub-Funds.

**"Depositary Agreement"** means, unless otherwise specified in Annex A, the depositary agreement between the Depositary and the Management Company dated 4. May, 2018, pursuant to which the Management Company has appointed the Depositary to carry out the relevant functions of a depositary in respect of the UCITS and its Sub-Funds pursuant to the requirements of the UCITS Act, the UCITS Ordinance and the Delegated Regulation, as may be amended, supplemented or novated from time to time.

**"Eligible Counterparty"** means any institution subject to prudential supervision and falling within any of the categories approved by the FMA.

**"Environmentally Sustainable Investment(s)"** means, in accordance with the Taxonomy Regulation, an underlying investment of a Sub-Fund which satisfies the EU criteria for environmentally sustainable economic activities, on the basis that it:

- (a) contributes substantially to one or more of the environmental objectives, as prescribed in the Taxonomy Regulation (the "Environmental Objectives");
- (b) does not significantly harm any of the Environmental Objectives, in accordance with the Taxonomy Regulation;
- (c) is carried out in compliance with minimum safeguards, prescribed in the Taxonomy Regulation; and
- (d) complies with technical screening criteria, prescribed in the Taxonomy Regulation.

**"ERISA"** means the United States Employee Retirement Income Security Act of 1974, as amended.

**"ESG"** means environmental, social and governance;

**"ESG Orientated Fund"** means a Sub-Fund of the Company that meets the criteria in SFDR to qualify as a financial product (which includes a UCITS authorised in accordance with article 5 of EC Council Directive 2009/65/EC of 13 July 2009 as amended, consolidated or substituted from time to time) and promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics and provided that the companies that the fund invests in follow good governance practices;

**"ESG Focused Fund"** means a Sub-Fund of the Company that meets the criteria in SFDR to qualify as a financial product (which includes a UCITS authorised in accordance with article 5 of EC Council Directive 2009/65/EC of 13 July 2009 as amended, consolidated or substituted from time to time) and has sustainable investment as its objective;

**"ESMA"** means the European Securities Market Association.

**"FATCA"** means the Foreign Account Tax Compliance Act.

**"FMA"** means the Financial Market Authority of Liechtenstein (Finanzmarktaufsicht Liechtenstein).

**"GITA"** means the German Investment Tax Act (Investmentsteuergesetz vom 19. Juli 2016 (BGBl. I S. 1730) – InvStG 2018), per section 6.14.

<b><i>“Initial Subscription Day”</i></b>	means the first Subscription Day in respect of a Unit Class of a Sub-Fund.
<b><i>“Initial Subscription Price”</i></b>	means the price per Unit in each Class on the Initial Subscription Day, as specified in Annex A in respect of each Sub-Fund.
<b><i>“Investment Company Act”</i></b>	means the United States Investment Company Act of 1940, as amended.
<b><i>“Investment Management Agreement”</i></b>	means, unless otherwise specified in Annex A, the investment management agreement between the Management Company and the Asset Manager dated 07 May, 2018, as may be amended, supplemented or novated from time to time.
<b><i>“Key Investor Information Document”</i></b>	means the key investor information document within the meaning of Commission Regulation (EU) No 583/2010, as may be amended, supplemented or replaced from time to time, in relation to the key facts of the relevant Sub-Fund and Unit Class.
<b><i>“LAFV”</i></b>	means the Liechtenstein Investment Fund Association ( <i>Liechtensteinischer Anlagefondsverband</i> ).
<b><i>“Liechtenstein FATCA Act”</i></b>	means the implementing provisions of the Law of 4 December 2014 relating to the Implementation of the FATCA Agreement between the Principality of Liechtenstein and the United States of America, as may be amended from time to time.
<b><i>“Liechtenstein FATCA Agreement”</i></b>	means the Agreement between the Government of the United States and the Government of Liechtenstein to Improve International Tax Compliance and to Implement FATCA of 16 May 2014, as may be amended from time to time.
<b><i>“Management Company”</i></b>	means LGT Capital Partners (FL) Ltd..
<b><i>“MIFID II”</i></b>	means Directive 2014/65/EU (Markets in Financial Instruments Directive), as may be amended, supplemented or replaced from time to time.
<b><i>“Minimum Redemption Amount”</i></b>	means such amount as may be specified by the Management Company and set out in Annex A for each Sub-Fund, being the minimum amount in which requests for redemption may be accepted.
<b><i>“Minimum Holding Amount”</i></b>	means in respect of each Sub-Fund or Class, the minimum amount required to be held by Unitholders after a partial redemption of Units as may from time to time be specified by the Management Company and set out in Annex A.
<b><i>“Net Asset Value”</i></b>	means the net asset value of a Sub-Fund calculated in accordance with the provisions of the Prospectus and the Unit Trust Agreement and calculated in the manner described in “Determination of Net Asset Value”.
<b><i>“Net Asset Value per Class”</i></b>	means the net asset value of a Class of a Sub-Fund, expressed in the Class currency and calculated in the manner described in “Determination of Net Asset Value”.
<b><i>“Net Asset Value per Unit”</i></b>	means the net asset value per participating Unit of a Sub-Fund or Class calculated in the manner described in “Determination of Net Asset Value”.
<b><i>“Prospectus”</i></b>	means the prospectus of the UCITS and any annex or supplements thereto issued in accordance with the requirements of the FMA.

<b><i>"Redemption Day"</i></b>	means such day or days as determined by the Management Company for each Sub-Fund and specified in Annex A, and/or such other days as may be specified by the Management Company from time to time.
<b><i>"Redemption Deadline"</i></b>	means the deadline by which completed redemption requests must be received by the Depositary, as is specified in Annex A with respect to a Sub-Fund (or such shorter period as may be determined from time to time by the Management Company subject to the fair and equal treatment of all Unitholders).
<b><i>"Redemption Payment Day"</i></b>	means, under normal circumstances, the day by which payment for redeemed Units will be made and as specified in Annex A in respect of each Sub-Fund.
<b><i>"Redemption Price"</i></b>	means the price at which Units may be redeemed on any Redemption Day, being the Net Asset Value per Unit at the relevant Redemption Day less any relevant taxes, levies or charges.
<b><i>"Redemption Fee"</i></b>	means the charge, if any, to be levied on Unitholders redeeming Units, as described in Annex A in respect of each Sub-Fund.
<b><i>"Securities Act"</i></b>	means the United States Securities Act 1933, as amended.
<b><i>"Securities Financing Transaction"</i></b>	means any transactions within the scope of SFTR that a Sub-Fund is permitted to engage in, including, for example, repurchase agreements, reverse repurchase agreements and securities lending agreements.
<b><i>"SFT Regulation" or "SFTR"</i></b>	means Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time.
<b><i>"SFDR"</i></b>	means the Sustainable Finance Disclosure Regulation (Regulation EU/2019/2088) as amended and as may be further amended from time to time;
<b><i>"Subscription Day"</i></b>	means such day or days in each year as the Management Company may from time-to-time determine for each Sub-Fund and specified in Annex A in respect of each Sub-Fund.
<b><i>"Subscription Deadline"</i></b>	means the deadline by which subscription requests must be received by the Depositary, as described in Annex A in respect of each Sub-Fund (or such shorter period as may be determined from time to time by the Management Company subject to the fair and equal treatment of all Unitholders).
<b><i>"Subscription Fee"</i></b>	means the charge, if any, to be levied on investors subscribing for Units, as described in Annex A in respect of each Sub-Fund.
<b><i>"Sub-Fund"</i></b>	means a sub-fund of the UCITS which is established by the Management Company from time to time, representing the designation by the Management Company on behalf of the UCITS of a particular pool of assets separately invested in accordance with the investment objective, policies and strategies applicable to such sub-fund.
<b><i>"Subscription Payment Day"</i></b>	means the day, by which full payment for Units must be received by the Depositary from an investor in respect of an application for Units, as specified in Annex A for each Sub-Fund.

<b><i>"Subscription Price"</i></b>	means the price at which a Unit will be available for subscription subsequent to the Initial Subscription Day, as specified in Annex A for each Sub-Fund.
<b><i>"Sustainability Factors"</i></b>	means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.
<b><i>"Sustainability Risk"</i></b>	means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment;
<b><i>"Taxonomy Regulation"</i></b>	the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment (Regulation EU/2020/852) as may be amended from time to time.
<b><i>"Total Return Swap"</i></b>	means a derivative transaction (within the scope of SFTR) whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty.
<b><i>"UCITS Act"</i></b>	means the Law of 28 June 2011 concerning Specific Undertakings for Collective Investment in Transferable Securities, as amended and as may be further amended, supplemented, modified or replaced from time to time.
<b><i>"UCITS Directive"</i></b>	means Directive 2009/65/EEC of the European Parliament and of the Council, as amended by Directive 2014/91/EU of 23rd July, 2014 and as may be further amended, consolidated or substituted from time to time.
<b><i>"UCITS Documentation"</i></b>	means the Prospectus and the Unit Trust Agreement (including Annex A, B, C and D thereto), each as may be amended, supplemented, modified or replaced from time to time.
<b><i>"UCITS Ordinance"</i></b>	means the Ordinance of 5 July 2011, concerning Specific Undertakings for Collective Investment in Transferable Securities, as amended and as may be further amended, supplemented, modified or replaced from time to time.
<b><i>"Unit"</i></b>	means a unit with no par-value which is issued to the public, representing an investor's interest in the managed assets of the UCITS, designated as participating units in a Sub-Fund or Class of a Sub-Fund.
<b><i>"Unit Trust Agreement"</i></b>	means the unit trust agreement constituting the UCITS, dated 18 June 2012, as may be amended, supplemented or novated from time to time.
<b><i>"Unitholder"</i></b>	means a natural or legal person who is registered as the holder of Unit in the register of Unitholders of the Sub-Funds.
<b><i>"United States"</i></b>	means, in the context of the UCITS Documentation, the United States of America, its individual states, territories and possessions as well as regions under U.S. jurisdiction.
<b><i>"Valuation Day"</i></b>	means such day in respect of which Units in a Sub-Fund shall be valued, as is specified in Annex A with respect to a Sub-Fund and/or such other days as may be specified by the Management Company from time to time.



## **Notice to Investors and Selling Restrictions**

The purchase of Units is effected on the basis of this Prospectus, the Unit Trust Agreement and the Key Investor Information Document as well as the most recent annual and semi-annual reports. Only the information contained in the UCITS Documentation is authoritative. By acquiring Units in any Sub-Fund, an investor is deemed to have read, understood and approved such information.

**The Units are registered for distribution only in Liechtenstein and the countries listed in Annex B (if any), as may be updated from time to time.**

**If Units are issued, converted or redeemed in any country other than Liechtenstein, the relevant regulatory and tax provisions of such country may apply. As a general rule, the Units may not be offered in jurisdictions or to persons in which or to whom it is unlawful to make such an offer. The distribution of the UCITS Documentation and/or marketing material, including newsletters and presentations, as well as the offering of Units may be restricted in certain jurisdictions.**

**No person or entity receiving a copy of the UCITS Documentation and/or marketing material may treat this as constituting an offer to him/her/it, unless in the relevant territory such an offer could lawfully be made to him/her/it without compliance with any registration or other legal requirements.**

Investors who are interested in subscribing or purchasing the Units should inform themselves about the possible tax consequences, the legal requirements and any currency restrictions or exchange control regulations that may apply in the countries of their citizenship, residence, domicile or place of business and that may be relevant to the subscription, holding, conversion, redemption, transfer or sale of Units. Further tax considerations are explained in section "Tax Provisions".

Investors should read and understand the relevant risk factors associated with investment in the Sub-Funds, as set out in section "Risk Factors", before purchasing Units.

Investors shall be entitled to redeem their Units, subject to compliance with the provisions contained in the UCITS Documentation (for example, complying with the relevant redemption days and notice periods).

The main legal implications of the contractual relationship which an investor would enter into by purchasing Units in a Sub-Fund are as follows:

- By submitting the relevant subscription application, an investor requests to subscribe for Units which, once such request is accepted by the Management Company on behalf of the relevant Sub-Fund, takes effect as a binding contract.
- Upon the issuance of Units, an investor becomes a Unitholder and the Unit Trust Agreement takes effect as a statutory contract between the Unitholder and the Management Company on behalf of the UCITS.
- The Unit Trust Agreement are governed by, and construed in accordance with, the laws in force in Liechtenstein (as may be amended from time to time).
- The rights and restrictions that apply to Units may be modified and/or additional terms agreed from time to time in respect of a particular Unit Class (subject to such terms being consistent with the Unit Trust Agreement).

- The aggregate liability of each Unitholder towards the UCITS is generally limited to the amount, if any, unpaid on the Units held by the Unitholder. Claims based on violation of the terms of the Unit Trust Agreement on the part of the Unitholder shall be reserved.
- Although Liechtenstein law does not generally provide for enforcement in Liechtenstein of judgments obtained in a foreign jurisdiction, a judgment obtained in a foreign jurisdiction may be recognized and enforced in the courts of Liechtenstein, if certain conditions are met and subject to the applicable procedures, in particular based on treaties entered into by Liechtenstein.

**United States:** The Units have not been registered under the Securities Act and may not be directly or indirectly offered or sold in the United States, or to U.S. persons (as defined in Rule 902(k) of Regulation S promulgated under the Securities Act). No offer to subscribe for Units is made to any person in the United States or to any U.S. person. By accepting a copy of this Unit Trust Agreement, the Prospectus, the recipient agrees not to send to, or distribute any offering material with respect to the Units in the United States or to any U.S. person. Units acquired hereby may not be offered or sold or transferred in the United States or to U.S. persons. The UCITS is not registered, and does not intend to register, as an investment company as defined by the Investment Company Act.

The Units are not directly or indirectly offered or sold to individuals or entities who are "employee benefit plans" or "benefit plan investors" pursuant to ERISA and all applicable regulations thereunder, or plans, individual retirement accounts or other arrangements that are subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended. The Units are not directly or indirectly offered or sold to individuals or entities who will purchase Units with funds that are "plan assets" under ERISA.

The Units are not directly or indirectly offered or sold to individuals or entities who are listed on the United States Department of Treasury's Office of Foreign Assets Control (OFAC) website; affiliated with, any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs.

The Units are not offered or sold to individuals or entities who are senior political figures or immediate family members of or closely associated with a senior political figure (as those terms are used in the USA Patriot Act 2001). The Units are not offered or sold to individuals or entities who are foreign shell banks (as that term is defined in the USA Patriot Act 2001) or individuals or entities who transact with foreign shell banks (as that term is used in the USA Patriot Act 2001).

Furthermore, the Units may not be offered, sold or delivered to citizens or residents of the USA and/or to other individuals or legal persons whose income and/or earnings are subject to US income tax irrespective of their source, financial institutions who do not subject themselves to the provisions of FATCA, in particular sections 1471 - 1474 of the U.S. Internal Revenue Code and any agreement with the United States of America relating to the cooperation to facilitate the implementation of FATCA, in each case to the extent applicable and who do not register with the US tax authorities as a FATCA-participating institution where required, and to persons who are deemed to be US persons in accordance with Regulation S of the Securities Act and/or the US Commodity Exchange Act, as amended. Hence, the following investors in particular are not permitted to purchase Units (the list is not exhaustive):

- US citizens, including dual citizens;
- persons living or domiciled in the USA;
- persons resident in the USA (Green Card holders) and/or whose primary residence is in the USA;
- companies, trusts or estates, etc. resident in the USA;
- companies qualifying as transparent for US tax purposes whose investors are persons listed in this paragraph and companies whose earnings, on a consolidated basis, are attributed, for US tax purposes, to an investor listed in this paragraph;
- financial institutions which are not subject to the provisions of FATCA, particularly sections 1471 - 1474 of the US Internal Revenue Code and any agreement with the United States of America

- relating to the cooperation to facilitate the implementation of FATCA, as applicable and do not, where required, register with the US tax authorities as a FATCA institution; or
- US persons as defined in Regulation S of the Securities Act as amended from time to time.

## **Part I: Prospectus**

The issuance and redemption of the Units in each Sub-Fund will be effected based on and in accordance with the terms of the UCITS Documentation, as at the date such issuance or redemption instructions are received by the Management Company or its delegates or agents.

Information and representations that deviate from or contradict the UCITS Documentation or the relevant Key Investor Information Document are not authoritative and the UCITS and the Management Company shall accept no liability whatsoever for such information and representations made by any third parties including distributors of the Sub-Funds.

The Prospectus and the Unit Trust Agreement (including Annexes A, B, C and D) form an integral part of this document. The Unit Trust Agreement sets out the fundamentals of the organization of the UCITS. Only the Unit Trust Agreement is approved by the FMA in substance.

The UCITS Documentation may be translated into other languages. In case and to the extent that there is any inconsistency or ambiguity between the English version of the UCITS Documentation and any version in another language, the English version will prevail, except if the laws of any jurisdiction where the Units are offered or sold require that in an action based upon information provided in a relevant document written in a language other than English the document translated into such other language and on which such action is based shall prevail.

In the UCITS Documentation, any reference to any law, legal provision or regulatory requirement or guidance shall be construed as including a reference to that law, legal provision or regulatory requirement or guidance, as amended, supplemented, extended or re-enacted as at the date of this Prospectus and/or Unit Trust Agreement and from time to time thereafter.

### **1. Sales Documentation**

The UCITS Documentation and the Key Investor Information Documents, together with the most recent annual and semi-annual reports, are available, free of charge, in permanent data carrier format from the Management Company, the Depositary, the paying agents for the UCITS and all other authorized distributors for the Sub-Funds in Liechtenstein and abroad, as well as on the website of the LAFV at [www.lafv.li](http://www.lafv.li).

Further information regarding the UCITS and/or the Sub-Funds is also available at [www.lgtcp.com/en/regulatory-information](http://www.lgtcp.com/en/regulatory-information) or from the registered offices of the Management Company and the Depositary.

### **2. Unit Trust Agreement**

Annex A forms part of the Unit Trust Agreement.

The Unit Trust Agreement may be amended or supplemented, in whole or in part, at any time. Such amendments (including amendments to Annex A) require prior approval of the FMA in order to become effective and must not be implemented before such approval is granted.

Amendments of documents other than the Unit Trust Agreement, i.e. the Prospectus and Annex B, C and D, are not subject to prior review by the FMA, must, however, be notified to the FMA.

Any and all amendments to the Unit Trust Agreement will be published on the website of the LAFV, [www.lafv.li](http://www.lafv.li) and, thereafter, will be legally binding on all Unitholders.

### **3. General Information about the UCITS, Sub-Funds and Unit Classes**

#### **3.1. UCITS**

The UCITS was approved by the FMA on 18 June 2012 and registered in the Liechtenstein public register on 18 June 2012. The Unit Trust Agreement was first approved by the FMA on 11 June 2012.

The UCITS has been established in accordance with the laws of Liechtenstein for an indefinite period of time without any limitations as to its capital. The UCITS has the legal form of a collective trusteeship. A collective trusteeship is the formation of an identically structured trust in terms of content with a number of investors for the purpose of asset investment and management for the account of investors, whereby the individual investors participate on the basis of their share in the trust and are, subject to violations of the Unit Trust Agreement, only personally liable up to the amount invested.

The UCITS is structured as an umbrella fund that may comprise one or several Sub-Funds, which allocate invested capital in accordance with their respective investment policies set out in Annex A.

Each of the Sub-Funds comprises one or more Classes to which different terms may apply, as set out in Annex A. By purchasing Units, a Unitholder accepts and agrees, without restrictions, to the provisions of the UCITS Documentation (including Sub-Fund-specific information in Annex A).

#### **3.2. Sub-Funds**

A Unitholder participates in the performance of the relevant Sub-Fund based on the number of Units held by such Unitholder in proportion to the aggregate number of Units issued.

Each Sub-Fund constitutes a pool of assets and liabilities separate from other Sub-Funds of the UCITS, and, under Liechtenstein law, the assets of any one Sub-Fund are not available to meet the liabilities of another Sub-Fund. As such, the assets and liabilities of each Sub-Fund are segregated from the assets and liabilities of the other Sub-Funds. Any claims levied by investors or creditors or any other party vis-à-vis any Sub-Fund shall be restricted to the net assets of such Sub-Fund.

Each Sub-Fund is deemed to be independent from the other Sub-Funds as regards the relationship between the Unitholders in the UCITS. The rights and obligations of the Unitholders in any Sub-Fund are separate from the rights and obligations of the Unitholders in other Sub-Funds.

The Sub-Funds may be established for a limited or an unlimited duration, as set out in Annex A.

Past performance of each of the Sub-Funds (including Classes), once available, shall be disclosed on the LAFV's website ([www.lafv.li](http://www.lafv.li)) and in the relevant Key Investor Information Document.

The UCITS Documentation pertains to all Sub-Funds. The Management Company may liquidate existing Sub-Funds and launch new Sub-Funds, in which case the UCITS Documentation will be updated accordingly.

#### **3.3. Units and Unitholder Rights**

The Management Company may resolve to create one or more Classes of Units for any Sub-Fund or to terminate or consolidate existing Classes. The Classes may differ with respect to the application of income; distribution policy; subscription fees; redemption fees; denomination; currency hedging; remuneration for management; operations or other services; the minimum investment and minimum holding amount; distribution network; qualifying investors or other relevant differentiating terms / characteristics. As a result,

due to the aforementioned differences in the terms / characteristics of a specific Class, the investment performance may vary across different Classes of a Sub-Fund despite the fact that all Classes of such Sub-Fund participate in the same portfolio of assets.

The Units do not confer voting rights. There will be no general meetings of the Unitholders.

For further information in relation to Units and Classes of Units please see section 7 below entitled "Investing in the UCITS".

### **3.4. Integration of ESG**

#### Fund Classification for SFDR

For SFDR purposes certain Sub-Funds of the UCITS may be classified as either (ii) an ESG Orientated Fund; or (iii) an ESG Focused Fund.

If a Sub-Fund is classified as either an ESG Orientated Fund or an ESG Focused Fund, a clear indication of this classification (along with additional SFDR-related disclosure) will be made in the Supplement for the relevant Sub-Fund. As a default, and in the absence of such clear indication, each Sub-Fund will not be classified as an ESG Orientated Fund or an ESG Focused Fund.

#### The Integration of Sustainability Risks into Investment Decisions

As part of the process to undertake appropriate due diligence on investments, the Asset Manager will generally conduct a level of research on each company or issuer which will give the Asset Manager an understanding of the company or issuer. This will typically include a consideration of fundamental and quantitative elements such as financial position, liquidity, solvability, capital structure or revenue. Where relevant, this will also involve qualitative and non-financial elements such as the company's or issuer's approach to ESG factors and consideration of Sustainability Risks.

The Asset Manager integrates an assessment of Sustainability Risks into its investment processes for each Sub-Fund (including those not classified as an ESG Orientated Fund or an ESG Focused Fund). This will occur both initially and on an ongoing basis for the duration of the period the Sub-Fund holds an investment or pursues a particular investment strategy. However, unless stated in the relevant Supplement that the Sub-Fund is classified as an ESG Orientated Fund or an ESG Focused Fund, an accentuated ESG investment process or enhanced exclusionary screening methodology will not be applied in respect of the Sub-Fund.

The Asset Manager may rely on third-party ESG data or research providers to produce any ESG-related analysis. Such data or research may be imprecise, incorrect or unavailable and the resulting analysis or use of such data by the Asset Manager may be impacted.

This assessment is based on the inclusion of Sustainability Risks in the Asset Manager's due diligence processes, forecasting, exclusionary screening methods and / or analysis based on currently available ESG data. Once these factors have been taken into account, in combination with the fact that it is considered that Sustainability Risks may be factored into the price of an underlying instrument and that the risk factors as described in this Prospectus under the heading "Risk Factors" will have been assessed, it is not considered likely that ongoing, identifiable Sustainability Risks will materially alter the return profile of a Sub-Fund. Further, it is acknowledged that exceptional or unpredictable Sustainability Risk events may occur, which may impact this ongoing assessment. It is considered that the policies adopted by the Asset Manager to assess and mitigate Sustainability Risks may mitigate such risks to the UCITS. Investors should note the Asset Manager's assessment of ESG characteristics may change over time and the ESG conclusions of the Asset Manager might not reflect the ESG views of investors.

For the avoidance of doubt, Sustainability Risks are one of several factors considered as part of a broader assessment when making investment decisions.

Further details on the Asset Manager's approach to ESG integration and sustainability-related stewardship can be found on the Asset Manager's website.

## **4. Organization**

### **4.1. Country of Incorporation and Domicile / Competent Supervisory Authority**

The country of incorporation and domicile of the UCITS is Liechtenstein. The competent supervisory authority is the FMA [www.fma-li.li](http://www.fma-li.li).

### **4.2. Legal Relationship**

The legal relationship between the Unitholders, the UCITS and the Management Company is governed by the Unit Trust Agreement and the Prospectus. To the extent that the Unit Trust Agreement and the Prospectus do not contain rules governing a particular subject matter, the legal relationship between the Unitholders and the Management Company on behalf of the UCITS is governed by the UCITS Act, the UCITS Ordinance and, to the extent that these laws do not contain any applicable provisions, the provisions of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht*, "PGR") concerning trusteeships. It should be noted that the above legislation and regulations may from time to time be amended and/or supplemented or replaced.

### **4.3. Management Company**

LGT Capital Partners (FL) Ltd., Herrengasse 12, 9490 Vaduz, Liechtenstein, acts as management company of the UCITS within the meaning of the UCITS Act. The Management Company's offices are located at Herrengasse 12, 9490 Vaduz, Liechtenstein, and it was incorporated, for an indefinite period of time, on 1 September 1998 as a public limited company (Aktiengesellschaft) under the laws of Liechtenstein, with a registered office and head office in Vaduz, Liechtenstein. Pursuant to chapter III of the UCITS Act, the Management Company has been admitted by the FMA to act in this capacity and entered into the official list of Liechtenstein management companies.

The share capital of the Management Company is CHF 1 million and is fully paid up.

The Management Company manages the UCITS for the account, and in the exclusive interest, of its Unitholders in accordance with the provisions of the UCITS Documentation. The Management Company complies and shall continue to comply with the applicable provisions of the UCITS Act and the UCITS Ordinance.

The Management Company has, to the largest possible extent, any and all rights to perform, in its own name but for the account of the UCITS, any and all administrative and management measures and actions. In particular, the Management Company is entitled to buy, sell, subscribe or exchange securities and other assets and to exercise any and all rights associated, either directly or indirectly, with the assets of the Sub-Funds of the UCITS.

#### **4.3.1. Remuneration Policy of the Management Company**

The Management Company has in place a remuneration policy which seeks to ensure that the interests of the Management Company and the Unitholders are aligned. Such remuneration policy imposes remuneration rules on staff, including senior management, risk-takers, staff engaged in control functions and employees receiving a total remuneration that puts them in the same income bracket as senior management and risk-takers, whose actions may have a significant influence on the risk profile of the Management Company and/or the UCITS. The Management Company shall seek to ensure that such remuneration policies and practices will be consistent with sound and effective risk management and shall not encourage risk-taking inconsistent with the risk profile and constitutional documents of the UCITS and shall ensure that its actions shall comply with the UCITS Act and the ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575).

In line with the provisions of the UCITS Act, the Manager applies its remuneration policy and practices in a way and to the extent that is proportionate to its size, its internal organisation and the nature, scope and complexity of its activities.

The Management Company shall seek to ensure the remuneration policy will at all times be consistent with the business strategy, objectives, values and interests of the Management Company, the UCITS and the Unitholders and that the remuneration policy includes measures to ensure that all relevant conflicts of interest can be managed appropriately at all times.

The remuneration policies and practices of the Management Company are specified in Annex C.

**4.3.2. Fair Treatment of Unitholders by the Management Company**

The Management Company shall act fairly and appropriately in the performance of its activities in the best interest of the UCITS and the integrity of the market.

**4.3.3. Board of Directors of the Management Company**

President	Dr. André Lager Chief Executive Officer, LGT Financial Services Ltd., Vaduz
Vice President	Werner von Baum Chief Risk Officer, LGT Capital Partners Ltd., Pfäffikon
Director	Dr. Magnus Pirovino

**4.3.4. Executive Board of the Management Company**

Directors	Roger Gauch Chief Executive Officer, LGT Capital Partners (FL) Ltd., Vaduz
	Lars Inderwildi Head Operations, LGT Capital Partners (FL) Ltd., Vaduz
	Alois Wille Head Risk & Project Management, LGT Capital Partners (FL) Ltd., Vaduz
	Pierre-André Wirth Head Legal & Compliance, LGT Capital Partners (FL) Ltd., Vaduz

**4.4. Asset Manager**

Unless otherwise specified in Annex A, the Management Company has delegated discretionary investment management functions to LGT Capital Partners Ltd., Schützenstrasse 6, 8808 Pfäffikon, Switzerland.

The Asset Manager has partially delegated the investment decisions for the sub-fund LGT Sustainable Bond Fund EM Defensive to LGT Capital Partners (Asia-Pacific) Ltd., 4203, Two Exchange Square, 8 Connaught Place Central, Hong Kong.

Under the supervision and responsibility of the Management Company, the Asset Manager is entrusted with the investment management of the assets of the Sub-Funds in accordance with the Investment Management Agreement and in compliance with the applicable investment restrictions.

#### **4.5. Depositary**

Unless otherwise specified in Annex A, LGT Bank Ltd., Herrengasse 12, 9490 Vaduz, Liechtenstein, acts as the Depositary.

The role of the Depositary is governed by the UCITS Act, the UCITS Ordinance, the Delegated Regulation, the Depositary Agreement, the Unit Trust Agreement and this Prospectus. The Depositary shall act independently from the Management Company and exclusively in the best interests of the Unitholders.

##### ***Duties of the Depositary***

The Depositary's duties shall include oversight duties, duties regarding the safe-keeping of the UCITS' assets and monitoring the UCITS' cash flows. Such responsibilities and duties of the Depositary shall be in accordance with Art. 33 of the UCITS Act. The Depositary shall in particular ensure that:

- the sale, issue, redemption, paying out and cancellation of Units of the Sub-Funds correspond to the provisions of the UCITS Act and the Unit Trust Agreement;
- the valuation of the Units of the Sub-Funds is performed in accordance with the provision of the UCITS Act and the Unit Trust Agreement;
- in the case of transactions with assets of the Sub-Funds, the equivalent is remitted to the Sub-Funds within the normal deadlines;
- the proceeds of the Sub-Funds are used in accordance with the provisions of the UCITS Act and the Unit Trust Agreement, and
- the cash-flows of the Sub-Funds are properly monitored and, in particular, that steps are taken to ensure that all of the payments made by investors or in the name of investors when subscribing the Units of a Sub-Fund have been received and, that all of the financial resources of the Sub-Funds have been recorded in accordance with the provisions of the UCITS Act and the Unit Trust Agreement.

The Depositary shall maintain the UCITS' Unit register on behalf of the Management Company.

Investors should note that the effect of the segregation of assets, which is generally prescribed, might, in the event of bankruptcy, not be recognized in certain jurisdictions with regard to the assets which are subject to seizure by such jurisdiction. The Management Company and the Depositary shall cooperate to avoid safekeeping of assets in such jurisdictions.

The Depositary submits to the provisions of the Liechtenstein FATCA Agreement and the related implementing provisions under the Liechtenstein FATCA Act.

Further information and details about the Depositary are provided in Annex A.

##### ***Liability of the Depositary***

Pursuant to the Depositary Agreement and pursuant to and subject to the provisions of the UCITS Act, the Depositary will be liable for loss of financial instruments held in custody (i.e. those assets which are required to be held in custody pursuant to the UCITS Act) or in the custody of any sub-custodian, unless it can prove that loss has arisen as a result of an external event beyond its control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depositary shall also be liable for all other losses suffered as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations or its improper performance of them.

The liability of the Depositary shall not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. In order to discharge its responsibilities under the UCITS Act, the Depositary must exercise due skill, care and diligence in choosing and appointing a third party as a



safekeeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Depositary must maintain an appropriate level of supervision over the third party and make appropriate enquiries from time to time to confirm that the obligations of the third party continue to be competently discharged.

### ***Sub-Custodians***

The Depositary may delegate its safekeeping duties to sub-custodians.

Information about the depositary network and the list of sub-custodians, to which the Depositary has delegated the safekeeping of financial instruments eligible for safekeeping may be accessed via the following link: [www.lgt.li/custodynetwork](http://www.lgt.li/custodynetwork).

This delegation does not typically give rise to conflicts of interests. Potential conflicts, if any, are addressed by appropriate procedures.

### ***Information about the Depositary***

Unitholders can anytime free of charge request up to date information from the Depositary about the duties and obligations of the Depositary, the sub-custodians, any potential conflicts of interests associated with the activity of the Depositary and the sub-custodians, as well as about the UCITS and the respective Sub-Funds using the above-specified contact data.

#### **4.6. Administrator**

Unless otherwise specified in Annex A, the Management Company has delegated fund administration functions to LGT Financial Services Ltd., Herrengasse 12, 9490 Vaduz, Liechtenstein.

The Administrator is responsible for fulfilling the general administrative responsibilities that arise in the context of the fund management as prescribed by Liechtenstein law, such as providing for fund accounting, calculating the net asset value per Unit, Sub-Fund and Class, the subscription and redemption prices, accruing fees and expenses, calculating net income and dividends; effecting the payment of fees, expenses and dividends; preparing the annual and semi-annual reports and providing other services in accordance with the administrative services agreement between the Management Company and the Administrator.

#### **4.7. Auditor**

PricewaterhouseCoopers Ltd., Birchstrasse 160, 8050 Zurich, Switzerland, is the Auditor of the UCITS and the Management Company. The responsibility of the Auditor is to audit the UCITS and express an opinion on the UCITS' annual report as to whether the financial statements give a true and fair view of the state of the UCITS' affairs, its profit and cash flows for the year then ended.

#### **4.8. Authorized Distributors**

Unless otherwise specified in Annex A, LGT Bank Ltd., Herrengasse 12, 9490 Vaduz, Liechtenstein, acts as authorized distributor for the Sub-Funds in Liechtenstein. The Management Company may appoint additional authorized distributors in various countries. Some additional authorized distributors may have the right to appoint sub-distributors and distribution may be carried out through sales platforms.

#### **4.9. Paying Agents/Representatives**

Local laws and regulations in EEA Member States may require the appointment of paying agents, representatives or correspondent banks ("**Paying Agents**") and maintenance of accounts by such agents through which subscription and redemption monies or dividends may be paid. Unitholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or dividends via an intermediate entity rather than directly to the Depositary (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission

of such monies to the Depositary for the account of the UCITS or the relevant Sub-Fund and (b) redemption monies payable by such intermediate entity to the relevant Unitholder. Unless otherwise disclosed in Annex A, fees and expenses of Paying Agents appointed by the Management Company on behalf of the UCITS or a Sub-Fund which will be at normal commercial rates will be paid out of the assets of the relevant Sub-Fund.

Further information and details about the Paying Agents are set out in Annex B.

#### **4.10. Unitholder Rights vs. Service Providers**

Absent a direct contractual relationship between the Unitholder and a service provider, the Unitholder will generally have no direct rights against the relevant service provider and there are only limited circumstances in which the Unitholders can possibly bring a claim against the relevant service provider. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the UCITS by the relevant service provider is, prima facie, the Management Company on behalf of the UCITS.

#### **4.11. Enforceability**

Enforceability of the agreements entered into with the Management Company and, through the Management Company, with the Asset Manager, the Depositary, the Administrator and the authorized distributors is generally governed by the laws applicable to the said service providers and/or determined by the relevant contracts, subject to the compulsory application of Liechtenstein law.

#### **4.12. Conflicts of Interest**

The Management Company, the Asset Manager, their holding companies, their holding companies' shareholders, any subsidiaries of their holding companies and the Depositary and Administrator and their respective affiliates, officers and shareholders, employees, delegates and agents (collectively the "**Parties**") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the UCITS and/or their respective roles with respect to the UCITS. These activities may include investing in, managing or advising other funds, purchases and sales of securities, banking, investment management and investment advisory services, brokerage services, valuation of unlisted securities (in circumstances in which fees may increase as the value of assets increases) and serving as officers, advisers or agents of other funds or companies, including funds or companies in which the UCITS may invest.

In particular, the Management Company and the Asset Manager (or their affiliates, officers and shareholders, employees, delegates and agents) may invest in the UCITS or any Sub-Fund. The Management Company and the Asset Manager may recommend to other funds which they manage or advise to invest (whether by way of cash or in specie subscriptions) in the UCITS or any Sub-Fund. The Management Company and the Asset Manager may be involved in advising or managing, or may hold investments in other investment funds which have similar or overlapping investment objectives to or with the UCITS or Sub-Funds. Each of the Parties will use its reasonable endeavors to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of Unitholders.

If a performance fee is payable by the UCITS to the Management Company in relation to any Sub-Fund, the amount of the performance fee will depend upon the Sub-Fund's performance. The Management Company may therefore have an incentive to cause a Sub-Fund to make investments that are riskier or more speculative than would otherwise be the case. The Management Company may have an interest in managing the terms and timing of Sub-Funds' transactions so as to maximize its fees.

There is no prohibition on transactions with the UCITS by the Management Company, the Asset Manager, the Administrator, the Depositary or entities related to each of the Management Company, the Asset

Manager, the Administrator or the Depositary provided that such transactions are consistent with the best interests of Unitholders.

## 5. Risk Factors

The risks described herein should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in a Sub-Fund. Potential investors should be aware that an investment in a Sub-Fund may be exposed to other risks of an exceptional nature from time to time. Investment in the Sub-Funds carries with it a degree of risk. Different risks may apply to different Sub-Funds and/or Classes. Details of specific risks attaching to a particular Sub-Fund or Class which are additional to those described in this section will be disclosed in Annex A. Prospective investors should review this Prospectus and the relevant Annex carefully and, in its entirety, and consult with their professional and financial advisers before making an application for Units.

Prospective investors are advised that the value of Units and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested, and an investment should only be made by persons who can sustain a loss on their investment and are capable of evaluating the risks of the investment. Past performance of any Sub-Fund of the UCITS or the sub-funds of any other investment scheme managed by the Management Company should not be relied upon as an indicator of future performance. The attention of potential investors is drawn to the taxation risks associated with investing in the UCITS.

The securities and instruments in which the UCITS invests are subject to normal market fluctuations and other risks inherent in investing in such investments and there can be no assurance that any appreciation in value will occur.

### 5.1. General Risks

**Exogenous Conditions.** The operating results, financial conditions, activities, and prospects of any Sub-Fund could be materially affected by changes in market, economic, political, technological, regulatory and social conditions, as well as by numerous other factors outside the control of the Management Company.

**Limited Investment History.** Although the Management Company may have significant experience in the financial industry and with investment strategies similar to those employed by the Sub-Funds, Sub-Funds recently launched have no or a limited investment record. Accordingly, the past performance of the Management Company in respect of any one of the Sub-Funds as well as other funds managed by the Management Company should not be considered as an indication of future results.

**Operating Deficits.** The costs of operating a Sub-Fund could exceed its income, requiring that the difference be paid out of the Sub-Fund's capital and thereby reducing the Sub-Fund's investments and potential future profitability.

**Operational Risk.** Operational risk is the potential for loss caused by a deficiency in information, communication, transaction processing and settlement as well as accounting systems.

**Cyber Security Risk.** The service providers to the UCITS are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the UCITS, the Management Company, the Asset Manager, the Administrator or the Depositary or other service providers have the ability to cause disruptions and impact

business operations, potentially resulting in financial losses, including by interference with the ability to calculate the Net Asset Value; impediments to trading for a Sub-Fund's portfolio; the inability of Unitholders to transact business with a Sub-Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs. Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Sub-Fund invests, counterparties with which the Management Company engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

## 5.2. Investment Risks

**Market Capitalization Risk.** The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavorable economic reports.

**Market Risk.** Some of the recognized markets in which a Sub-Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Sub-Fund may liquidate positions to meet redemption requests or other funding requirements.

**Liquidity Risk.** Not all securities or instruments invested in by the Sub-Funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Sub-Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

**Redemption Risk.** Large redemptions of Units in a Sub-Fund might result in a Sub-Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.

**Credit Risk.** There can be no assurance that issuers of the securities or other instruments in which the Sub-Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Sub-Funds will also be exposed to a credit risk in relation to the counterparties with whom they trade and may bear the risk of counterparty default.

**Currency Risk.** The Net Asset Value of each Sub-Fund is determined in the base currency of the relevant Sub-Fund as set out in Annex A, whereas the Sub-Fund's investments may be acquired in a wide range of currencies, some of which may be volatile and some of which may not be freely convertible. It may not be possible or practicable to hedge against the consequent currency risk exposure and in certain instances the Management Company may consider it desirable not to hedge against such risk, so that exchange rate fluctuations could cause the value of such investments to increase or decrease.

**Emerging Markets Risk.** Certain Sub-Funds may invest in securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, privatization, corruption, organised crime and social, political and economic instability; (ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in

price volatility, (iii) certain national policies which may restrict a Sub-Fund's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests, (iv) lack of independence and effective government supervision of company registrars and (v) the absence of developed legal structures governing private or foreign investment and private property.

**Counterparty and Settlement Risk.** When the Management Company enters into a contract with other parties on behalf of the UCITS and its Sub-Funds, the Sub-Funds bear the risk that the counterparties will not carry out their obligations. To the extent that such contracts involve over-the-counter derivatives or other over-the-counter transactions, they may be exposed to the risk of default by a counterparty or to settlement difficulties. This risk may be substantially higher than the default or settlement risks involved in standardized and exchange-traded transactions. The latter are generally backed by clearing organizations' guarantees, are generally marked to market daily and intermediaries are generally subject to settlement and segregation and minimum capital requirements. Transactions directly with a counterparty generally do not benefit from those protections and expose each party to a higher risk of the other's default. For example, although a broker or dealer or other counterparty may collateralize its obligations to a particular party by segregating its assets and identifying them on its records as assets dedicated to that party, those or similar arrangements may not always be adequate to protect the party if the counterparty were to become insolvent and, even if they are, the party could expect delays in receiving the benefit of the derivative or other contract.

**Custody Risk.** There are risks involved in dealing with the custodians or brokers who hold or settle a Sub-Fund's trades. It is possible that, in the event of the insolvency or bankruptcy of a custodian or broker, a Sub-Fund would be delayed or prevented from recovering its assets from the custodian or broker, or its estate and may have only a general unsecured claim against the custodian or broker for those assets. The Depositary will hold assets in compliance with applicable laws and such specific provisions as agreed in the Depositary Agreement. These requirements are designed to protect the assets against the insolvency in bankruptcy of the Depositary but there is no guarantee they will successfully do so. In addition, as the Fund may invest in markets where custodial and/or settlement systems and regulations are not fully developed, including emerging markets, the assets of the Sub-Funds which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of sub-custodians is necessary, may be exposed to risk in circumstances where the Depositary will have no liability.

**Depositary Risk.** If a Sub-Fund invests in assets that are financial instruments that can be held in custody ("**Custody Assets**"), the Depositary is required to perform full safekeeping functions and will be liable for any loss of such assets held in custody unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. In the event of such a loss (and the absence of proof of the loss being caused by such an external event), the Depositary is required to return identical assets to those lost or a corresponding amount to the Sub-Fund without undue delay.

If a Sub-Fund invests in assets that are not financial instruments that can be held in custody ("**Non-Custody Assets**"), the Depositary is only required to verify the Sub-Fund's ownership of such assets and to maintain a record of those assets which the Depositary is satisfied that the Sub-Fund holds ownership of. In the event of any loss of such assets, the Depositary will only be liable to the extent the loss has occurred due to its negligent or intentional failure to properly fulfil its obligations pursuant to the Depositary Agreement and the UCITS Act.

As it is likely that the Sub-Funds may each invest in both Custody Assets and Non-Custody Assets, it should be noted that the safekeeping functions of the Depositary in relation to the respective categories of assets and the corresponding standard of liability of the Depositary applicable to such functions differs significantly.

The Sub-Funds enjoy a strong level of protection in terms of Depositary liability for the safekeeping of Custody Assets. However, the level of protection for Non-Custody Assets is significantly lower. Accordingly, the greater the proportion of a Sub-Fund invested in categories of Non-Custody Assets, the greater the risk that any loss of such assets that may occur may not be recoverable. While it will be determined on a case-by-case whether a specific investment by the Sub-Fund is a Custody Asset or a Non-Custody Asset, generally it should be noted that derivatives traded by a Sub-Fund over-the-counter will be Non-Custody Assets. There may also be other asset types that a Sub-Fund invests in from time to time that would be treated similarly. Given the framework of Depositary liability under UCITS V Directive 2014/91/EU, these Non-Custody Assets, from a safekeeping perspective, expose the Sub-Fund to a greater degree of risk than Custody Assets, such as publicly traded equities and bonds.

**Derivatives.** The Sub-Funds are permitted to use derivative financial instruments. These instruments may be used not only for hedging purposes but also as an integral part of the investment strategy and policy of the relevant Sub-Fund. The use of derivative financial instruments for hedging purposes may alter the general risk profile as a result of lower risks and rewards. Conversely, the use of derivative financial instruments for investment purposes may alter the general risk profile as a result of additional risks and rewards.

Derivative instruments are not investment instruments in their own right, but rather rights whose value is primarily derived from the price and price fluctuations and expectations of an underlying instrument. Derivative investments are subject to a general market risk, management risk, credit risk and liquidity risk.

As a result of special features of derivative instruments, the aforementioned risks may manifest themselves differently and, in some cases, be higher than the risks incurred when investing in the underlying.

For this reason, the use of derivatives not only requires an understanding of the underlying but also sound knowledge of the derivatives themselves.

Derivative financial instruments also entail the risk that a Sub-Fund incurs losses if another party involved in the derivative transaction (usually a "counterparty") defaults on its obligations.

The credit risk for derivatives traded on an exchange is usually lower than the risk associated with derivatives traded over the counter ("OTC derivatives"), as the clearing agency that acts as the issuer of or counterparty for every derivative traded on an exchange guarantees settlement. To reduce the aggregate default risk, this guarantee is backed by a payment system maintained by the clearing agency, which is used to calculate the assets required to provide cover. There is no comparable clearing agency guarantee for OTC derivatives, and the UCITS has to take the credit quality of each counterparty for an OTC derivative into consideration when assessing the potential credit risk.

Moreover, there are liquidity risks, as certain instruments may be difficult to buy or sell. In the event of large-scale derivative transactions or if the relevant market is illiquid (as may be the case for OTC derivatives), it may not be possible to perform certain transactions in full, or it may only be possible to liquidate a position at a higher cost.

Additional risks encountered when using derivatives are incorrect price determination or incorrect valuation of derivatives. Furthermore, there is the possibility that derivatives do not fully correlate with the underlying assets, interest rates or indices. Many derivatives are complex and their valuation is often based on subjective assessments. Inappropriate valuations may result in higher claims for cash payments from counterparties or a loss in value for the relevant Sub-Fund. Derivatives are not always directly correlated with, and do not always develop in parallel with, the value of the assets, interest rates or indices they are derived from. Therefore, the use of derivatives by the UCITS is not always an effective means of achieving the investment objective of the relevant Sub-Fund, and may even have the opposite effect.

**Efficient Portfolio Management Risk.** The Management Company on behalf of a Sub-Fund may employ techniques and instruments relating to transferable securities, money market instruments and/or other financial instruments in which it invests for efficient portfolio management purposes. Many of the risks attendant in utilising derivatives, will be equally relevant when employing such efficient portfolio management techniques. Investors should also be aware that from time to time, a Sub-Fund may engage in derivative contracts with parties that are related parties to the Depositary or other service providers of the UCITS. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service providers in respect of the UCITS.

**Credit Risk and Counterparty Risk.** A Sub-Fund will be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in derivative instruments. To the extent that a counterparty defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Regardless of the measures the Sub-Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Sub-Fund will not sustain losses on the transactions as a result.

**Securities Financing Transactions Risk.** Securities Financing Transactions create several risks for the UCITS and its investors, including counterparty risk if the counterparty to a Securities Financing Transaction defaults on its obligation to return assets equivalent to the ones provided to it by the relevant Sub-Fund and liquidity risk if the Sub-Fund is unable to liquidate collateral provided to it to cover a counterparty default.

As with any extensions of credit, there are risks of delay and recovery. Should the borrower of securities fail financially or default in any of its obligations under any securities lending transaction, the collateral provided in connection with such transaction will be called upon. A securities lending transaction will involve the receipt of collateral. However, there is a risk that the value of the collateral may fall, and the Sub-Fund suffer loss as a result.

**Repurchase Agreements.** Where stated in Annex A, the Management Company on behalf of a Sub-Fund may enter into repurchase arrangements. Accordingly, the Sub-Fund will bear a risk of loss in the event that the other party to the transaction defaults on its obligation and the Sub-Fund is delayed or prevented from exercising its rights to dispose of the underlying securities. The Sub-Fund will, in particular, be subject to the risk of a possible decline in the value of the underlying securities during the period in which the Sub-Fund seeks to assert its right to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or a part of the income from the agreement.

**Collateral Risk.** Collateral or margin may be passed by the relevant Sub-Fund to a counterparty or broker in respect of OTC derivative transactions or Securities Financing Transactions. Assets deposited as collateral or margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy. Where collateral is posted to a counterparty or broker by way of title transfer, the collateral may be re-used by such counterparty or broker for their own purpose, thus exposing the relevant Sub-Fund to additional risk.

Risks related to a counterparty's right of re-use of any collateral include that, upon the exercise of such right of re-use, such assets will no longer belong to the relevant Sub-Fund and the Sub-Fund will only have a contractual claim for the return of equivalent assets. In the event of the insolvency of a counterparty the Sub-Fund shall rank as an unsecured creditor and may not recover its assets from the counterparty. More broadly, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Management Company or its delegates will not have any visibility or control.

**Total Return Swaps.** In respect of Total Return Swaps, if the volatility or expectation of volatility of the reference asset(s) varies, the market value of the financial instruments may be adversely affected. The

relevant Sub-Fund will be subject to the credit risk of the counterparty to the swap, as well as that of the issuer of the reference obligation. If there is a default by the counterparty to a swap contract a Sub-Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Sub-Fund will succeed in pursuing contractual remedies. A Sub-Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts. The value of the index/reference asset underlying a Total Return Swap may differ to the value attributable per Unit due to various factors such as the costs incurred in relation to the Total Return Swap entered into by the Sub-Fund to gain such exposure, fees charged by the Sub-Fund, differences in currency values and costs associated with hedged or unhedged Unit Classes.

**Fees of Target Funds.** Sub-Funds may invest in collective investment schemes that are expected to charge fees and expenses to their investors. These fees might or might not be based upon assets or upon profits or other performance measures, and there are no restrictions on the fees and expenses a Sub-Fund may bear by investing in these target funds. Further, these fees and expenses may be substantial and will be in addition to any fees and expenses charged by the Sub-Fund, thereby reducing its return.

**Fixed Income Securities.** A Sub-Fund, where stated in Annex A, may invest in bonds or other fixed income securities, including, without limitation, commercial paper and "higher yielding" (including non-investment grade) (and, therefore, higher risk) debt securities. A Sub-Fund may therefore be subject to credit, liquidity and interest rate risks. Higher-yielding debt securities are generally unsecured and may be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured on substantially all of the issuer's assets. The lower rating of debt obligations in the higher-yielding sector reflects a greater probability that adverse changes in the financial condition of the issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal and interest. Non-investment grade debt securities may not be protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. It is likely that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

**Inflation Risk.** Inflation may reduce the asset value of the investment. The purchasing power of the invested capital is reduced if the inflation rate is higher than the income generated by the investments.

**Leverage.** Investments in a Sub-Fund may comprise elements of leverage through the use of derivative instruments which may potentially magnify losses and may result in losses greater than the amount invested in the derivative itself.

**Hedging.** Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs, involve a risk of loss, may give rise to liquidity problems or may inherently limit or reduce the potential for profit.

**Currency Hedging.** A Sub-Fund may enter into foreign currency forward contracts for the purpose of hedging underlying exposures. These contracts involve a risk of loss and may give rise to liquidity problems.

**Timing of Gains and Losses.** Sub-Funds may invest in securities that must be held for a significant period before the success or failure of the investment becomes apparent or any gains can be realized.



**Difficulty of Locating Attractive Investments.** Identifying, completing and realizing gain on attractive investments is highly competitive, involves significant uncertainty and offers no guarantee of success. Sub-Funds will compete for gaining access to attractive investments with other investors. The difficulty of finding suitable investments and the competition involved in securing such an investment may result in a failure to meet the investment objectives or strategies of a Sub-Fund.

**Psychological Market Risk.** Market sentiment, opinion and rumour may result in a significant price decline, even if the earnings situation and prospects of the companies in which investments are made might not have changed significantly. The psychological market risk has a particularly strong effect on equities.

**Entrepreneurial Risk.** Equity investments represent a direct participation in the economic success or failure of a company. In the worst-case scenario (i.e. insolvency and the compulsory winding-up of the company), this may result in the total loss of the amounts invested.

**Key Personnel Risk.** The investment success is often driven by the suitability and the success of the persons taking actions. However, the composition of the fund management may change. New key personnel and decision makers may be less successful than their predecessors.

**Portfolio Turnover.** Sub-Funds may have relatively high turnover at times. Although the Management Company intends to limit turnover, the Management Company has the discretion to buy or sell investments at a rate that may result in high transaction costs.

**Valuation Risk.** Sub-Funds carry certain risks in relation to the valuation and/or settlement of their assets such as:

- a. Sub-Funds may invest directly or indirectly in securities some of its assets in illiquid or unquoted securities or instruments. Estimating the fair value of such investments may be difficult and may be the subject of substantial uncertainty. In addition, there may be delays in obtaining values for such investments which may result in reliance on estimates in calculating the Sub-Funds' Net Asset Value. It is noted, however, that the Management Company has put in place safeguards for the functionally independent performance of the valuation task, at team level, as required by the UCITS Directive. Such safeguards include measures to prevent or restrain any person from exercising inappropriate influence over the way in which a person carries out valuation activities.
- b. Sub-Funds that invest in collective investment schemes carry the valuation risk due to the manner and timing of the underlying schemes valuation. The underlying schemes may be valued by administrators affiliated to fund managers or by fund managers themselves, resulting in valuations unverified by an independent third party on a regular or timely basis. Accordingly, there is a risk that the Sub-Fund's investments may be inaccurately priced and/or their valuations may be delayed and so valued on an estimated basis.
- c. Accounting and financial reporting standards, practices and disclosure requirements as well as trading and settlement systems may vary across the countries and markets in which Sub-Funds may invest, potentially entailing operational, valuation and settlement risks.

### **5.3. Fund Risks**

**Performance Fee.** The terms of the Units in some of the Sub-Funds may allow a performance fee that will be charged in certain situations by a Sub-Fund and allocated to the Management Company to provide an additional incentive for generating performance. However, the performance fee could encourage the Management Company to make investments that are riskier or more speculative than it would if it were receiving only a management fee. Furthermore, the Management Company will receive a part of the performance fee on unrealized gains that may potentially never be realized.

**Conflicts of Interest.** See section "Conflicts of Interest".

**Unaudited Redemption Price.** Calculation and payment of a Unitholder's redemption proceeds will be based on an unaudited Net Asset Value per Unit. Adjustments and revisions may be made to the Net Asset Value and/or Net Asset Value per Unit following the year-end audit of the Segregated Portfolio. Since no adjustments will be made to the proceeds paid to the redeeming Unitholder, the amount paid to the redeeming Unitholder may be higher or lower than it would have been using the audited Net Asset Value per Unit. Such adjustments and revisions will also affect the non-redeeming Unitholders at the time that such adjustment or revision is made.

**Effect of Substantial Redemptions.** Substantial redemptions by the Unitholders within a short period of time could require the Management Company to liquidate positions more rapidly than would otherwise be desirable, possibly reducing the value of the Sub-Fund and/or disrupting the Sub-Fund's investment strategy. Alternatively, the Management Company may opt to temporarily restrict the liquidity of the Sub-Fund or in extreme cases to wind down the Sub-Fund and orderly liquidate its assets (see risk factor "Limited Liquidity" above). As a result of substantial redemptions, a reduced asset volume of the Sub-Fund could make it more difficult for it to generate positive returns or recoup losses (see risk factor "Small Size Effect" below).

**Compulsory Redemption.** The Management Company may compulsorily redeem all or some of a Unitholder's Units. A compulsory redemption could result in adverse tax or economic consequences to that Unitholder.

**Idle Funds.** There may be periods of time when a Sub-Fund has a significant portion of its assets in cash or cash equivalents. The investment return on such "idle funds" is not expected to meet the Sub-Fund's overall return objective.

**Small Size Effect.** A Sub-Fund may begin operations without attaining any particular level of assets. At low asset levels, the Sub-Fund may be unable either to diversify its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Sub-Fund operates for a period with sufficient capital, Unitholders' redemptions could diminish the Sub-Fund's assets to a level that does not permit the most efficient and effective implementation of the Sub-Fund's investment policies and guidelines. Additionally, a small asset size may lead to high cost drag on the Sub-Fund due to operational and other expenses.

**Multiple Classes of Units.** The Management Company can establish various Classes to which would be allocated assets attributable to such Classes and from which would be debited liabilities allocable to such Classes. However, if more than one Class of Units is issued in a Sub-Fund, Unitholders in one Class may be compelled to bear the liabilities incurred in respect of another Class of this same Segregated Portfolio, should there be insufficient assets in that Class to satisfy its liabilities. Accordingly, there is a risk that liabilities of one Class within a Sub-Fund may not be limited to the liabilities of that particular Class and may be required to be paid out from other Classes of this Sub-Fund.

**Subscription Delay.** Prospective investors should be aware that if, in the period between the time the subscription application is received by the Depositary and the Subscription Day, the market conditions upon which an investor based his or her decision has changed, that investor will be unable to cancel his or her request for Units.

#### **5.4. Legal Risks**

**Contagion Risk.** The UCITS has the legal form of a collective trusteeship, with an umbrella structure. Each Sub-Fund constitutes a pool of assets and liabilities separate from other Sub-Funds of the UCITS, and, as a matter of Liechtenstein law, the assets of any one Sub-Fund are not available to meet the liabilities of

another Sub-Fund. However, the UCITS may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognize such segregation and in such circumstances the assets of one segregated portfolio may be exposed to the liabilities of another segregated portfolio whose assets are exhausted.

**Amendments to the Unit Trust Agreement.** Under the Unit Trust Agreement, the Management Company reserves the right to amend the terms and conditions of the Unit Trust Agreement. Moreover, the Management Company has the right under the Unit Trust Agreement to completely liquidate a Sub-Fund or to merge it with another Sub-Fund. For the investor, this entails the risk that the investor may not achieve the holding period as planned.

**Exchange Control and Repatriation.** It may not be possible for Sub-Funds to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. Sub-Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement, clearing and registration of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

**Taxes.** The buying, holding or selling of Sub-Funds' investments in other jurisdictions may be subject to a withholding tax. Additionally, if the tax base of the UCITS and/or a Sub-Fund had been incorrectly determined in the past and needs to be corrected, for example, as a consequence of tax audits, this correction may lead to a tax burden for investors even if an investor was not invested in the Sub-Fund at that time. Furthermore, the correction of fiscal data may result in taxable profits or tax benefits actually being assessed in a different tax assessment period than that actually applicable, which may also have a negative impact on the investor.

**Political and Regulatory.** The value of a Sub-Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

## **6. Investment Management**

### **6.1. Investment Guidelines**

The Management Company shall manage the assets of the Sub-Funds in accordance with the Unit Trust Agreement within the general framework laid out in the UCITS Act and in compliance with the investment objectives, policies, restrictions, risk profiles, instruments and other guidelines (together, the "**Investment Policy**") specific to each Sub-Fund as set out in Annex A. The Management Company shall aim to remedy any breach of the Investment Guidelines as soon as practicable wherever such a breach occurs. In accordance with the Unit Trust Agreement, the Management Company shall reimburse any direct losses suffered by a Sub-Fund caused by the recklessness, willful default, fraud, bad faith or gross negligence of the Management Company.

If not otherwise specified, any limits on investments as may be specified in Annex A are deemed to apply at the time of purchase of the investments. If the limits on investments are breached at any time for reasons beyond the control of the Management Company, the Management Company will adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unitholders.

Any material changes to the Investment Policy, as well as other material terms pertaining to the Units (e.g. fees), shall be notified to Unitholders in advance by means of notice on the website of the LAFV ([www.lafv.li](http://www.lafv.li)) and/or by any other durable means.

## **6.2. Eligible Investments**

A Sub-Fund may invest its assets for the account of its Unitholders solely in one or more of the following assets:

### **6.2.1. Securities and money market instruments:**

- a) that are listed or traded on a regulated market as defined in Art. 4 (1) no. 21 of Directive 2014/65/EU; or
- b) that are traded in another regulated market of an EEA member state, which market is recognized, open to the public and operates properly; or
- c) that are officially listed on a securities exchange in a non-member state on another market in a European, American, Asian, African or Pacific country that is recognized, open to the public and operates properly.

### **6.2.2. Securities from New Issues if:**

- a) the terms and conditions of issue contain the obligation that admission to official listing and/or trading has been applied to at one of the securities exchanges or regulated markets listed under no. 6.2.1 a) to c) above; and
- b) said admission has been obtained within one year following issuance.

**6.2.3.** Units in a UCITS or other collective investment undertakings comparable to a UCITS within the meaning of Art. 3, par. 1, section 17 of the UCITS Act, provided these may, in accordance with their constituent documents, hold no more than 10% of their assets in units of another UCITS or comparable collective investment undertakings.

**6.2.4.** Time or call deposits, having a term of no more than 12 months, with banks having their registered office in an EEA member state or a non-member state whose supervisory laws are equivalent to those within the EEA.

**6.2.5.** Derivatives, whose underlying is an asset within the meaning of Art. 51 of the UCITS Act or financial indices, interest rates, foreign exchange rates or currencies. In the event of transactions with OTC derivatives, the counterparties must be supervised institutions of a category approved by the FMA and the OTC derivatives must be subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction.

**6.2.6.** Money-market instruments that are not traded in a regulated market, provided that the issuer or the issuer of such instruments is subject to the statutory provisions regarding deposit and Investor protection and such money-market instruments are:

- a) issued or guaranteed by a central, regional or local authority, a central bank of an EEA member state, the European Central Bank, the European Community or the European Investment Bank, a non-member state or, in the case of a federal state, by one the members making up the federation, or by an international body of a public-law nature to which one or more EEA member states belong; or
- b) have been issued by an undertaking whose securities are traded in the regulated markets specified under letter a. above;

- c) have been issued or guaranteed by an institution subject to supervision in accordance with the criteria prescribed by EEA law, or by an institution subject to and compliant with regulatory provisions that are equivalent to those laid down by EEA law; or
- d) issued by other issuers belonging to the categories approved by the FMA, provided that the investments in such instruments are subject to investor protection provisions that are equivalent to those under letters (a) to (c) above and provided that the issuer is either a company whose capital and reserves amount to at least EUR 10 million, and which prepares and publishes its financial statements in accordance with Directive 78/660/EEC (in Liechtenstein implemented by the PGR), or an entity that belongs to a group consisting of one or more exchange-listed undertakings and is responsible for the financing of that group, or an entity entrusted with the financing of the securitisation of debt by means of a credit line provided by a bank.

**6.2.7.** In addition, a Sub-Fund may hold cash.

**6.2.8.** A Sub-Fund may acquire movable or immovable assets that are indispensable for the immediate performance of its activities.

### **6.3. Non-Eligible Investments**

A Sub-Fund may not:

- a) invest more than 10% of the assets per Sub-Fund in securities and money-market instruments other than those listed in 6.2 above;
- b) acquire precious metals or precious metal certificates;
- c) carry out uncovered short sales.

### **6.4. Investment Limits**

#### **A. The following investment limits must be complied with for each Sub-Fund:**

**6.4.1.** Each Sub-Fund may invest no more than 5% of its assets in securities or money-market instruments of the same issuer and no more than 20% of its assets in deposits of the same issuer.

**6.4.2.** The default risks from transactions of the UCITS in OTC derivatives with a bank as a counterparty that has its registered office in an EEA member state or a non-member state whose supervisory laws are equivalent to those within the EEA must not exceed 10% of the Sub-Fund's assets; for other counterparties, the maximum default risk is set at 5% of said assets of the Sub-Funds.

**6.4.3.** Where the total value of the securities and money-market instruments of the issuers, in which the Sub-Fund invests more than 5% of its assets, does not exceed 40% of its assets, the issuer limit set in 6.4.1 above shall be raised from 5% to 10%. The 40% limit does not apply to deposits or OTC derivative transactions with supervised banks. When raising the issuer limit, any securities and money-market instruments under 6.4.5 below and any debt securities under 6.4.6 below will not count towards said limit.

**6.4.4.** The individual maximum limits as per 6.4.1 and 6.4.2 above notwithstanding, a Sub-Fund may not combine the following assets if this would lead to the investment of more than 20% of its assets with one and the same entity:

- a) securities or money-market instruments issued by said entity;
- b) deposits with said entity; and/or
- c) OTC derivatives acquired from this entity.

- 6.4.5.** Where the securities or money-market instruments have been issued or guaranteed by an EEA member state or its local authorities, or a non-member state or an international body of a public-law nature to which one or more EEA member states belong, the issuer limit set in 6.4.1 above shall be raised from 5% to a maximum of 35%.
- 6.4.6.** Where debt securities are issued by a bank, having its registered office in an EEA member state, that is subject to special state supervision due to statutory provisions for the protection of the holders of these debt securities and is therefore required to invest, in particular, the proceeds from the issuance of said debt securities in assets that are sufficient to cover any liabilities arising therefrom during the entire term of such debt securities and are primarily intended for the repayment of any capital and interest that would fall due if the issuer defaulted, the maximum limit for any such debt securities, as specified in 6.4.1 above, shall be raised from 5% to a maximum of 25%. In this case, the entire value of the investments may not exceed 80% of the assets of the relevant Sub-Fund.
- 6.4.7.** The limits specified in 6.4.1 to 6.4.6 above may not be combined. The maximum issuer limit is 35% of the assets per Sub-Fund.

In derogation of section 6.4.3 and in accordance with Art. 56 of the UCITS Act as well as in accordance with the principle of risk diversification, up to 100% of the assets may be invested in securities and money-market instruments, provided that any such securities or instruments are issued or guaranteed by one and the same sovereign issuer. The Sub-Funds must hold securities of at least six different issues, with the securities of one single issue not exceeding 30% of the aggregate amount of the relevant Sub-Fund's assets. The Management Company may invest more than 35% of the value of a Sub-Fund on behalf of a Sub-Fund in debentures of the following issuers, insofar as the issuers and guarantors are the following public-law entities or international organisations:

- all OECD countries;
- all public-law entities from OECD countries;
- the African Development Bank;
- the Asian Development Bank;
- the Council of Europe Social Development Fund;
- Eurofima;
- the European Atomic Energy Community;
- the European Bank for Reconstruction & Development;
- the European Economic Community;
- the European Investment Bank;
- the European Patent Organization;
- the IBRD (World Bank);
- the Inter-American Development Bank;
- the International Finance Corporation;
- the Nordic Investment Bank.

- 6.4.8.** For the purposes of calculating the investment limits in this section 6.4 "Investment Limits", companies of the same group are deemed to be one single issuer. For investments in securities and/or money-market instruments of the same group, the issuer limit shall be raised to a total of 20% of the assets of the relevant Sub-Fund.
- 6.4.9.** Sub-Funds may invest no more than 20% of their assets in units of the same UCITS or the same collective investment undertakings comparable to a UCITS. A specific investment provision providing for this aspect may be included in Annex A (target fund eligibility).

Investors' attention is drawn to the fact that, at the level of indirect investments, additional indirect costs and fees are incurred and remuneration is charged, which will be debited directly to the individual indirect investments.

**6.4.10.** Investments in units of collective investment undertakings comparable to a UCITS may not, in aggregate, exceed 30% of the assets of the Sub-Fund. These investments shall not be taken into account in respect of the upper limits specified in Art. 54 of the UCITS Act.

**6.4.11.** A Sub-Fund may invest no more than 20% of its assets in equities and/or debt securities of one and the same issuer if it is the objective of the relevant Sub-Fund, in accordance with its investment policy, to replicate the performance of a specific stock or bond index that is recognized by the FMA. The prerequisites for this are that:

- the composition of the index is sufficiently diversified;
- the index constitutes an adequate reference basis for the market to which it relates; and
- the index has been published in an appropriate manner.

This limit is 35%, provided that extraordinary market conditions warrant this, particularly in regulated markets where certain securities or money-market instruments strongly dominate. Investments up to this upper limit are only possible with one single issuer.

If the limits specified under 6.2 and 6.4 are exceeded unintentionally or as a result of exercising subscription rights, the Management Company must endeavour as a matter of priority while making sales to normalise this situation while taking the interests of Unitholders into account. A Sub-Fund may deviate from the provisions of 6.4 within the first six (6) months following its licensing. However, the principle of risk diversification must continue to be observed.

**6.4.12.** The Sub-Funds may subscribe, acquire and/or hold units that were issued or are to be issued by one or more other Sub-Funds of the same UCITS, provided that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund that is invested in this target Sub-Fund; and
- the proportion of assets, which the target Sub-Funds, whose acquisition is intended, are entitled to invest, in total, in Units of other UCITS or collective investment undertakings comparable to a UCITS as per their prospectuses or constituent documents, does not exceed 10%; and
- any voting rights that are tied to the securities concerned have been suspended for the period during which they were held by the relevant Sub-Fund, irrespective of any appropriate evaluation in the financial statements and the periodic reports; and
- the value of said securities is taken into consideration, in any case, during the calculation of the Sub-Fund's net asset value, as prescribed by the UCITS Act, to verify the minimum net asset level in accordance with the UCITS Act, as long as said securities are held by the relevant Sub-Fund; and
- the fee for the issuance or redemption of Units is not applied several times, i.e. at the level of the Sub-Fund that has invested in the target Sub-Fund on the one hand and at the level of the target Sub-Fund on the other hand.

**6.4.13.** Where the investments as per clause 6.4.9 account for a significant proportion of the Sub-Fund's assets, the fund-specific annex must contain information on the maximum amount and the annual report must contain information on the maximum share of management fees which the Sub-Fund itself and the undertakings for collective investments as per 6.4.9, whose units have been acquired, shall bear.

**6.4.14.** Where Units are managed, either directly or indirectly, by the Management Company of the UCITS or by a company linked to the Management Company of the UCITS via joint management, control or a qualifying holding, neither the Management Company of the UCITS nor the other company may charge a fee for the issuance or redemption of Units by the UCITS.

**6.4.15.** A UCITS does not acquire voting shares of the same issuer for a Sub-Fund managed by it that would enable the UCITS to exercise material influence over the management of the issuer. Material influence is deemed to exist when the shareholding equates to more than 10% of the voting rights with regard to the issuer's shares. Where a lower threshold for the acquisition of voting rights with regard to the same issuer exists in another EEA member state, this threshold shall apply to the Management Company if the Management Company acquires, for the UCITS or a Sub-Fund, shares of an issuer with registered offices in this EEA member state.

**6.4.16.** For each Sub-Fund, financial instruments of one and the same issuer may not exceed the following limits:

- a) 10% of the issuer's share capital, as long as this relates to non-voting shares;
- b) 10% of the total nominal value of the issuer's debt securities or money-market instruments, as long as this relates to debt securities or money-market instruments. This limit does not need to be adhered to if the total nominal value at the time of acquisition cannot be determined;
- c) 25% of the units of one and the same UCITS or other undertaking for collective investment comparable to a UCITS. This limit does not need to be adhered to if the net value at the time of acquisition cannot be determined.

**6.4.17.** With respect to the above, 6.4.15 and 6.4.16 above do not apply to:

- a) securities and money-market instruments issued or guaranteed by a sovereign issuer;
- b) shares which are held by a Sub-Fund in the capital of a company based in a non-member state, which company invests its assets primarily in securities of issuers domiciled in the same non-member state, if – under the laws of said state – such a shareholding constitutes the only opportunity for the Sub-Fund to hold investments in securities of issuers domiciled in said state. In doing so, the requirements of the UCITS Act must be complied with;
- c) shares held by UCITS in the capital of their subsidiaries that organise the repurchase of shares, upon Investor request and in the country of domicile, solely for the UCITS.

In addition to the limitations listed in section 6.4.1 – 6.4.17 above, any further limits set out in Annex A must be observed.

**B. Deviation from the Investment Limits is Permissible in the Following Cases:**

**6.4.18.** Sub-Funds are not required to adhere to the investment limits when exercising subscription rights from securities or money-market instruments that are part of their assets.

**6.4.19.** When exceeding the above-mentioned thresholds, the Sub-Fund shall strive, first and foremost, for a normalisation of this situation through sales, taking into consideration the Unitholders' best interest.

**6.4.20.** Within the first six (6) months following their admission, Sub-Funds are exempt from the investment limits. However, the principle of risk diversification must always be observed.

**C. Active Breach of Investment Limits/Rules:**

**6.4.21.** A loss that is suffered on account due to an active breach of the investment limits/investment



guidelines must be reimbursed to the UCITS without undue delay in accordance with the respective valid code of conduct.

#### **6.5. Borrowing Restriction; Prohibition of Lending and the Furnishing of Guarantees**

- 6.5.1.** Sub-Funds' assets must not be pledged or otherwise encumbered, or used or assigned as security or collateral, unless in connection with loans within the meaning of the following section 6.5.2 or collateral provided for the settlement of transactions involving financial instruments.
- 6.5.2.** Sub-Funds may raise temporary loans, provided that the loan does not exceed 10% of the Sub-Fund's assets; this limit does not apply to the purchase of foreign currency by way of a back-to-back loan.
- 6.5.3.** Sub-Funds may neither grant loans nor furnish guarantees for the benefit of third parties. Any agreements entered into in violation of these prohibitions will bind neither the UCITS nor the Sub-Fund nor the Unitholders.
- 6.5.4.** The preceding provision of section 6.5.3 does not preclude the acquisition of not yet fully paid-in financial instruments.

#### **6.6. Financial Derivative Instruments and Techniques**

The Management Company may, on behalf of the relevant Sub-Fund, enter into derivative transactions for investment and hedging purposes. The Management Company may also employ techniques and instruments relating to transferable securities and/or other financial instruments in which it invests for efficient portfolio management purposes and to generate additional revenues. Use of such techniques and instruments will generally be made for one or more of the following reasons:

- a) the reduction of risk;
- b) the reduction of cost; or
- c) the generation of additional capital or income for the relevant Sub-Fund with an appropriate level of risk, taking into account the risk profile of the Sub-Fund as described in this Prospectus and the relevant Annex A.

The Management Company may, on behalf of the relevant Sub-Fund, employ, in particular, the following techniques and derivative instruments for investment, hedging and efficient portfolio management purposes:

##### **Options and Warrants**

An option is the right to buy ("call option") or sell ("put option") a specific asset at a pre-determined time ("time of exercise") or during a pre-determined period for a pre-determined price ("exercise price"). The price of a call or put option is the option premium.

Sub-Funds may buy or sell call or put options, provided that the relevant Sub-Fund has the right, in accordance with its investment objective and policy, to invest in the relevant underlyings.

A Sub-Fund may enter into a warrant that is a security that entitles the holder to buy the underlying stock of the issuing company at a fixed price, quantity and future time. Warrants are frequently attached to bonds or stock, allowing the issuer to pay lower interest rates or dividends. They can be used to enhance the yield of the bond and make them more attractive to potential buyers. Frequently, warrants are detachable, and

can be sold independently of the bond or stock. There are two different types of warrants, namely a call warrant and a put warrant. A call warrant represents a specific number of shares that can be purchased from the issuer at a specific price, on or before a certain date. A put warrant represents a certain amount of equity that can be sold back to the issuer at a specified price, on or before a stated date.

### **Financial Futures Contracts**

Financial futures contracts represent an unconditional binding commitment for both contractual parties, in which a certain quantity of an underlying will be bought or sold at a pre-defined future date ("maturity date") at a price agreed in advance.

Sub-Funds may only enter into financial futures contracts if the relevant Sub-Fund has the right, in accordance with its investment objective and policy, to invest in the relevant underlyings.

### **Currency Futures Contracts**

The Management Company may on behalf of the relevant Sub-Fund enter into currency futures contracts.

Currency futures contracts represent an unconditional binding commitment for both contractual parties, in which a certain quantity of the underlying currencies will be bought or sold at a pre-defined future date ("maturity date") at a price agreed in advance.

### **Forward Contracts**

A forward contract locks-in the price at which an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date, whereas an interest rate forward determines an interest rate to be paid or received on an obligation beginning at a start date sometime in the future. Forward contracts may be cash settled between the parties. These contracts cannot be transferred. The Sub-Funds' use of forward foreign exchange contracts may include, but is not limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, shifting exposure to currency fluctuations from one currency to another and hedging Classes denominated in a currency (other than the base currency of the relevant Sub-Fund) to the base currency of the relevant Sub-Fund (as set out in Annex A).

### **Swaps**

The Management Company may on behalf of the relevant Sub-Fund enter into swaps for the account of the relevant Sub-Fund, provided that the investment principles are adhered to.

A swap is an agreement between two parties that involves the swapping of cash flows, assets, income or risks. The swap transactions that may be concluded for the relevant Sub-Fund include interest-rate, currency, asset, equity, credit default swaps and Total Return Swaps. This is not an exhaustive list.

An interest-rate swap is a transaction involving two parties swapping cash flows that are based on fixed or variable interest payments. This transaction is comparable to the raising of funds at a fixed interest rate while at the same time lending funds at a variable interest rate, with the nominal amounts of the assets not being exchanged.

Currency swaps usually involve the swapping of the nominal amounts of the assets and may be equated to the raising of funds in one currency while at the same time lending funds in another.

Asset swaps (often referred to as "synthetic securities") are transactions that convert the yield from a specific asset to another interest rate flow (fixed or variable) or to another currency by combining the asset (e.g. bond, floating-rate note) with an interest-rate or currency swap.

An equity swap is characterized by the swapping of cash flows, changes in value and/or returns from an asset for cash flows, changes in value and/or returns from another asset, with at least one of the swapped cash flows or returns from an asset reflecting an equity or an equity index.

Under a Total Return Swap, a Sub-Fund may exchange floating or fixed payments for payments based on the total return of a reference asset (such as equity or a fixed income instrument). Total Return Swaps allow the relevant Sub-Fund to manage its exposure to certain securities or reference securities.

The Management Company may enter on behalf of the relevant Sub-Fund into swaps, provided that the counterparty is a financial institution of the first order, is specialised in such transactions and provided that the relevant sub-fund has the right, in accordance with the investment objectives specified in its Unit Trust Agreement and the special investment policy provisions, to invest in the relevant underlyings.

### **Swaptions**

A swaption is the right, but not the obligation, to enter into a swap under specified conditions at a certain point in time or within a certain period. In addition, the principles outlined in connection with option transactions apply.

### **Contracts for Differences ("CFD")**

The Management Company may on behalf of the relevant Sub-Fund enter into contracts for differences which allow a direct exposure to the market, a sector or an individual security. Unlike a forward contract, there is no final maturity, the position being closed out at the discretion of the position taker. Contracts for differences ("CFD") are used to gain exposure to share price movements without buying the shares themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and when the contract is closed.

### **Techniques for the Management of Credit Risks**

The Management Company may use on behalf of the relevant Sub-Fund credit-linked notes deemed to be securities and credit default swaps for Sub-Funds to ensure the efficient management of the relevant Sub-Fund's assets, provided that such notes or swaps have been issued by first-class financial institutions and are compatible with the investment policy of the relevant Sub-Fund.

### **Credit Default Swaps ("CDS")**

CDS are the most common and, in terms of quantity, most important instrument in the credit derivatives market. CDS enable the separation of the credit risk from the underlying credit relationship. The separate tradability of default risks expands the range of opportunities for systematic risk and return management. Using CDS, the protection buyer can protect itself, for a specified period, against certain risks from a credit relationship by paying a periodic premium, calculated on the basis of the nominal amount, for the assumption of the credit risk by the protection seller. This premium depends, inter alia, on the credit quality of the underlying reference debtor(s) (= credit risk). The risks to be passed on are defined, in advance, as so-called credit events. As long as no credit event occurs, the CDS seller does not have to pay up. However, should a credit event occur, the seller will pay the pre-defined amount, such as the nominal value, or make a compensatory payment in the amount of the difference between the nominal value of the reference assets and their market value following the credit event ("cash settlement"). In this case, the buyer has the right

to offer a qualified asset of the reference debtor, as defined in the agreement, for sale, while the buyer's premium payments cease as from this point in time. The relevant Sub-Fund may act as the protection buyer or the protection seller.

CDS are traded on the over-the-counter (OTC) market, which means that more specific, non-standard needs of both counterparties may be addressed more readily – at the price of lower liquidity.

The exposure that arises from the liabilities under CDS must be in the sole interest of the relevant Sub-Fund and in concordance with its investment policy. In connection with the investment limits pursuant to this Prospectus and the Unit Trust Agreement, the bonds underlying the CDS as well as their issuer must be taken into account.

The valuation of credit default swaps is carried out using plausible and transparent methods. The plausibility and transparency of the valuation methods and their applicability will be monitored. Where discrepancies are discovered as part of the monitoring process, the Management Company will arrange for any such discrepancies to be remedied.

### **Credit-Linked Notes ("CLN")**

Credit-linked notes ("CLN") are debt security issued by the protection buyer which is repaid at its nominal value on maturity only if a pre-defined credit event has not occurred. If the pre-defined credit event does occur, the CLN will be repaid net of any agreed compensation within a certain period. CLN therefore provide for a risk premium in addition to the principal and the interest to be paid on it, which the issuer pays to the Investor for the right to reduce the repayment amount of the bond upon the realisation of the credit event.

### **Remarks**

The aforementioned techniques and instruments may also be expanded upon by the UCITS if other instruments are offered in the market that are compatible with the investment objective and policy of the relevant Sub-Fund and which will be further detailed in Annex A.

The use of derivatives may increase the risk of loss of the relevant Sub-Fund, at least temporarily.

#### **6.7. Repurchase Agreements**

Where stated in Annex A in respect of the relevant Sub-Fund, the Management Company may, for efficient portfolio management purposes only, enter on behalf of such Sub-Fund into repurchase agreements or reverse repurchase agreements, provided that the counterparty is an Eligible Counterparty and that the ability of the Sub-Fund to meet redemption requests is in no way impaired as a result of such transaction.

Repurchase agreements are a type of securities lending transaction in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities.

A reverse repurchase agreement is a transaction whereby a Sub-Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.

#### **6.8. Securities Lending**

Securities lending means transactions by which one party transfers securities to the other party subject to a commitment that the other party will return equivalent securities on a future date or when requested to do so by the party transferring the securities, that transaction being considered as securities lending for the party transferring the securities.

Where stated in Annex A in respect of the relevant Sub-Fund, the Management Company may for efficient portfolio management purposes only, lend some or all of the securities held in such Sub-Fund to third parties to enhance its return.

In general, securities lending transactions may only be effected via recognized clearing organisations, such as Clearstream International or Euroclear, or first-rate banks, securities firms, financial services providers or insurance companies specialised in securities lending, within the parameters set by any such organisations. When entering into a securities lending transaction, the Management Company on behalf of the UCITS must obtain collateral whose value corresponds to no less than the entire value of the loaned securities and any interest accrued. Any such collateral must be furnished in a form of a permissible financial security. Said collateral will not be required if the securities lending is effected via Clearstream International or Euroclear or any equivalent organisation that assures the Management Company on behalf of the UCITS that the value of the loaned securities will be reimbursed. In complying with the investment rules, loaned securities must constantly be taken into account.

The Depositary shall be entitled to retain a maximum of 50% of the proceeds from securities lending transactions to cover its direct and indirect costs.

The Management Company shall not recover withholding taxes on investments covered by securities lending agreements.

## **6.9. Securities Financing Transactions and Total Return Swaps**

### ***General***

Where specified in Annex A in respect of the relevant Sub-Fund, such Sub-Fund may use Securities Financing Transactions and / or Total Return Swaps in accordance with normal market practice and subject to the requirements of the SFTR and the requirements of the FMA.

Securities Financing Transactions may be entered into for any purpose that is consistent with the investment objective and policy of the relevant Sub-Fund, including to generate income or profits in order to increase portfolio returns or to reduce portfolio expenses or risks.

Where specified in Annex A in respect of the relevant Sub-Fund, Total Return Swaps may be entered into for any purpose that is consistent with the investment objective and policy of such Sub-Fund, including efficient portfolio management (such as hedging purposes or the reduction of portfolio expenses), speculative purposes (in order to increase income and profits for the portfolio), or to gain exposure to certain markets. The reference obligation of a Total Return Swap may be any security or other investment in which the relevant Sub-Fund is permitted to invest. A Sub-Fund may enter Total Return Swaps with banks or other financial counterparties which may take the form of swaps of any kind, including CFDs, portfolio swaps, index swaps, credit default swaps and variance and volatility swaps, any kind of option, warrant, forward and future transaction and any other kind of derivative in accordance with its investment objectives.

The use of the techniques described above may expose a Sub-Fund to the risks disclosed under the heading "Risk Factors".

### ***Eligible Counterparties***

The Management Company on behalf of the UCITS will conduct appropriate due diligence in the selection of counterparties, including consideration of the legal status, country of origin, credit rating and minimum credit rating (where relevant).

A Sub-Fund may invest in OTC derivatives in accordance with the requirements of the FMA and provided that the counterparties to the OTC derivatives are Eligible Counterparties.

### ***Types of Assets Subject to Securities Financing Transactions and Total Return Swaps***

Where a Sub-Fund is permitted to use Securities Financing Transactions and/or Total Return Swaps, all types of assets which may be held by the relevant Sub-Fund in accordance with its investment objectives and policies may be subject to a Securities Financing Transaction and/or Total Return Swap.

### ***Revenues Generated from Securities Financing Transactions, Total Return Swaps and Efficient Portfolio Management Techniques***

All revenues arising from Securities Financing Transactions and Total Return Swaps and any other efficient portfolio management techniques, net of direct and indirect operational costs and fees, shall be returned to the relevant Sub-Fund. Such direct and indirect operational costs and fees (which are all fully transparent) shall include fees and expenses payable to counterparties engaged by the Management Company on behalf of the UCITS from time to time and shall not include hidden revenue. Such fees and expenses of any counterparties engaged by the UCITS or Management Company on behalf of the UCITS, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the relevant Sub-Fund in respect of which the relevant party has been engaged.

Information on the revenues generated under such transactions shall be disclosed in the annual report of the UCITS, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. Such entities may include the Management Company the Depositary or entities related to the Management Company or Depositary.

## **6.10. Risk Management**

In respect of each Sub-Fund, the Management Company employs a risk management process that allows it to monitor investment risks both on the level of individual positions (including over-the-counter financial derivatives) and on the aggregate level by determining the contribution of such individual risks to the Sub-Fund's overall risk profile. The Management Company maintains a risk management manual for the UCITS.

Depending on the Sub-Fund and as further detailed in Annex A, the Management Company may use the Value-at-Risk approach ("VaR approach") or the modified commitment approach as the risk management procedure.

The relative VaR approach defines relevant reference assets (VaR benchmark) for each Sub-Fund which reflects the investment strategy pursued by the relevant Sub-Fund. If the relative VaR approach is applied, the relevant Sub-Fund's total exposure may not exceed twice the VaR benchmark's amount at risk.

Under the commitment approach, for simple derivatives, the market value is calculated by converting the position of the derivative's underlying instrument (equivalent underlying position) in accordance with the FMA-Guidelines on Derivatives no. 2016/1 as amended from time to time. This market value may be replaced by the nominal value of the futures contract or the price of the futures contract if such value is more conservative. For complex derivatives, which cannot be converted into either the market value or the nominal value of the underlying, an alternative method may be used if the total value of these derivatives constitutes only a negligible proportion of the UCITS' or relevant Sub-Fund's assets.

The total exposure is calculated by converting individual derivatives, including embedded derivatives and taking into account the leverage associated with efficient portfolio management techniques, into the respective equivalent underlying position ("Commitment"). When calculating the total exposure with the commitment approach, the netting rules and hedging transactions permitted under the FMA-Guidelines on Derivatives no. 2016/1 as amended from time to time will be applied to reduce the overall risk. Where the UCITS or the relevant Sub-Fund uses a conservative calculation instead of determining the exact Commitment for every derivative, the netting rules and hedging transactions may not be applied to reduce the Commitment if this would result in the determination of the total exposure being too low.

When determining the overall exposure, hedging transactions are only taken into account if they reduce or offset the risk associated with the assets and any additional criteria are cumulatively fulfilled in accordance

with the FMA-Guidelines on Derivatives no. 2016/1 as amended from time to time. For example, the general and specific risks associated with derivative financial instruments must be neutralised and the hedge must be effective and efficient, even in extraordinary market situations. When calculating the UCITS'/relevant Sub-Fund's overall exposure, it is always possible to net derivative financial instruments which can only be used for currency hedging purposes, provided that they do not entail any additional exposure, market risk or leverage.

The specific risk management policy of each Sub-Fund is set out in Annex A.

## **6.11. Collateral**

### ***General Remarks***

In the context of OTC financial derivatives transactions, Securities Financing Transactions and efficient portfolio management techniques, the Management Company may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Management Company in such cases. All assets received by the Management Company in the context of efficient portfolio management techniques (securities lending, securities repurchase agreements, reverse repurchase agreements) shall be treated as collateral for the purposes of this section.

### ***Eligible Collateral***

Collateral received by the Management Company may be used to reduce its counterparty risk provided that it meets the criteria stipulated in the relevant applicable laws, regulations and guidelines issued by the FMA, in particular in terms of liquidity, valuation, issuer creditworthiness, correlation and risks related to the administration and enforceability of collateral. Above all, collateral should comply with the following conditions:

Any collateral received other than cash should be of good quality, high liquidity and traded on a regulated market or a multilateral trading system with transparent pricing in order that it can be sold quickly at a price that roughly corresponds to its pre-sale valuation.

It should be valued at least on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts have been applied.

It should be issued by an entity which is independent from the counterparty and which is not expected to have a strong correlation with the counterparty's performance.

It should be sufficiently diversified in terms of countries, markets and issuers, with a maximum exposure (taking into account all collateral received) of 20% of the Sub-Fund's net asset value to any individual issuer on an aggregate basis. A Sub-Fund may deviate from the above in accordance with the provisions set out in clauses 6.4.5 to 6.4.8 above.

It should be capable of being fully enforced at any time without reference to or approval from the counterparty.

### ***Amount of Collateral***

The Management Company shall determine the amount of collateral required for OTC financial derivatives transactions, Securities Financing Transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in the Prospectus and by taking into consideration the nature and characteristics of transactions, the creditworthiness and identity of counterparties as well as the prevailing market conditions.

### ***Haircut Policy***

Collateral shall be valued on a daily basis using available market prices and taking into account suitably conservative haircuts which shall be determined by the Management Company for each asset class based on its haircut policy. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's creditworthiness, the term to maturity, the currency, the price

volatility of the assets and, where applicable, the outcome of liquidity stress tests conducted by the Management Company on behalf of the UCITS under normal and extraordinary liquidity conditions.

### ***Investment of Collateral***

Non-cash collateral received by the Management Company may not be sold, invested or encumbered.

Cash collateral received by the Management Company may only be:

- (a) placed on deposit with credit institutions which have their registered office in a Member State or, if their registered office is located in a non-member state, which are subject to prudential supervisory rules considered by the FMA as equivalent to those laid down in Community law;
- (b) invested in investment grade government bonds;
- (c) used for the purpose of reverse repurchase transactions, provided that such transactions are entered into with credit institutions which are subject to prudential supervision and that the Management Company is able to reclaim at any time the full amount of cash, including any accrued amounts; and/or
- (d) invested in short-term money market funds as defined in the CESR Guidelines on a common definition of European money market funds (CESR/10-049).

Any invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as described above.

A Sub-Fund may incur losses when investing cash collateral, it receives. Such losses may be incurred due to a decline in the value of the investment made with the cash collateral received. A decline in the value of the invested cash collateral would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty upon completion of the transaction. The Sub-Fund would be required cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

### ***Valuation of Collateral***

Collateral that is received by a Sub-Fund will be valued on at least a daily basis. The non-cash collateral received by the Sub-Fund will be valued at mark to market given the required liquid nature of the collateral.

### ***Safe-keeping of Collateral Received by a Sub-Fund***

Collateral received by a Sub-Fund on a title transfer basis shall be held by the Depositary or a duly appointed sub-custodian of the Depositary.

For other types of collateral arrangements, the collateral can be held by the Depositary or by a third-party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

## **6.12. Hedging Activities**

If a Sub-Fund makes investments that are denominated in a currency different from its base currency (as set out in Annex A), the Management Company may enter into currency hedging transactions to hedge against exchange rate fluctuations between such investments and the Sub-Fund. These hedging activities may cause both profit and loss, as the case may be. There can be no assurance that the currency hedging program will be entirely successful. The Management Company is not required to enter into hedging transactions and



may terminate any existing arrangements. The profits and losses of such currency hedging will be allocated to the Sub-Fund.

If a Class is issued in a currency different from the base currency of that Sub-Fund (as set out in Annex A), the Management Company may enter into currency hedging transactions to hedge against exchange rate fluctuations between such Class and the Sub-Fund. These hedging activities may cause both profit and loss, as the case may be. There can be no assurance that the currency hedging program will be entirely successful. The Management Company may terminate the currency hedging program. The profits and losses of such currency hedging will be allocated to the relevant Class.

### **6.13. Asset Pooling**

To achieve greater diversification and economies of scale, the Management Company may resolve to have the assets of any Sub-Fund, in whole or in part, managed together with the assets of other Sub-Funds or with the assets owned by other collective investment undertakings ("**Asset Pooling**").

Each pooled participant will be entitled to a pro-rata share of the jointly managed assets based on its contribution to the common pool, including the pro-rata performance. The pooled assets will be held directly in a commingled account(s), providing full ownership records in terms of balances, transactions, accruals and charges for individual participants and thus allowing to precisely track and claim each individual participation such as is the case for any other asset invested by a participant directly.

The Management Company shall ensure that the investment objective and policy in respect of the management of the pooled assets are compatible with those of each Sub-Fund participating in Asset Pooling. The Management Company shall apply the relevant Investment Guidelines on a look-through basis, i.e. including the Sub-Fund participation in the pooled assets.

The Management Company is not required to inform the Unitholders of its decisions to enter or exit any Asset Pooling arrangements; however, any Unitholder is entitled to receive upon request from the Management Company's registered office information about the relevant Sub-Fund participation in Asset Pooling, including its participation share and the list of other participants. Additionally, each Sub-Fund's participation in the shared assets and their composition in jointly managed pools will be disclosed in the UCITS annual report.

Asset Pooling involving non-Liechtenstein entities is permitted provided that:

1. the joint management agreement, to which the non-Liechtenstein entity is a party, is subject to the laws of Liechtenstein and the jurisdiction of the courts of Liechtenstein; or
2. each jointly managed entity has the rights necessary to protect it against any creditor or administrator in insolvency or bankruptcy of the non-Liechtenstein entity seizing or freezing its assets.

In case of Asset Pooling, the general separation of assets and liabilities of each Sub-Fund and the consequences of such segregation of assets will be set aside and no longer applicable.

### **6.14. Additional Investment Provisions – German Investment Tax Act**

Where a Sub-Fund is classified as either an "Equity Fund" or a "Mixed Fund" pursuant to the requirements of the German Investment Tax Act, dated 19th July 2016, as may be amended from time to time ("**Investmentsteuergesetz vom 19. Juli 2016 (BGBl. I S. 1730)**" – InvStG 2018 – hereafter referred to as "**GITA**") the following additional investment provisions shall apply. Such classification will be set out in the investment policy in Annex A for such Sub-Fund.

A Sub-Fund shall qualify as an "Equity Fund" under GITA where such Sub-Fund, according to its investment guidelines, continuously invests at least 51% of its Net Asset Value in equity participations. A Sub-Fund shall qualify as a "Mixed Fund" under GITA where such Sub-Fund, according to its investment guidelines, continuously invests at least 25% of its Net Asset Value in equity participations.

For the purposes of the above classifications, equity participations are as defined in GITA and as summarised below:

- (1) shares of a corporation, which are admitted for trading on the official market of a stock exchange or listed on another organised market;
- (2) shares of a corporation which is not a real estate company and which:
  - a) is domiciled in a member state of the European Union or in another signatory state to the agreement on the European Economic Area and is subject to and not exempt from corporate taxation; or
  - b) is domiciled in a third country and subject to corporate taxation (without exemption) of a rate of at least 15%;
- (3) fund units in "Equity Funds" (as defined above and which meet the relevant criteria set out in GITA) in the amount of 51% of the net asset value of the fund unit or, if higher, in the amount of the equity quota of their net asset value published per each valuation day;
- (4) fund units in "Mixed Funds" (as defined above and which meet the relevant criteria set out in GITA) in the amount of 25% of the net asset value of the fund unit or, if higher, in the amount of the equity quota of their net asset value published per each valuation day;
- (5) fund units neither classified as "Equity Fund" nor as "Mixed Fund" in the amount of the equity quota of their net asset value published per each valuation day (at the frequency legally required) or in the amount of the minimum equity quota as outlined in their investment guidelines (i.e. documents of inception or prospectus, as applicable).

With the exception of the cases as described under paragraph numbers (3), (4) or (5) of this section 6.14, investment units in other investment funds do not qualify as equity participations.

Investment by a Sub-Fund in "equity participations" shall be subject to the investment restrictions in the Prospectus and Annex A for the relevant Sub-Fund.

## **7. Investing in the UCITS**

Please see section "Notice to Investors and Selling Restrictions".

### **7.1. Unit Classes**

The Management Company may resolve to create one or more Classes of Units for any Sub-Fund as well as to terminate or consolidate existing Classes. The Classes may differ with respect to the application of income; distribution policy; subscription fees; redemption fees; denomination; currency hedging; remuneration for management; operations or other services; the minimum investment and minimum holding amount; distribution network; qualifying investors or other relevant differentiating terms / characteristics. As a result, due to the aforementioned differences in the terms / characteristics of a specific Class, the investment performance may vary across different Classes of a Sub-Fund despite that all Classes of such Sub-Fund feed into the same portfolio of assets.

If a Class is issued in a currency different from the base currency of that Sub-Fund (as set out in Annex A), the Management Company may enter into currency hedging transactions to hedge against exchange rate fluctuations between such Class and the Sub-Fund. These hedging activities may cause both profit and loss, as the case may be. There can be no assurance that the currency hedging program will be entirely successful. The Management Company may terminate the currency hedging program. The profits and losses of such currency hedging will be allocated to the relevant Class.

In setting up the Classes, the Management Company seeks to adhere to the following convention:

- a. Class A Units are generally distributing units, while Classes B, C, I1 and IM are generally reinvesting units.
- b. Subject to the decision of the Management Company in each particular case, Classes A and B are generally available to all eligible investors while Class I1 is generally reserved for either (a) institutional investors who invest directly or (b) private-law foundations, where such relevant foundation is investing indirectly on behalf of an institutional investor who is a beneficiary of such foundation or (c) foundations with a charitable purpose according to private-law in their country of incorporation.
- c. Class C comprises retrocession-free units. Unless the Management Company determines otherwise in its sole discretion, Class C shall be open for investment by (i) institutional investors; (ii) clients of banks in the United Kingdom of Great Britain and Northern Ireland and in the Netherlands; (iii) clients of LGT Group companies after signing a client services agreement; (iv) investors that have entered into advisory or discretionary management agreements with banks or asset management companies non-affiliated with LGT Group; and (v) investors that have entered into a cooperation agreement with the Management Company or its affiliate.
- d. Class IM charges no management fee and no performance fee. Unless the Management Company determines otherwise, Class IM shall be open for investment by (i) institutional investors that have an asset management agreement, an investment advisory agreement, a co-operation agreement or similar agreement with an LGT Group company or that are themselves investment programs managed, advised or distributed by an LGT Group company; (ii) LGT Group companies and companies in which LGT Group owns a direct or indirect economic interest; (iii) employees of LGT Group companies, the members of the board of the Management Company; and (iv) private investors that have an asset management agreement with an LGT Group company, provided that the investment management function in such case is sub-delegated to LGT Capital Partners Ltd. or any of its affiliated entities.

Institutional investors within the meaning of the above-described classes I1 and IM include in particular both domestic and foreign:

- companies subject to financial markets and insurance supervision (banks, etc.);
- institutions operating private or public-law occupational pension plans, including those of supranational organisations (pension funds, investment foundations, vested benefits foundations, banking foundations, etc.);
- institutions operating private or public-law pension schemes, including those of supranational organisations;
- collective investment schemes established under any jurisdiction and any legal form;
- holding, investment or financial services companies or operating companies with professional treasury if investing for their own account;
- single or multi-family offices with professional treasury; and
- national, local or supranational entities established under public-law of any description.

Assessment of institutional investor qualification in relation to clients that are serviced under an asset management agreement, is performed based on look-through to the ultimate beneficial owner; whereas, in such relationship professional treasury is considered to be met.

The Management Company and/or the Depositary may at any time require the Unitholders to provide proof that they continue to meet the requirements for participation in a Class. To the extent that banks, securities traders or other institutional investors hold Units for the account of their clients, these organizations must,

on request, provide proof that they hold these Units for the account of clients who individually meet the specified requirements.

Unitholders who fail to furnish such evidence may be requested to comply or else to convert their Units into Units for which they meet the relevant requirements or redeem their Units or transfer them to a Unitholder who meets these requirements. Where the Unitholder fails to comply with this request, the Management Company on behalf of the UCITS, may effect a compulsory conversion of the relevant Units into the Units the requirements of which the Unitholder fulfils or effect a compulsory redemption (see section "Compulsory Redemption").

The Management Company has absolute discretion to accept or reject in whole or in part any application for Units. Consequently, the Management Company on behalf of the UCITS, reserves the right to reject subscription applications from investors that do not meet the eligibility requirements of a particular Class.

For more details including Unit-specific fees and expenses, please see Annex A.

The UCITS Documentation pertains to all Classes. The Management Company may liquidate existing Classes and launch new Classes, in which case the UCITS Documentation will be updated accordingly.

## **7.2. Issue of Units**

Initially, Units may be purchased on the Initial Subscription Day at the Initial Subscription Price. Thereafter, Units are available at the Subscription Price on each Subscription Day.

### **7.2.1. Minimum Subscription**

The minimum initial subscription and the minimum additional subscription for Units per Unitholder in respect of each Sub-Fund are set out in Annex A.

### **7.2.2. Subscription Process**

Requests for subscription must be received by the Depositary on or before the Subscription Deadline. Applications received after the Subscription Deadline will be recorded for subscription on the next following Subscription Day.

Subject to compliance with the relevant requirements for subscription in a Sub-Fund, a subscriber becomes a Unitholder and starts his or her participation in the Units performance on and from the relevant Subscription Day.

A subscriber may not withdraw his or her subscription request once it has been submitted and received by the Depositary, unless the Management Company, acting in the best interests of the Unitholders, determines to permit the withdrawal of such request in whole or in part.

Unless the subscriber has made arrangements with the Management Company or the Depositary to make payment in some other currency or by other method, payment must be made in the Class currency by the method set out in the Prospectus. Should other arrangements be made, application monies other than in the Class currency will be converted into the Class currency and all bank charges and other conversion costs will be deducted from the application monies prior to investment in Units.

Full payment for Units must be received by the Depositary on or before the Subscription Payment Day as set out in Annex A for each Sub-Fund. The Management Company on behalf of the UCITS may accept payment in securities, commodities, other financial instruments or other interests (the "**In-specie Subscription**"), or partly in cash and partly in specie, provided that such assets fall within the investment objective, policy and restrictions of the relevant Sub-Fund and the transfer of the said assets is in line with

the tactical investment policy of the Management Company.

Unless the Management Company on behalf of the UCITS determines otherwise, no Units will be issued until the relevant application monies and/or assets have been received in full by the Sub-Fund.

No Units shall be issued unless full details of registration have been completed and all anti-money laundering requirements met.

Units will be in registered form only, and no unit certificates will be issued. A confirmation notice will be sent by the Depositary to subscribers whose application has been accepted after the Net Asset Value per Unit and the number of Units issued to the subscribers have been determined.

### **7.2.3. Subscription Price**

For each Sub-Fund, Units in each Class will be offered to investors on the Initial Subscription Day at the Initial Subscription Price as set out in Annex A for each Sub-Fund, subject to any Subscription Fee (see Annex A) as well as relevant taxes, levies or charges (see section "Charges and Expenses").

Following the Initial Subscription Day, the Units will be valued on the relevant Valuation Day. Thus, following the Initial Subscription Day, the subscription price per Unit will be the Net Asset Value per Unit in respect of the Valuation Day which falls on the Subscription Day at which the Units are issued (the "**Subscription Price**") plus the Subscription Fee, if such fee is applicable, as set out in Annex A for each Sub-Fund and subject to relevant taxes, levies or charges.

### **7.2.4. Subscription Restrictions**

The Management Company acting in the best interest of the Unitholders, may at any time reject subscription applications or temporarily limit, suspend or ultimately discontinue the issue of Units, in which case any payments received in respect of subscription applications not yet processed will be returned without interest to the accounts from which they were originally debited (see section "Anti-Money Laundering and Countering Terrorist Financing Measures").

No Units may be issued during a period of suspension of determination of Net Asset Value, Net Asset Value per Class or Net Asset Value per Unit or during a period for which the Management Company has declared a suspension of the issue of Units in one or more Class. No application for Units made during the period of such suspension shall be accepted by the Depositary.

### **7.2.5. Anti-Money Laundering and Countering Terrorist Financing Measures**

The Management Company and the Depositary must comply with the provisions of the Liechtenstein Due Diligence Act (Sorgfaltspflichtgesetz) and the associated Due Diligence Ordinance (Sorgfaltspflichtverordnung) as well as the FMA directives, communications and fact sheets, as amended. Furthermore, the Management Company shall procure that the national distribution agents are obligated to comply with the said provisions.

Where any domestic distributors themselves accept money from investors, they are under a duty of care in accordance with the Due Diligence Act and the Due Diligence Ordinance to identify the subscriber or contracting parties, to ascertain the beneficial owner, to create a profile of the business relationship and to comply with any and all local provisions for the prevention of money laundering.

Furthermore, the distributors and their selling agents must comply with any and all provisions for the prevention of money laundering and the financing of terrorism that are in force in the relevant distribution countries.

The Management Company and the Depositary reserve the right to request additional information from investors.

### **7.2.6. Data Protection**

Prospective investors should note that by submitting the subscription application they are providing information to the Management Company and respectively its delegates and agents (in particular the Administrator, the Asset Manager and the distributors, as applicable) which may constitute personal data within the meaning of the Data Protection Legislation. This data will be used for the purposes of client identification and the subscription process, administration, transfer agency, statistical analysis, market research and to comply with any applicable legal or regulatory requirements and disclosure to the Management Company, its delegates and agents.

Subject to the requirements of the Data Protection Legislation, personal data may be disclosed and / or transferred to third parties including:

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

Personal data will be obtained, held, used, disclosed and processed for any one or more of the purposes and based on the legal bases set out in the privacy notice.

Investors have a right to obtain a copy of their personal data kept by the Management Company and the right to rectify any inaccuracies in personal data held by the Management Company in respect of the UCITS. Investors will also enjoy a right to be forgotten and a right to restrict or object to processing in certain circumstances. In certain limited circumstances a right to data portability may also apply. Where investors give consent to the processing of personal data, this consent may be withdrawn at any time.

## **7.3. Redemption of Units**

### **7.3.1. Minimum Redemption Amount / Minimum Holding Amount**

A partial redemption may be in an amount not less than the Minimum Redemption Amount as set out in Annex A for each Sub-Fund, which amount is subject to waiver, decrease or increase by the Management Company. It is expected that a Unitholder's remaining investment in the Class will be at least the Minimum Holding Amount as set out in Annex A for each Sub-Fund, which amount is subject to waiver, decrease or increase by the Management Company. The Management Company may redeem compulsorily all or some of the Units held by any Unitholder if the value of the Unitholder's aggregate holding of Units in the Class falls below the Minimum Holding Amount.

### **7.3.2. Redemption Procedure**

Units may be redeemed on a Redemption Day. Requests for redemption must be received by the Depositary on or before the Redemption Deadline. Redemption requests received after the Redemption Deadline will

be processed on the next following Redemption Day. Under normal circumstances, payment for redeemed Units will be made within the Redemption Payment Day as set out in Annex A for each Sub-Fund.

The Management Company may under particular circumstances, e.g. in connection with a restructuring involving another Sub-Fund of the UCITS or other funds or sub-funds managed by the Management Company or a company part of the same group as the Management Company, shorten Redemption Deadlines in relation to a specific Redemption Day and Sub-Fund, provided always that the interest of the non-redeeming Unitholders shall not be adversely affected thereby.

A Unitholder may not withdraw a redemption request once it has been submitted and received by the Depositary, unless the Management Company, acting in the best interests of the Unitholders, determines to permit the withdrawal of such request in whole or in part.

A Unitholder will have no rights with respect to Units redeemed (whether voluntarily or compulsorily) on and from the relevant Redemption Day, except the right to receive the redemption proceeds with respect to such Units and any dividend or distribution that has been declared prior to such Redemption Day but has not yet been paid. In particular, the Unitholder ceases his or her participation in the Units performance on and from the relevant Redemption Day.

Each payment and/or distribution of redemption proceeds (whether made in connection with a redemption request or a distribution to a Unitholder) shall be subject to the limitations on payments and/or distributions imposed by (a) laws, regulations or other restrictions established by applicable regulatory agencies or self-regulatory association, (b) any investment vehicle from which a Sub-Fund might directly seek to withdraw funds, or (c) any agreements entered into by, or binding upon, the Management Company or its delegates acting on behalf of the Sub-Fund. The Management Company shall determine the applicability of any such limitations on payments and/or distributions and the applicable amount to be withheld from any payment and/or distribution.

In particular, the Management Company or the Depositary may refuse to make a redemption payment to a Unitholder if the Management Company or the Depositary suspects or is advised that the payment of any redemption proceeds to such Unitholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction, or if such refusal is necessary to ensure the compliance by the Depositary, the Management Company, the Management Company delegates or service providers with any anti-money laundering law in any relevant jurisdiction.

### **7.3.3. Compulsory Redemption**

The Management Company has the right to redeem compulsorily all or any of the Units held by any Unitholder at any time (even where the redemption of Units of any Sub-Fund or Class has been suspended) subject to such liquidity constraints as may be applicable at that time under, but not limited to, the following circumstances:

- a. if it is in the best interest or for the protection of the Unitholders, the UCITS and/or a Sub-Fund;
- b. if a Unitholder or its beneficiary does not fulfil the eligibility criteria for a particular Class;
- c. if a Unitholder is in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units;
- d. if a Unitholder is, or has acquired such Units on behalf of or for the benefit of a U.S. person, (except in transactions exempt from the registration requirements of the Securities Act and applicable state securities laws);

- e. if a Unitholder is in circumstances which in the opinion of the Management Company might result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the UCITS, a Sub-Fund or its Unitholders as a whole;
- f. if a Unitholder is suspected of utilizing "market timing", "late trading" or any other market techniques that may be detrimental to the position of other Unitholders in a Sub-Fund; or
- g. to give effect to any conversion, transfer, restructuring, split, merger, termination or roll-up policy.

#### **7.3.4. Redemption Price**

Units will be redeemed at the Redemption Price less the Redemption Fee, if such fee is applicable as set out in Annex A for each Sub-Fund and subject to relevant taxes, levies or charges (see section "Charges and Expenses").

Whether Units are voluntarily or compulsorily redeemed, the redemption proceeds may be paid in cash, or, subject to the consent of a Unitholder, in securities, commodities or other financial instruments or other interests (the "**In-specie Redemption**") or in any combination thereof.

When cash is distributed for a redemption, the proceeds will generally be paid in the Class currency by wire transfer with no interest earned on such settlement. All costs of effecting any money transfer will be borne by the Unitholders and may be deducted from the redemption monies.

#### **7.3.5. Redemption Restrictions**

##### ***Delay of Payments***

In the event that the Management Company determines that special circumstances have arisen, which include but are not limited to, (i) situations in which there is a default or delay of payments to a Sub-Fund by its underlying investments; or (ii) when remittance or transfer of monies upon the redemption of Units is not reasonably practicable; or (iii) raising funds would be unduly burdensome to a Sub-Fund, the Management Company may resolve to delay payment of redemption proceeds in full or in part. Additionally, in the event redemption orders for a large number of units are received in respect of a Redemption Day, the Management Company may decide to postpone the execution of all redemption orders so received until equivalent Sub-Fund's assets have been sold, without undue delay.

##### ***Liquidity Gate***

In the event that proper notices for redemptions in respect of a particular Redemption Day exceed a certain percentage of the latest available Net Asset Value (adjusted for any unaccounted but occurred subscriptions and/or redemptions) (the "**Liquidity Gate Trigger**"), as defined in Annex A for each Sub-Fund, the Management Company may decide to limit the proportion of Units available for redemption for that period to that number which represents, at the sole discretion of the Management Company, a reasonable estimate of the available liquidity in a Sub-Fund for that Redemption Day. The redemption proceeds will be distributed pro rata and pari passu to all affected Unitholders seeking redemption on that Redemption Day.

Redemption of Units in excess of each affected redeeming Unitholder's pro rata portion shall be automatically carried forward to the next Redemption Day. Redemptions carried forward shall be treated equally with all other Unitholders seeking timely redemption of their Units on that same Redemption Day, without regard to whether or not redemption requests were given with respect to previous Redemption Days and subject always to the threshold for each Redemption Day as described above.

##### ***Suspension of Redemptions***

The Management Company may suspend redemptions in any Sub-Fund:



- a. in order to effect orderly liquidation of all or some of the investments;
- b. if the disposal of all or some of the investments is not reasonable or reasonably practicable;
- c. when remittance or transfer of monies upon the redemption of Units is not reasonably practicable;
- d. a decision is made to liquidate and wind down the Sub-Fund; or
- e. where special circumstances exist that warrant suspending redemptions in the best interests of the Unitholders, the UCITS and/or a Sub-Fund.

Any Units the redemption of which has been suspended shall be redeemed once the suspension has ended at the Redemption Price calculated in respect of the next Redemption Day following the end of the suspension. No redemption requests shall be accepted during such period of suspension.

The Unitholders shall be notified of any suspension of redemptions and termination thereof.

#### ***Suspension of Determination of Net Asset Value***

Units may not be redeemed during a period of suspension of determination of Net Asset Value, Net Asset Value per Class and/or Net Asset Value per Unit. No redemption requests shall be accepted during such period of suspension.

#### ***Limited Liquidity as a Result of Wind Down***

The liquidity of redemptions in any Sub-Fund during its wind down may be partially or fully restricted, as determined by the Management Company. Please see section "Liquidation".

### **7.4. Conversion of Units**

A Unitholder may convert some or all of its Units in one Class (the "**Original Class**") to Units in another Class (the "**New Class**"), provided such a Unitholder qualifies for investment in the New Class, by requesting a redemption of their Units in the Original Class and a simultaneous application of the redemption proceeds in paying up for the subscription of the Units of the New Class.

Units may be converted on any Conversion Day. Requests for conversion must be received by the Depositary before the Conversion Deadline. Requests received after the Conversion Deadline will be recorded for conversion on the next following Valuation Day.

The Management Company, acting in the best interest of the Unitholders, may at any time reject conversion applications or temporarily limit or suspend such conversion.

The number of Units of the New Class to be issued is calculated in accordance with the following formula:

$$NNS = \frac{(NOS * POS * EXR)}{PNS},$$

where

**NNS** is the number of Units of the New Class; **NOS** is the number of Units of the Original Class; **POS** is the Redemption Price per Unit in the Original Class as of the relevant Valuation Day; **EXR** is the exchange rate used for currency conversions (if any) as determined by the Administrator; and **PNS** is the Subscription Price per Unit in the New Class as of that same Valuation Day.

The Management Company may effect a compulsory conversion of Units (i) if a Unitholder ceases to fulfil or has never met the requirements of the Class he or she is invested in; or (ii) to give effect to any conversion, transfer, restructuring, split, merger, termination or roll-up policy.

## **8. Valuation**

The Management Company is responsible for ensuring that the Net Asset Value and Net Asset Value per Unit are calculated and published or otherwise made available to Unitholders. The procedures and methodology for calculating the Net Asset Value per Unit are summarized below. As part of its control function, the Management Company shall regularly verify and update as necessary these calculation procedures and methodologies.

The assets and liabilities of each Sub-Fund will be valued in accordance with the valuation policy of the Management Company consistent with the provisions outlined below. The valuation policy of the Management Company covers, but is not limited to, the following items:

- a. details of the expertise and independence of the personnel who are effectively carrying out the valuation of assets;
- b. the valuation methodologies and standards specific to investment strategies employed by each Sub-Fund;
- c. the controls over the selection of valuation inputs and the assets that a Sub-Fund might invest in;
- d. the escalation channels for resolving differences in values of assets;
- e. the valuation of any adjustments related to the size and liquidity of positions, or to changes in the market conditions, as appropriate;
- f. the time for closing the books for valuation purposes;
- g. the frequency for valuing assets.

Any variation from the models used to value the assets of the Sub-Funds shall be explained and justified in an update to the Management Company's valuation policy including the reason for the change of the method, and details on the new method and the rationale for using it.

### **8.1. Determination of Net Asset Value**

For each Sub-Fund, the Net Asset Value, Net Asset Value per Class and Net Asset Value per Unit are calculated in respect of each day designated to be a Valuation Day and at the end of the accounting year by the Management Company or its delegate, as specified in Annex A for relevant Sub-Funds.

The Net Asset Value of the Sub-Fund will be calculated by deducting total liabilities of the Sub-Fund (including the costs and fees described below) from the total assets of the Sub-Fund.

The Net Asset Value per Class will be calculated by deducting the liabilities of a Sub-Fund attributable to such Class from the assets of the Sub-Fund attributable to such Class. Class-specific assets and liabilities may include, but are not limited to, any cost or profit arising from a class-specific currency hedging; the portion of fees and expenses attributable to a Class including the management fee, the performance fee, the operations fee and other adjustments such as the costs, pre-paid expenses, losses, dividends, profits, gains and income which the Management Company determines relate to such Class.

The Net Asset Value per Unit is calculated by dividing the Net Asset Value per Class by the number of Units

of that Class in issue.

The Net Asset Value, the Net Asset Value per Class and the Net Asset Value per Unit will, unless the Management Company determines otherwise, be determined in respect of each Valuation Day in accordance with the Unit Trust Agreement and the following principles:

1. The value of any cash on hand, on loan, on deposit or on call, bills, demand notes, promissory notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof plus accrued interest, if any, unless the Management Company shall have determined that any such position is not worth the full amount thereof and a deduction appropriate to reflect the true value of the asset in which event the value shall be deemed to be such value as the Management Company consider to be the reasonable value.
2.
  - a. Except in the case of any interest in a managed fund to which paragraph 3 applies and subject to paragraphs 4 and 5 below, all calculations based on the value of investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be made by reference to the latest closing price – or lacking any closing price at the last available bid price – on the principal stock exchange for such investments as at the close of business in such place on the day as of which such calculation is to be made. For valuing debt instruments, accrued interest may have to be added.
  - b. Where there is no stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Management Company may designate) shall be made by reference to the latest bid price quoted thereon, provided always that if the Management Company considers that the prices ruling on a stock exchange other than the principal stock exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, such prices shall be adopted.
  - c. Derivative contracts traded on a stock exchange, commodities exchange, futures exchange or over-the-counter market shall be valued at the settlement price as determined by the market where the derivative is traded. If the market price is not available, the derivative contract may be valued in accordance with (b) above. Derivative contracts which are not traded on any of the aforementioned exchanges or markets and are not cleared by a clearing counterparty will be valued on the basis of the mark to market value of the derivative contract or if market conditions prevent marking to market, reliable and prudent marking to model may be used. Derivative contracts which are not traded on any of the aforementioned exchanges or markets and which is cleared by a clearing counterparty shall be valued on the basis of a quotation provided at least daily by the relevant counterparty and verified at least weekly by a party independent of the counterparty, or another independent party which is approved for such purpose by the Management Company. Alternatively, a derivative contract which is not traded on a regulated market and which is cleared by a clearing counterparty may be valued using an alternative valuation. Alternative valuation, if any, will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA, the alternative valuation will be provided by a competent person selected by the Management Company or its agents, or a valuation by any other means provided that the alternative valuation will be fully reconciled to the counterparty valuation on a monthly basis. Any significant difference between the alternative valuation and counterparty valuation will be promptly investigated and explained.
  - d. Forward foreign exchange contracts shall be valued in the same manner as derivative contracts which are not traded in a regulated market or by reference to the price at the Valuation Day at which a new forward contract of the same size and maturity could be undertaken.

3. Subject to paragraphs 4 and 5, the value of each interest in any open-ended unit trust or corporation, open-ended investment company or other similar open-ended vehicle (a managed fund) shall be the last published net asset value per unit, share or other interest in such managed fund as of or reasonably close to the relevant Valuation Day (where available) or (if the same is not available) its estimated net asset value as of or reasonably close to such relevant Valuation Day.
4. If no net asset value, bid and offer prices or price quotations are available as provided in paragraphs 2 or 3, the value of the relevant asset shall be determined from time to time in such manner as the Management Company shall determine (including, among other means of establishing a fair value, model pricing).
5. Notwithstanding the foregoing, the Management Company may require some other method of valuation to be used if they consider that such valuation better reflects a fair value.
6. Any value (whether of a security or cash) other than in the base currency of the Sub-Fund (as set out in Annex A) or Class currency shall be converted, as applicable, into the base currency of the Sub-Fund (as set out in Annex A) or Class currency at an applicable rate.
7. The value of any accrued debt, liability and obligation (including all accrued management, incentive and professional fees), any accounts payable and any contingencies for which reserves are made shall be deemed to be the full amount thereof unless the Management Company determines otherwise.

## **8.2. Swinging Single Pricing**

For any Sub-Fund, the Management Company may determine to apply a swinging single pricing mechanism for dealing with performance dilution issues that arise when a fund experiences large inflows or outflows to ensure that long-term Unitholders are not materially disadvantaged by the negative impact from redemptions and subscriptions.

The swinging single pricing mechanism utilizes a single Net Asset Value per Unit for subscriptions and redemptions, which is adjusted upwards or downwards for net inflows or outflows, respectively, to cover the transaction costs, commissions, taxes, spreads and other costs incurred by a Sub-Fund due to cash flows. As a result, the aforementioned costs will be borne by subscribing and redeeming investors. The adjustment factor (the "**Swing Factor**") is typically applied when the net in- or outflows exceed a certain threshold (the "**Swing Threshold**").

Under the swinging single pricing policy, the swinging single pricing committee (the "**SSP Committee**") decides upon the application of single swinging pricing to the Sub-Funds, the effective Swing Threshold and sets the Swing Factors based on an assessment of the above listed costs incurred in the relevant markets. The SSP Committee meets at least semi-annually, and ad-hoc as deemed necessary (such as in the case of substantial changes in financial market conditions or in the case of material changes to the Sub-Funds' investment policy). The SSP Committee takes into account and may rely upon advice by investment and risk management experts within or outside LGT Group.

Annex A specifies whether or not a single swinging policy is applied for a given Sub-Fund and sets out the maximum Swing Factor and the Swing Threshold, where applicable.

## **8.3. Suspension of Determination of Net Asset Value**

For each Sub-Fund, the Management Company may suspend the determination of the Net Asset Value, the Net Asset Value per Class and/or the Net Asset Value per Unit if the Management Company deems that such suspension is in the best interest of the Unitholders, the UCITS and/or a Sub-Fund, including the following circumstances:

1. in case any principal stock exchange, commodities exchange, futures exchange or over-the-counter market where a material part of the assets of the Sub-Fund is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading is substantially restricted or suspended; or
2. in case no reasonable valuations in respect of a material part of the Sub-Fund's assets or liabilities are available in a timely manner;
3. when circumstances exist as a result of which it is not reasonably practicable to determine the Net Asset Value, the Net Asset Value per Class or the Net Asset Value per Unit on an accurate and timely basis; or
4. as a result of exchange restrictions or other restrictions affecting the transfer of funds or transactions on behalf of the Sub-Fund are rendered impracticable or purchases and sales of the Sub-Fund's investments cannot be effected at normal rates of exchange; or
5. a decision is made to liquidate and wind down the Sub-Fund.

The Unitholders shall be notified of any suspension of valuation and termination thereof.

The Unitholders should note that although the values of a Sub-Fund's assets and liabilities are not determined during a suspension, the intrinsic value of the Units remains at risk of fluctuations as usual.

For additional restrictions on redemption, please see the section "Liquidation".

## **9. Application of Income**

The Classes of Units in each Sub-Fund may either distribute or reinvest the proportion of the Sub-Fund's earnings to which these Classes are entitled. By convention, Class A is usually a distributing Class, while other Classes are usually reinvesting Classes. Whether the relevant Class is a distributing or a reinvesting Class is set out in the respective Annex A.

With respect to the distributing Classes, the Management Company may, at such times as it thinks fit, declare such dividends as appear to the Management Company to be justified by the profits in respect of such Classes being all or some portion of the net income and/or all or some portion of the net realized gains, subject to that no more than 10% of the net income of the Class can be carried forward on an annual basis.

Additionally, the Management Company may, at such times as it thinks fit and in accordance with the requirements of the FMA, also declare such dividends on any distributing Class out of the capital of the relevant Sub-Fund to which such Class is entitled. Further information specific to distributing Classes is disclosed in Annex A.

No interest will be paid on declared distributions after their due date.

## **10. Tax Provisions**

### **10.1. Fund Assets**

All Liechtenstein-based UCITS having the legal form of a (contractual) investment fund or a collective trusteeship are subject to income tax in Liechtenstein. The income from the assets of the Sub-Funds is exempt from taxation.

## **10.2. Issue Levy and Transfer Taxes<sup>1</sup>**

The creation (issue) of Units is not subject to any issuance or formation taxes. The transfer of title to the Units against payment is subject to transfer taxes if one of the parties or an intermediary is a domestic securities trader.

The redemption of Units is exempt from transfer taxes. UCITS in the legal form of a (contractual) investment fund or a collective trusteeship are deemed to be investors who are exempt from transfer taxes.

## **10.3. Withholding Taxes and/or Payment Agent Taxes**

Both income and capital gains, whether distributed or accumulated, may be subject in part or in full to “tax withheld by the paying agent” (e.g. final withholding tax, withholding under FATCA) depending on the person holding, directly or indirectly, the Units.

UCITS in the legal form of a (contractual) investment fund or a collective trusteeship are not subject to any other withholding tax in Liechtenstein, i.e. they are exempt from coupon tax or capital gains tax in particular. Foreign income and capital gains generated by UCITS in the legal form of a (contractual) investment fund or a collective trusteeship or any of their sub-funds may be subject to withholding tax in the country of investment. Double taxation treaties may apply.

## **10.4. FATCA**

The UCITS and its Sub-Funds are subject to the provisions of the Liechtenstein FATCA Agreement and the related implementing regulations as provided for under the Liechtenstein FATCA Act, as amended from time to time.

## **10.5. Natural Persons with Tax Domicile in Liechtenstein**

Private investors that are tax-domiciled in Liechtenstein must declare their Units as assets; these are subject to wealth tax. Any earnings distributions or reinvested earnings of UCITS in the legal form of a (contractual) investment fund or a collective trusteeship or any of their sub-funds are exempt from purchase taxes. Any capital gains realized upon the sale of the Units are exempt from purchase taxes. Capital losses cannot be deducted from taxable purchases.

## **10.6. Persons with Tax Domicile Outside Liechtenstein**

The taxation of Unitholders domiciled outside of Liechtenstein as well as any other tax implications of the holding, buying or selling of Units is based on the tax laws of their relevant countries of domicile and, particularly with regard to final withholding tax, the country of domicile of the paying agent.

## **10.7. Disclaimer**

The explanations on the tax situation are based on the legal situation and practice as it currently stands. Legislative changes, changes to legal practice and changes to the decrees and practice of the tax authorities are expressly reserved.

Investors are advised to consult their own professional advisers with regard to the relevant tax implications. Neither the UCITS, nor the Management Company, the Asset Manager, the Depositary or their delegates can be held liable for the investor’s individual tax implications that arise from the sale or purchase or the holding of Units.

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<sup>1</sup> Pursuant to the Treaty regarding the inclusion of the Principality of Liechtenstein in the Swiss Customs Union, Swiss stamp duty law also applies in Liechtenstein. Liechtenstein is thus considered to be part of the national territory for the purpose of Swiss stamp duty laws.

## 11. Charges and Expenses

### 11.1. Costs Charged to Unitholders

#### **Subscription Fee**

The Management Company may charge a Subscription Fee as described in Annex A as a percentage of the Subscription Price. All or part of the Subscription Fee may, at the discretion of the Management Company, be retained by the Management Company, paid to the Depositary and/or the distributors.

#### **Redemption Fee**

The Management Company may charge a Redemption Fee as described in Annex A as a percentage of the Redemption Price. All or part of the Redemption Fee may, at the discretion of the Management Company, be retained by the Management Company, paid to the Depositary and/or the distributors.

#### **Conversion Fee**

The Management Company may charge a Conversion Fee as described in Annex A on the conversion of Units in an original Class into Units of a new Class, as a percentage of the Redemption Price of the Units in the original Class being converted. All or part of the Conversion Fee may, at the discretion of the Management Company, be retained by the Management Company, paid to the Depositary and/or the distributors.

### 11.2. Costs Charged to the UCITS

#### **Management Fee**

The Management Company shall also be entitled to receive an annual fee for investment management and distribution (the "**Management Fee**") as set out in Annex A. This fee is calculated on the basis of the Net Asset Value per Class as at each Valuation Day. It is accrued on each Valuation Day and debited on a pro-rata basis at the end of each month. The amount of the Management Fee charged per Sub-Fund or Class shall be disclosed in the annual report.

The Management Company, out of the Management Fee, shall pay the fees of the Asset Manager and the distributors.

#### **Performance Fee**

The Management Company shall, in certain circumstances and as stipulated in Annex A, be entitled to receive a performance-related fee (the "**Performance Fee**"). The amount of the Performance Fee charged per Sub-Fund or Class shall be disclosed in the annual report. The Management Company, out of the Performance Fee, shall pay the fees of the Asset Manager.

#### **Operations Fee**

The Management Company shall be entitled to receive an annual fee for the management and administration of the relevant Sub-Fund (the "**Operations Fee**") as set out in Annex A. This fee is calculated on the basis of the Net Asset Value per Class as at each Valuation Day. It is accrued on each Valuation Day and debited on a pro-rata basis at the end of each month. The amount of the Operations Fee charged per Sub-Fund or Class shall be disclosed in the annual report.

The Management Company, out of the Operations Fee, shall pay the fees of the Depositary and the Administrator. The Operations Fee excludes all transaction costs including brokerage commissions and dealer mark-ups, mark-downs and spreads.

#### **General Expenses**

In addition, the Management Company is entitled to be reimbursed by the UCITS for expenses incurred in carrying out its functions, including the following:

- a. any own out-of-pocket expenses as well as the out-of-pocket expenses of the Asset Manager, Depositary, Administrator, distributors and other service providers and delegates;
- b. license fees paid in connection with indices used in relation to a Sub-Fund;
- c. any costs for the preparation, printing and forwarding of annual and semi-annual reports, of Key Investor Information Documents or any other legally required publications, including costs related to the publication of notices to Unitholders in the media in respect of the Sub-Funds;
- d. any legal, compliance, litigation, listing, tax and other fees, costs and expenses incurred by the Management Company or its delegates, when acting in the best interests of the Unitholders, including fees and expenses of the Auditor, legal and other advisers and any other costs incurred in complying with legal, regulatory and supervisory requirements;
- e. any fees incurred in connection with the offering, sale, distribution and placement of Units of the Sub-Funds in Liechtenstein and abroad, including to advisory, legal, translation, passporting, registration and regulatory costs, fees of paying agents, representatives and other parties with similar functions in Liechtenstein and abroad; printing and advertising costs; and all expenses incurred in connection with the determination and/or publication of data relevant for taxation purposes of Unitholders in Liechtenstein and abroad;
- f. all other reasonable operating and administrative expenses incurred in carrying out its functions in respect of the UCITS; and
- g. any other unforeseeable expenses incurred in the course of ordinary business in order to safeguard the interests of Unitholders including but not limited to all costs, claims, losses, damages and demands incurred or suffered by the Management Company, its officers, employees, delegates, servants or agents in relation to the lawful and proper performance of its duties hereunder other than those arising directly or indirectly by reason of the recklessness, willful default, fraud, bad faith or negligence of the Management Company, its officers, agents or employees.

Such fees and expenses will be, where practicable, estimated in advance, accrued and debited as appropriate. The expenses incurred per Sub-Fund / Unit Class are disclosed in the annual report.

### ***Inducements***

In connection with the purchase and sale of assets and rights for a Sub-Fund, the Management Company, the Depositary and their agents/representatives, if any, shall ensure that any inducements will inure, directly or indirectly, to the benefit of the Sub-Fund. The Depositary shall be entitled to retain no more than 10% of the inducements as retention.

### **11.3. Transaction and Investment Costs**

The Sub-Funds will bear any and all incidental costs in connection with the investment, reinvestment or divestment of the Sub-Funds' assets, including the following:

- a. any taxes imposed on the assets, earnings or expenses of a Sub-Fund;
- b. any borrowing costs including interest and charges in connection with repurchase agreements and short sales;
- c. transaction costs including brokerage commissions and dealer mark-ups, mark-downs and spreads;



- d. replication costs for the use of indices in relation to a Sub-Fund, if charged in connection with Total Return Swaps or similar instruments rather than by way of directly paid license fee as per clause 11.2 (b) above;
- e. any subscription, transfer and redemption fees in respect of underlying investments;
- f. any currency hedging costs provided that the costs for hedging the currency exposure of Unit Classes will be allocated to the relevant Classes;
- g. the costs and expenses related to third parties conducting tax, legal, accounting, business and/or market reviews, analysis or due diligence in connection with ascertaining the suitability of potential underlying investments for the Sub-Funds;
- h. any external costs, i.e. third-party fees incurred through the sale and purchase of investments; such costs will be set off directly against the purchase price or sales value of the relevant investments;
- i. costs relating to the calculation, verification and disclosure of Global Investment Performance Standards (GIPS); and
- j. external costs for recovering foreign withholding taxes, to the extent that these are recoverable for the account of the Sub-Fund; it is noted that, for the purposes of recovering foreign withholding taxes, the UCITS does not undertake an obligation to recover such taxes and such recovery will only be carried out if justified by a cost-benefit analysis.

Such fees and expenses will be, where practicable, estimated in advance, accrued and debited as appropriate. The expenses incurred per Sub-Fund / Unit Class are disclosed in the annual report.

#### **11.4. Investments in other Sub-Funds, other UCITS or other Undertakings for Collective Investments ("UCIs")**

If a Sub-Fund invests in units of other UCITS or of other UCIs or in units of another Sub-Fund of this UCITS, the Sub-Fund will generally bear the indirect costs and expenses levied at the level of such other UCITS or UCIs. Where such investments may constitute a significant portion of the assets of a Sub-Fund, Annex A shall provide additional information thereon, in particular on the maximum amount and maximum share of management fees charged at the level of such Sub-Funds and that of underlying UCITS or UCIs such Sub-Fund may invest in.

#### **11.5. Formation Costs**

Any organizational expenses of the UCITS will be allocated on a pro-rata basis and amortized over the first five years of the UCITS' existence by the Sub-Funds launched at the time of formation. Any organizational expenses for any new Sub-Fund will be amortized over the first five years by that Sub-Fund.

#### **11.6. Liquidation Costs**

Any liquidation expenses of a Sub-Fund will be borne by the Sub-Fund itself.

#### **11.7. Allocation of costs**

All fees, duties and charges will be charged to the relevant Sub-Fund and within such Sub-Fund to the Classes in respect of which they were incurred. Where an expense is not considered by the Management Company to be attributable to any one Sub-Fund or Class, the expense will normally be allocated to all Sub-Funds pro rata to the relevant Net Asset Value or otherwise on such terms as the Management Company deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit

fees, the Management Company may calculate such fees or expenses on an estimated figure for yearly or other periods in advance and accrue them in equal proportions over any period.

### **11.8. Total Expense Ratio**

The total expense ratio (“**TER**”) of each Unit Class is calculated in accordance with the general principles recognized by the FMA and shall include any and all costs and fees charged to the relevant Unit Class of the relevant Sub-Fund on an ongoing basis, with the exception of transaction costs. The relevant Unit Class’ TER is published in the semi-annual and annual reports of the UCITS and on the LAFV’s website at [www.lafv.li](http://www.lafv.li).

## **12. Duration, Liquidation, Merger and Structural Measures**

### **12.1. Duration**

The Sub-Funds may have a limited or unlimited duration. In the latter case, the Management Company may liquidate any Sub-Fund in accordance with the provisions of section “Liquidation”. The duration of each Sub-Fund is set out in Annex A.

### **12.2. Liquidation**

The Management Company may liquidate the UCITS, Sub-Funds or any Unit Class as described below.

The Unitholders are not entitled to request the liquidation of the UCITS, a Sub-Fund or a Unit Class.

Where a substantial proportion of Units in a Sub-Fund / Sub-Funds in issue is subject to redemption which may prevent efficient management or where the Management Company considers it to be in the best interests of the Sub-Fund / Sub-Funds and the respective Unitholders to no longer continue the investment strategy of the Sub-Fund or all Sub-Funds of the UCITS, the Management Company may resolve to liquidate such Sub-Fund / Sub-Funds or the UCITS. The Management Company shall (i) inform the FMA of such resolution and (i) inform investors of such resolution by publishing the corresponding resolution at least 30 days before the liquidation takes effect on the website of the LAFV ([www.lafv.li](http://www.lafv.li)). The FMA shall receive a copy of such notice.

The liquidation of a Class will generally proceed on the usual liquidity terms of the Class and the UCITS Documentation. With respect to the liquidation of a Sub-Fund (or the UCITS), the Management Company shall effect an orderly realization of the assets of the Sub-Fund as reasonably practicable and wind down the Sub-Fund (the “**Orderly Wind Down**”). The Management Company shall establish what it considers to be a reasonable time by which the Orderly Wind Down is to be completed (the “**Realization Period**”) and publish such information as described above. If the Orderly Wind Down has not been completed within the Realization Period, the Management Company shall extend the Realization Period and inform Unitholders of such extension.

During the Orderly Wind Down, the Management Company’s main objective is to seek to return capital to Unitholders by expediting realization while minimizing losses and the Management Company may take such steps as it considers to be in the best interests of the Unitholders to reach this goal (however there is no guarantee that this goal will be reached). In pursuing this objective, the Management Company may be unable to follow the normal investment policy of the Sub-Fund as well as the Management Company may apply, among other measures, gate or suspend redemptions and/or suspend determination of the Net Asset Value.

The Management Company, acting in the best interests of the Unitholders, shall seek to pass the realization proceeds to the Unitholders as and when the proceeds are realized provided that their amount is sufficiently material in the Management Company’s determination. The Management Company may effect such

payments in such a way as it considers to be in the best interests of Unitholders, including compulsory redemption, compulsory conversion, dividend payment, in-specie redemption / transfer subject to the Unitholder's consent.

The amount payable to the Unitholders as a result of the Orderly Wind Down may be adjusted for such reserves or holdbacks as the Management Company considers to be sufficient to pay any costs and expenses of the Sub-Fund. If such reserves and/or holdbacks exceed the actual amount of costs and expenses incurred in connection with the Orderly Wind Down, such remaining reserves and/or holdbacks will be paid without interest to the Unitholders pro rata.

Unless otherwise resolved by the Management Company, Operations Fees shall be payable during the Orderly Wind Down as described in the relevant Annex A. Management Fees and Performance Fees shall cease to be payable during the Orderly Wind Down as described in the relevant Annex A.

### **12.3. Structural Measures**

Unless otherwise provided hereinafter and unless the context otherwise requires, the statutory provisions of section V of the UCITS Act headed 'Structural Measures' and the associated provisions of the UCITS Ordinance shall apply.

#### **Merger**

The Management Company may, subject to the requirement of the FMA, resolve to merge the UCITS with another collective investment scheme.

The Management Company may, subject to the approval of the FMA, resolve to merge a Sub-Fund with another Sub-Fund of this UCITS or of another Undertaking for Collective Investments of Transferable Securities, independent of its legal form and irrespective of whether or not such other UCITS has its registered office in Liechtenstein.

#### ***Investor Information and Investor Rights***

The communication of information to the Unitholders must allow them to make an informed assessment of the implications of such plans for their investments and the exercise of their rights under Art. 45 of the UCITS Act.

The Unitholders shall be informed sufficiently in advance (and in any case, in line with the requirements of the UCITS Act, at least 30 calendar days before the last dealing day on which a Unitholder can, at no additional cost, redeem, convert or transfer his or her Units (in accordance with the UCITS Act).

The information to the Unitholders, which the Management Company will publish on the website of the LAFV ([www.lafv.li](http://www.lafv.li)) shall include an explanation of the background and motives of the merger, its potential effects for the Unitholders, their rights in relation to the merger, and the relevant procedural aspects. The Unitholders shall also receive the updated Prospectus and the updated key investor information documents of the absorbing party.

#### ***Merger Costs***

Neither any of the assets of the Sub-Funds that are part of the merger nor the Unitholders will be charged with the legal, advisory nor administrative costs associated with the preparation and execution of a UCITS merger.

These provisions also apply to any structural measures pursuant to Art. 49 (a) to (d) of the UCITS Act by analogy.

#### **12.4. Information to Unitholders**

The publication outlet of the UCITS is the website of the LAFV ([www.lafv.li](http://www.lafv.li)), where any and all notices to the Unitholders, including notices regarding any amendments to the UCITS Documentation, will be published.

The Net Asset Value and Net Asset Value per Unit will be published on the LAFV website.

The annual and semi-annual reports will be made available, free of charge, to the Unitholders at the registered offices of the Management Company and the Depositary as well as on the LAFV website.

#### **12.5. Governing Law, Jurisdiction and Language**

The UCITS is governed by the laws of Liechtenstein. Exclusive legal venue for any and all disputes arising between the Unitholders, the Management Company and the Depositary is Vaduz, Liechtenstein, unless other jurisdictions shall prevail based on mandatory provisions of the applicable law. With regard to the claims of Unitholders from countries in which Units are offered and sold, the Management Company and/or the Depositary may submit to the jurisdiction of the said such countries

The English version of this Prospectus shall be legally binding, except if the laws of any jurisdiction where the Units are offered or sold require that in an action based upon information provided in a relevant document written in a language other than English the document translated into such other language and on which such action is based shall prevail.

## Part II: Unit Trust Agreement of LGT Quality Funds

### Preamble

The legal relationship between the Unitholders, and the Management Company on behalf of the UCITS is governed by this Unit Trust Agreement and the Prospectus. To the extent that this Unit Trust Agreement and the Prospectus do not contain rules governing a particular subject matter, the legal relationship between the Unitholders and the Management Company is governed by the UCITS Act, the UCITS Ordinance and to the extent that those statutes contain no applicable provisions, by the provisions of the Liechtenstein Persons and Companies Act (*Personen- und Gesellschaftsrecht*, "PGR") concerning trusteeships.

Capitalized terms, unless otherwise defined, shall have the same meaning as in the prospectus for the UCITS (the "**Prospectus**") under the heading "Definitions".

### I. GENERAL PROVISIONS

#### Art. 1 The UCITS

LGT Quality Funds (the "**UCITS**") was established on 18 June 2012 in accordance with the laws of Liechtenstein and registered in the Liechtenstein public register in the form of a collective trusteeship and is authorized in accordance with the UCITS Act and the UCITS Ordinance. A collective trusteeship is the formation of an identically structured trust in terms of content with a number of investors for the purpose of asset investment and management for the account of the investors, whereby the individual investors participate on the basis of their share in the trust and are only personally liable up to the amount invested.

The UCITS is an umbrella structure that may comprise of several Sub-Funds, which allocate invested capital in accordance with their respective investment policies set out in Annex A.

The UCITS has been established for an unlimited period of time. The Sub-Funds may have a limited or unlimited duration, as set out in Annex A.

Each of the Sub-Funds comprises one or more Classes that may be subject to different terms as set out in Annex A. By submitting the subscription application for the purchase of Units, a Unitholder accepts and agrees to the provisions of the UCITS Documentation (including Sub-Fund-specific information in Annex A) and any amendments thereto which may be made in the future in accordance with the requirements of the FMA.

The Sub-Funds may make investments in accordance with their specific investment policy as set out in Annex A. The net assets of each Sub-Fund or Class as well as the Net Asset Value of the Units of any such Sub-Funds or Classes are expressed in the relevant base currency (set out in Annex A).

#### Art. 2 Units and Unitholder Rights

The Management Company may create one or more Classes of Units in a Sub-Fund. The UCITS may provide for different terms across different Classes, including fees payable, dividend policy, currency of denomination, hedging strategies, return of capital, use of techniques and instruments for efficient portfolio management, minimum investment and minimum holding amount, distribution network, qualifying investors and such Units may have preferred, deferred or other special rights or restrictions attached thereto. The Unitholders in a particular Class are subject only to the terms of such Class and not the terms of other Classes.

With the purchase of Units of one or more Sub-Funds, each investor, by submitting the subscription application, agrees to the application of this Unit Trust Agreement and any amendments to the same which

may be made in the future in accordance with the requirements of the FMA.

The Unitholders shall not have or acquire any rights against the UCITS and the Management Company in respect of Units save such as are expressly conferred upon them by this Unit Trust Agreement.

Except to the extent expressly provided in this Unit Trust Agreement, the aggregate liability of each Unitholder towards the UCITS is generally limited to the amount, if any, unpaid on the Units held by the Unitholder. Claims based on violation of the terms of this Unit Trust Agreement on the part of the Unitholder shall be reserved.

The Units do not confer voting rights. There will be no general meetings of the Unitholders.

### **Art. 3 Management Company**

The UCITS and its Sub-Funds are managed by the Management Company, in accordance with this Unit Trust Agreement for the account, and in the sole interest, of the Unitholders. In accordance with the applicable laws and regulations and this Unit Trust Agreement, the Management Company is entitled to dispose of the assets of the UCITS / Sub-Funds and to exercise any and all rights thereunder.

### **Art. 4 Liability**

The Management Company will apply due care and skill in the exercise of its powers and duties hereunder and under the UCITS Act and Ordinance.

According to Art 24 of the UCITS Act, the Management Company is liable to Unitholders for losses arising from breach of its duties unless the Management Company can demonstrate that it is in no way at fault. The liability of the Management Company is not affected by delegation of functions and sub-delegation to third parties of its tasks; any limitation of this liability is excluded.

For the avoidance of doubt, the Management Company will not be liable to Unitholders if it can demonstrate that any loss has not arisen by reason of the Management Company's recklessness, willful default, fraud, bad faith or gross negligence. Consequently, the UCITS shall hold harmless and indemnify the Management Company, out of the assets of the relevant Sub-Fund, against all costs, claims, losses, damages and demands incurred or suffered by the Management Company in relation to the lawful and proper performance of its duties hereunder other than those arising directly or indirectly by reason of the Management Company's recklessness, willful default, fraud, bad faith or gross negligence.

In addition, the Management Company shall not have any liability to the UCITS arising from its inability to perform in whole or in part any obligations under this Unit Trust Agreement resulting from a cause beyond its reasonable control, including but not limited to war, acts of God, the act of any government or other competent authority, riot, civil commotion, rebellion, accident, outbreak of disease, epidemic, fire, flood, storm, compliance with any relevant law or governmental order, rule, regulation or direction, significant failure of computer or communication equipment, strike or other industrial action other than a strike or an industrial dispute at the Management Company, or inability or failure of any exchange, clearing house or broker to execute orders or carry out their duties or functions provided the Management Company will use all reasonable efforts to minimize the effect of any such event and bring such an event to an end.

A claim for compensation against the Management Company shall become statute barred after five years from occurrence of the loss, however at the latest one year after redemption of the Unit or after the investor became aware of the loss.

### **Art. 5 Delegation of Tasks**

In compliance with the provisions of the UCITS Act and the UCITS Ordinance, the Management Company

may delegate some of its tasks to third parties for the purpose of an efficient business management. The specifics of any such delegation will be set forth in an agreement between the Management Company and the relevant third party.

The Management Company shall ensure that the selection of the delegate(s) shall be implemented with due care and diligence and appointment of the delegate shall be carried out by the Management Company acting independently.

The Management Company shall monitor the performance of the service providers and the financial status of trading counterparties. The Management Company shall monitor the performance of any service provider appointed by it.

#### **Art. 6 Appointments by the Management Company**

The Management Company may appoint one or several depositaries, administrators, distributors, asset managers, and auditors in respect of the Sub-Funds in accordance with the requirements of the UCITS Act, UCITS Ordinance and any relevant instructions or guidelines published by the FMA, as further described in the Prospectus and Annex A, as appropriate.

## **II. STRUCTURAL MEASURES**

#### **Art. 7 General Remarks**

Unless otherwise provided hereinafter and unless the context otherwise requires, the provisions of section V of the UCITS Act headed 'Structural Measures' and the associated provisions of the UCITS Ordinance shall apply. It is possible to merge an UCITS with a UCITS, in accordance with the provisions of the UCITS Act. It is also possible to split the UCITS and its Sub-Funds and Classes of Units, in accordance with the requirements of the FMA.

#### **Art. 8 Merger**

The Management Company may resolve to merge the UCITS with another collective investment scheme.

The Management Company may, subject to the approval of the FMA, resolve to merge a Sub-Fund with another Sub-Fund of this UCITS or of another Undertaking for Collective Investments of Transferable Securities, independent of its legal form and irrespective of whether or not such other UCITS has its registered office in Liechtenstein.

#### ***Investor Information and Investor Rights***

The communication of information to the Unitholders must allow them to make an informed assessment of the implications of such plans for their investments and the exercise of their rights under Art. 45 of the UCITS Act.

The Unitholders shall be informed sufficiently in advance (and in any case, in line with the requirements of the UCITS Act, at least 30 calendar days before the last dealing day on which a Unitholder can, at no additional cost, redeem, convert or transfer his or her Units (in accordance with the UCITS Act).

The information to the Unitholders, which the Management Company will publish on the website of the LAFV ([www.lafv.li](http://www.lafv.li)) shall include an explanation of the background and motives of the merger, its potential effects for the Unitholders, their rights in relation to the merger, and the relevant procedural aspects. The Unitholders shall also receive the updated Prospectus and the updated key investor information documents of the absorbing party.

#### ***Merger Costs***

Neither any of the assets of the Sub-Funds that are part of the merger nor the Unitholders will be charged with the legal, advisory nor administrative costs associated with the preparation and execution of a UCITS merger.

These provisions also apply to any structural measures pursuant to Art. 49 (a) to (d) of the UCITS Act by analogy.

### III. LIQUIDATION OF THE UCITS, ITS SUB-FUNDS AND CLASSES

#### Art. 9 General

The Management Company may liquidate the UCITS, Sub-Funds and Unit Classes as described below.

The Unitholders are not entitled to request the liquidation of the UCITS, or a Sub-Fund or a Unit Class.

Where redemption orders have been given for a substantial proportion of Units in a Sub-Fund / Sub-Funds in issue resulting in a size of such Sub-Fund / Sub-Funds which may not allow for efficient management or where the Management Company considers it to be in the best interests of the Sub-Fund / Sub-Funds and the respective Unitholders to discontinue the investment strategy of the Sub-Fund or all Sub-Funds of the UCITS, the Management Company may resolve to liquidate such Sub-Fund / Sub-Funds or the UCITS. The UCITS shall (i) inform the FMA of such resolution and (l) inform investors thereof by publishing the corresponding resolution at least 30 days before the liquidation takes effect on the website of the LAFV ([www.lafv.li](http://www.lafv.li)).

The liquidation of a Class will generally proceed as per the usual liquidity terms of the Class and the UCITS Documentation. With respect to the liquidation of a Sub-Fund, the UCITS shall effect an orderly realization of the assets of the Sub-Fund as reasonably practicable and wind down the Sub-Fund (the "**Orderly Wind Down**"). The Management Company shall determine what it considers to be a reasonable time by which the Orderly Wind Down is to be completed (the "**Realization Period**") and publish such information as described above. If the Orderly Wind Down has not been completed within the Realization Period, the UCITS shall extend the Realization Period and inform Unitholders thereof.

During an Orderly Wind Down the main objective of the Management Company shall be to seek to return the value of the assets of the Sub-Fund (after payment of liabilities) to the Unitholders by expediting realization while minimizing losses and the Management Company may take such steps as it considers, in its absolute discretion, to be in the best interests of the Unitholders to reach this goal (however there is no guarantee that this goal will be reached). In pursuing this objective, the Management Company may be unable to apply the normal investment policy of the Sub-Fund. Furthermore, the Management Company may apply other appropriate measures, gate or suspend redemptions and/or suspend determination of the Net Asset Value.

The Management Company, acting in the best interests of the Unitholders, shall seek to distribute the realization proceeds to the Unitholders as and when such proceeds become available, provided that their amount justifies, in the Management Company's determination, carrying out a distribution. The Management Company may effect such payments in any way it considers to be in the best interests of Unitholders, by way of compulsory redemption, compulsory conversion, dividend payment, in-specie redemption / transfer.

The amount payable to the Unitholders as a result of an Orderly Wind Down may be adjusted for such reserves or withholdings as the Management Company considers to be sufficient to pay any costs and expenses of the Sub-Fund. If such reserves and/or withholdings shall exceed the amount of costs and expenses ultimately incurred in connection with the Orderly Wind Down, any remaining reserves and/or withholdings will be paid without interest to the Unitholders.



Unless otherwise resolved by the Management Company, Operations Fees shall be payable during the Orderly Wind Down as described in the relevant Annex A. Management Fees and Performance Fees shall cease to be payable during the Orderly Wind Down as described in the relevant Annex A.

#### **Art. 10 Liquidation and Insolvency of the Management Company**

In the event of liquidation or insolvency of the Management Company, the assets of the UCITS / Sub-Funds shall not form part of the insolvency estate of the Management Company and shall not be liquidated together with the Management Company's own assets. Subject to FMA approval, the assets of the UCITS / Sub-Funds must be transferred to another Management Company or liquidated by way of separate realization to satisfy the rights of the investors of the UCITS or Sub-Fund.

#### **Art. 11 Termination of the Depositary Agreement**

In the event of termination of the Depositary Agreement or the insolvency of the Depositary, the net assets of the UCITS / Sub-Funds must be transferred to a successor Depositary, subject to the FMA's approval, or if no successor Depositary is found within the period of time specified in the Depositary Agreement, the UCITS / Sub-Funds shall be liquidated in accordance with the liquidation provisions in the Unit Trust Agreement.

#### **Art. 12 Costs of Liquidation**

Any costs of liquidation of a Sub-Fund will be borne by such Sub-Fund.

### **IV. GENERAL INVESTMENT PRINCIPLES AND RESTRICTIONS**

#### **Art. 13 Investment Policy, Eligible Investments, Use of Derivatives, Techniques and Instruments, and Investment Limits**

The relevant Sub-Fund shall invest in line with the provisions of the UCITS Act and the investment policy and the investment restrictions described in the Prospectus and in the relevant Annex A.

Details of the Sub-Fund-specific investment policy, eligible investments, the use of derivatives, cash borrowings, securities lending, repurchase transactions, asset pooling and the investment limits of the individual Sub-Funds, if any, are set out in the Prospectus and/or Annex A.

### **V. VALUATION**

#### **Art. 14 Valuation Policy**

The Management Company will ensure that appropriate and consistent procedures are in place so that a proper and independent valuation of the assets of each Sub-Fund can be performed in accordance with the provisions of the UCITS Act, the UCITS Ordinance and this Unit Trust Agreement.

The Management Company is responsible for ensuring that the Net Asset Value and Net Asset Value per Unit are calculated and published or otherwise made available to Unitholders. The procedures and methodology for calculating the Net Asset Value per Unit are summarized below. As part of its controlling function, the Management Company shall regularly verify and update, as necessary, the calculation procedures and methodologies.

The assets and liabilities of each Sub-Fund will be valued in accordance with the valuation policy of the Management Company consistent with the provisions outlined below. The valuation policy of the Management Company covers, but is not limited to, the following items:

- a. details of the expertise and independence of the personnel who are effectively carrying out the valuation of assets;
- b. the valuation methodologies and standards specific to investment strategies employed by each Sub-Fund;
- c. the controls over the selection of valuation inputs and the assets that a Sub-Fund might invest in;
- d. the escalation channels for resolving differences in values for assets;
- e. the valuation of any adjustments related to the size and liquidity of positions, or to changes in the market conditions, as appropriate;
- f. the time for closing the books for valuation purposes;
- g. the frequency for valuing assets.

Any variation from the models used to value the assets of the Sub-Funds shall be explained and justified in an update to the Management Company's valuation policy including the reason for the change of the method, and details on the new method and the rationale for using it.

#### **Art. 15 Determination of Net Asset Value**

For each Sub-Fund, the Net Asset Value, Net Asset Value per Class and Net Asset Value per Unit are calculated in respect of each day designated to be a Valuation Day and at the end of the accounting year by the Management Company or its delegate, as specified in Annex A for relevant Sub-Funds.

The Net Asset Value of the Sub-Fund will be calculated by deducting total liabilities of the Sub-Fund (including the costs and fees described below) from the total assets of the Sub-Fund.

The Net Asset Value per Class will be calculated by deducting the liabilities of a Sub-Fund attributable to such Class from the assets of the Sub-Fund attributable to such Class. Class-specific assets and liabilities may include, but are not limited to, any cost or profit arising from a class-specific currency hedging; the portion of fees and expenses attributable to a Class including the management fee, the performance fee, the operations fee and other adjustments such as the costs, pre-paid expenses, losses, dividends, profits, gains and income which the Management Company determines relate to such Class.

The Net Asset Value per Unit is calculated by dividing the Net Asset Value per Class by the number of Units of that Class in issue.

The Net Asset Value, the Net Asset Value per Class and the Net Asset Value per Unit will, unless the Management Company determines otherwise, be determined in respect of each Valuation Day in accordance with the Unit Trust Agreement and the following principles:

1. The value of any cash on hand, on loan, on deposit or on call, bills, demand notes, promissory notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof plus accrued interest, if any, unless the Management Company shall have determined that any such position is not worth the full amount thereof and a deduction appropriate to reflect the true value of the asset in which event the value shall be deemed to be such value as the Management Company consider to be the reasonable value.
2. a. Except in the case of any interest in a managed fund to which paragraph 3 applies and subject to

paragraphs 4 and 5 below, all calculations based on the value of investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be made by reference to the latest closing price – or lacking any closing price at the last available bid price – on the principal stock exchange for such investments as at the close of business in such place on the day as of which such calculation is to be made. For valuing debt instruments, accrued interest may have to be added.

- b. Where there is no stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Management Company may designate) shall be made by reference to the latest bid price quoted thereon, provided always that if the Management Company considers that the prices ruling on a stock exchange other than the principal stock exchange provide in all the circumstances a fairer criterion of value in relation to any such investment, such prices shall be adopted.
  - c. Derivative contracts traded on a stock exchange, commodities exchange, futures exchange or over-the-counter market shall be valued at the settlement price as determined by the market where the derivative is traded. If the market price is not available, the derivative contract may be valued in accordance with (b) above. Derivative contracts which are not traded on any of the aforementioned exchanges or markets and are not cleared by a clearing counterparty will be valued on the basis of the mark to market value of the derivative contract or if market conditions prevent marking to market, reliable and prudent marking to model may be used. Derivative contracts which are not traded on any of the aforementioned exchanges or markets and which is cleared by a clearing counterparty shall be valued on the basis of a quotation provided at least daily by the relevant counterparty and verified at least weekly by a party independent of the counterparty, or another independent party which is approved for such purpose by the Management Company. Alternatively, a derivative contract which is not traded on a regulated market and which is cleared by a clearing counterparty may be valued using an alternative valuation. Alternative valuation, if any, will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA. The alternative valuation will be provided by a competent person selected by the Management Company or its agents, or a valuation by any other means provided that the alternative valuation will be fully reconciled to the counterparty valuation on a monthly basis. Any significant difference between the alternative valuation and counterparty valuation will be promptly investigated and explained.
  - d. Forward foreign exchange contracts shall be valued in the same manner as derivative contracts which are not traded in a regulated market or by reference to the price at the Valuation Day at which a new forward contract of the same size and maturity could be undertaken.
3. Subject to paragraphs 4 and 5, the value of each interest in any open-ended unit trust or corporation, open-ended investment company or other similar open-ended vehicle (a managed fund) shall be the last published net asset value per unit, share or other interest in such managed fund as of or reasonably close to the relevant Valuation Day (where available) or (if the same is not available) its estimated net asset value as of or reasonably close to such relevant Valuation Day.
  4. If no net asset value, bid and offer prices or price quotations are available as provided in paragraphs 2 or 3, the value of the relevant asset shall be determined from time to time in such manner as the Management Company shall determine (including, among other means of establishing a fair value, model pricing).
  5. Notwithstanding the foregoing, the Management Company may require some other method of

valuation to be used if they consider that such valuation better reflects a fair value.

6. Any value (whether of a security or cash) other than in the base currency of the Sub-Fund (as set out in Annex A) or Class currency shall be converted, as applicable, into the base currency of the Sub-Fund (as set out in Annex A) or Class currency at an applicable rate.
7. The value of any accrued debt, liability and obligation (including all accrued management, incentive and professional fees), any accounts payable and any contingencies for which reserves are made shall be deemed to be the full amount thereof unless the Management Company determines otherwise.

### ***Swinging Single Pricing***

For any Sub-Fund, the Management Company may determine to apply a swinging single pricing mechanism for dealing with performance dilution issues that arise when a fund experiences large inflows or outflows to ensure that long-term Unitholders are not materially disadvantaged by the negative impact from redemptions and subscriptions.

The swinging single pricing mechanism utilizes a single Net Asset Value per Unit for subscriptions and redemptions, which is adjusted upwards or downwards for net inflows or outflows, respectively, to cover the transaction costs, commissions, taxes, spreads and other costs incurred by a Sub-Fund due to cash flows. As a result, the aforementioned costs will be borne by subscribing and redeeming investors. The adjustment factor (the "**Swing Factor**") is typically applied when the net in- or outflows exceed a certain threshold (the "**Swing Threshold**").

Under the swinging single pricing policy, the swinging single pricing committee (the "**SSP Committee**") decides upon the application of single swinging pricing to the Sub-Funds, the effective Swing Threshold and sets the Swing Factors based on an assessment of the above listed costs incurred in the relevant markets. The SSP Committee meets at least semi-annually, and ad-hoc as deemed necessary (such as in the case of substantial changes in financial market conditions or in the case of material changes to the Sub-Funds' investment policy). The SSP Committee takes into account and may rely upon advice by investment and risk management experts within or outside LGT Group.

Annex A specifies whether or not a single swinging policy is applied for a given Sub-Fund and sets out the maximum Swing Factor and the Swing Threshold, where applicable.

## **VI. DEALING**

### **Art. 16 Issue of Units**

Initially, Units may be purchased on the Initial Subscription Day at the Initial Subscription Price. Thereafter, Units are available at the Subscription Price on each Subscription Day.

The Management Company has absolute discretion to accept or reject in whole or in part any application for Units. Consequently, the Management Company reserves the right to reject subscription applications from investors that do not meet the eligibility requirements of a particular Class.

#### **Art. 16.1 Minimum Subscription**

The minimum initial subscription and the minimum additional subscription for Units per Unitholder in respect of each Sub-Fund are set out in Annex A.

#### **Art. 16.2 Subscription Process**

Requests for subscription must be received by the Depositary on or before the Subscription Deadline. Applications received after the Subscription Deadline will be recorded for subscription on the next following Subscription Day. For each Sub-Fund / Class, the Initial Subscription Day, the Subscription Day and the Subscription Deadline are set out in Annex A.

Subject to compliance with the relevant requirements for subscription in a Sub-Fund, a subscriber becomes a Unitholder and starts his or her participation in the Units performance on and from the relevant Subscription Day.

A subscriber may not withdraw his or her subscription request once it has been submitted and received by the Depositary, unless the Management Company, acting in the best interests of the Unitholders, determines to permit the withdrawal of such request in whole or in part.

Unless the subscriber has made arrangements with the Management Company or the Depositary to make payment in some other currency or by other method, payment must be made in the Class currency by the method set out in the Prospectus. Should other arrangements be made, application monies other than in the Class currency will be converted into the Class currency and all bank charges and other conversion costs will be deducted from the application monies prior to investment in Units.

Full payment for Units must be received by the Depositary on or before the Subscription Payment Day as set out in Annex A for each Sub-Fund. The Management Company may accept payment in securities, commodities, other financial instruments or other interests (the "**In-specie Subscription**"), or partly in cash and partly in specie, provided that such assets fall within the investment objective, policy and restrictions of the relevant Sub-Fund and the transfer of the said assets is in line with the tactical investment policy of the Management Company.

Unless the Management Company determines otherwise, no Units will be issued until the relevant application monies and/or assets have been received in full by the Sub-Fund.

No Units shall be issued unless full details of registration have been completed and all anti-money laundering requirements met.

Units will be in registered form only, and no unit certificates will be issued. A confirmation notice will be sent by the Depositary to subscribers whose application has been accepted after the Net Asset Value per Unit and the number of Units issued to the subscribers have been determined.

Subject to the discretion of the Management Company, no allotment or issue shall be made in respect of an application which would result in the applicant holding less than any minimum initial subscription amount provided that the Management Company may, in its sole discretion, waive such minimum initial subscription amount with respect to any Unitholder or applicant for Units or, in accordance with the requirements of the FMA, any category of applicant for Units.

### **Art. 16.3 Subscription Price**

For each Sub-Fund, Units in each Class will be offered to investors on the Initial Subscription Day at the Initial Subscription Price as set out in Annex A for each Sub-Fund, subject to any applicable Subscription Fee (see Annex A) as well as relevant taxes, levies or charges.

Following the Initial Subscription Day, the Units will be valued on the relevant Valuation Day. Thus, following the Initial Subscription Day, the subscription price per Unit will be the Net Asset Value per Unit in respect of the Valuation Day which falls on the Subscription Day at which the Units are issued (the "**Subscription Price**") plus the Subscription Fee if such fee is applicable as set out in Annex A for each Sub-Fund and subject to relevant taxes, levies or charges.

#### **Art. 16.4 Subscription Restrictions**

The Management Company acting in the best interest of the Unitholders, may at any time reject subscription applications or temporarily limit, suspend or ultimately discontinue the issue of Units, in which case any payments received in respect of subscription applications not yet processed will be returned without interest to the accounts from which they were originally debited (see section "Anti-Money Laundering and Countering Terrorist Financing Measures").

No Units may be issued during a period of suspension of determination of Net Asset Value, Net Asset Value per Class or Net Asset Value per Unit or during a period for which the Management Company has declared a suspension of the issue of Units in one or more Class. No application for Units made during the period of such suspension shall be accepted by the Depositary.

#### **Art. 17 Redemption of Units**

##### **Art. 17.1 Minimum Redemption Amount / Minimum Holding Amount**

A partial redemption may be in an amount not less than the Minimum Redemption Amount as set out in Annex A for each Sub-Fund, which amount is subject to waiver, decrease or increase by the Management Company. It is expected that a Unitholder's remaining investment in the Class will be at least the Minimum Holding Amount as set out in Annex A for each Sub-Fund, which amount is subject to waiver, decrease or increase by the Management Company. The Management Company may redeem compulsorily all or some of the Units held by any Unitholder if the value of the Unitholder's aggregate holding of Units in the Class falls below the Minimum Holding Amount.

##### **Art. 17.2 Redemption Procedures**

Units may be redeemed on a Redemption Day. Requests for redemption must be received by the Depositary on or before the Redemption Deadline. The Redemption Day and the Redemption Deadline are set out in Annex A for each Sub-Fund.

Redemption requests received after the Redemption Deadline will be processed on the next following Redemption Day. Under normal circumstances, payment for redeemed Units will be made within the Redemption Payment Day as set out in Annex A for each Sub-Fund.

The Management Company may under particular circumstances, e.g. in connection with a restructuring involving another Sub-Fund of the UCITS or other funds or sub-funds managed by the Management Company or a company part of the same group as the Management Company, shorten Redemption Deadlines in relation to a specific Redemption Day and Sub-Fund, provided always that the interest of the non-redeeming Unitholders shall not be adversely affected thereby.

A Unitholder may not withdraw a redemption request once it has been submitted and received by the Depositary, unless the Management Company, acting in the best interests of the Unitholders, determines to permit the withdrawal of such request in whole or in part.

A Unitholder will have no rights with respect to Units redeemed (whether voluntarily or compulsorily) on and from the relevant Redemption Day, except the right to receive the redemption proceeds with respect to such Units and any dividend or distribution that has been declared prior to such Redemption Day but has not yet been paid. In particular, the Unitholder ceases his or her participation in the Units performance on and from the relevant Redemption Day.

Each payment and/or distribution of redemption proceeds (whether made in connection with a redemption request or a distribution to a Unitholder) shall be subject to the limitations on payments and/or distributions imposed by (a) laws, regulations or other restrictions established by applicable regulatory agencies or self-regulatory association, (b) any investment vehicle from which a Sub-Fund might directly seek to withdraw funds, or (c) any agreements entered into by, or binding upon, the Management Company or their delegates acting on behalf of the Sub-Fund. The Management Company shall determine the applicability of any such limitations on payments and/or distributions and the applicable amount to be withheld from any payment and/or distribution.

In particular, the Management Company or the Depositary may refuse to make a redemption payment to a Unitholder if the Management Company or the Depositary suspects or is advised that the payment of any redemption proceeds to such Unitholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction, or if such refusal is necessary to ensure the compliance by the Management Company, the Management Company delegates or service providers with any anti-money laundering law in any relevant jurisdiction.

### **Art. 17.3 Compulsory Redemption**

The Management Company has the right to redeem compulsorily all or any of the Units held by any Unitholder at any time (even where the redemption of Units of any Sub-Fund or Class has been suspended) subject to such liquidity constraints as may be applicable at that time under, but not limited to, the following circumstances:

- a. if it is in the best interest or for the protection of the Unitholders, the UCITS and/or a Sub-Fund;
- b. if a Unitholder or its beneficiary does not fulfil the eligibility criteria for a particular Class;
- c. a Unitholder in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units;
- d. a Unitholder who is, or has acquired such Units on behalf of or for the benefit of a U.S. person, (except in transactions exempt from the registration requirements of the Securities Act and applicable state securities laws);
- e. a Unitholder in circumstances which in the opinion of the Management Company might result in regulatory, pecuniary, legal, taxation or material administrative disadvantage for the UCITS, a Sub-Fund or its Unitholders as a whole;
- f. if a Unitholder is suspected of utilizing "market timing", "late trading" or any other market techniques that may be detrimental to the position of other Unitholders in a Sub-Fund; or
- g. to give effect to any conversion, transfer, restructuring, split, merger, termination or roll-up policy.

### **Art. 17.4 Redemption Price**

Units will be redeemed at the Redemption Price less the Redemption Fee if such fee is applicable as set out in Annex A for each Sub-Fund and subject to relevant taxes, levies or charges.

Whether Units are voluntarily or compulsorily redeemed, the redemption proceeds may be paid in cash, or, subject to the consent of a Unitholder, in securities, commodities or other financial instruments or other interests (the "**In-specie Redemption**") or in any combination thereof.

When cash is distributed for a redemption, the proceeds will generally be paid in the Class currency by wire/bank transfer with no interest earned on such settlement. All costs of effecting any money transfer will be borne by the Unitholders and may be deducted from the redemption monies.

#### **Art. 17.5 Redemption Restrictions**

##### ***Delay of Payments***

In the event that the Management Company determines that special circumstances have arisen, which include but are not limited to, (i) situations in which there is a default or delay of payments to a Sub-Fund by its underlying investments; or (ii) when remittance or transfer of monies upon the redemption of Units is not reasonably practicable; or (iii) raising funds would be unduly burdensome to a Sub-Fund, the Management Company determines that special circumstances may resolve to delay payment of redemption proceeds in full or in part. Additionally, in the event redemption orders for a large number of units are received in respect of a Redemption Day, the Management Company may decide to postpone the execution of all redemption orders so received until equivalent Sub-Fund's assets have been sold, without undue delay.

##### ***Liquidity Gate***

In the event that proper notices for redemptions in respect of a particular Redemption Day exceed a certain percentage of the latest available Net Asset Value (adjusted for any unaccounted but occurred subscriptions and/or redemptions) (the "**Liquidity Gate Trigger**"), as defined in Annex A for each Sub-Fund, the Management Company may decide to limit the proportion of Units available for redemption for that period to that number which represents, at the sole discretion of the Management Company, a reasonable estimate of the available liquidity in a Sub-Fund for that Redemption Day. The redemption proceeds will be distributed pro rata and pari passu to all affected Unitholders seeking redemption on that Redemption Day.

Redemption of Units in excess of each affected redeeming Unitholder's pro rata portion shall be automatically carried forward to the next Redemption Day. Redemptions carried forward shall be treated equally with all other Unitholders seeking timely redemption of their Units on that same Redemption Day, without regard to whether or not redemption requests were given with respect to previous Redemption Days and subject always to the threshold for each Redemption Day as described above.

##### ***Suspension of Redemptions***

The Management Company may in its sole discretion, suspend redemptions in any Sub-Fund

- a. in order to effect orderly liquidation of all or some of the investments;
- b. if the disposal of all or some of the investments is not reasonable or reasonably practicable;
- c. when remittance or transfer of monies upon the redemption of Units is not reasonably practicable;
- d. a decision is made to liquidate and wind down the Sub-Fund; or
- e. where special circumstances exist, that warrant suspending redemptions in the best interests of the Unitholders, the UCITS and/or a Sub-Fund.

Any Units the redemption of which has been suspended shall be redeemed once the suspension has ended at the Redemption Price calculated in respect of the next Redemption Day following the end of the suspension. No redemption requests shall be accepted during such period of suspension.

The Unitholders shall be notified of any suspension of redemptions and termination of such suspension.

##### ***Suspension of Determination of Net Asset Value***



Units may not be redeemed during a period of suspension of determination of Net Asset Value, Net Asset Value per Class and/or Net Asset Value per Unit. No redemption requests shall be accepted during such period of suspension.

#### **Limited Liquidity as a Result of Wind Down**

The liquidity of redemptions in any Sub-Fund during its wind down may be partially or fully restricted, as determined by the Management Company. Please see the section headed "Liquidation".

#### **Art. 18 Conversion of Units**

A Unitholder may convert some or all of its Units in one Class (the "**Original Class**") to Units in another Class (the "**New Class**"), provided such a Unitholder qualifies for investment in the New Class, by requesting a redemption of their Units in the Original Class and a simultaneous application the redemption proceeds in paying up for the subscription of the Units of the New Class.

Units may be converted on a Conversion Day. Requests for conversion must be received by the Depository before the Conversion Deadline. The Conversion Day and the Conversion Deadline are set out in Annex A for each Sub-Fund. Requests received after the Conversion Deadline will be recorded for conversion on the next following Valuation Day.

The UCITS Management Company, acting in the best interest of the Unitholders, may at any time reject conversion applications or temporarily limit or suspend such conversion.

The number of Units of the New Class to be issued is calculated in accordance with the following formula:

$$NNS = \frac{(NOS * POS * EXR)}{PNS},$$

where

**NNS** is the number of Units of the New Class; **NOS** is the number of Units of the Original Class; **POS** is the Redemption Price per Unit in the Original Class as of the relevant Valuation Day; **EXR** is the exchange rate used for currency conversions (if any) as determined by the Administrator; and **PNS** is the Subscription Price per Unit in the New Class as of that same Valuation Day.

The Management Company may effect a compulsory conversion of Units (i) if a Unitholder ceases to fulfil or has never met the requirements of the Class he or she is invested in; or (ii) to give effect to any conversion, transfer, restructuring, split, merger, termination or roll-up policy.

#### **Art. 19 Suspension of Valuation**

For each Sub-Fund, the Management Company may suspend the determination of the Net Asset Value, the Net Asset Value per Class and/or the Net Asset Value per Unit if the Management Company deems that such suspension is in the best interest of the Unitholders, the UCITS and/or a Sub-Fund, including the following circumstances:

1. in case any principal stock exchange, commodities exchange, futures exchange or over-the-counter market where a material part of the assets of the Sub-Fund is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading is substantially restricted or suspended; or
2. in case no reasonable valuations in respect of a material part of the Sub-Fund's assets or liabilities

are available in a timely manner;

3. when circumstances exist as a result of which it is not reasonably practicable to determine the Net Asset Value, the Net Asset Value per Class or the Net Asset Value per Unit on an accurate and timely basis; or
4. as a result of exchange restrictions or other restrictions affecting the transfer of funds or transactions on behalf of the Sub-Fund are rendered impracticable or purchases and sales of the Sub-Fund's investments cannot be effected at normal rates of exchange; or
5. a decision is made to liquidate and wind down the Sub-Fund.

The Unitholders shall be notified of any suspension of valuation and termination thereof.

The Unitholders should note that although the values of a Sub-Fund's assets and liabilities are not determined during a suspension, the intrinsic value of the Units remain at risk of fluctuations as usual.

For additional restrictions on redemption, please see the section "Liquidation".

Units may not be subscribed to or redeemed during a period of suspension of determination of Net Asset Value, Net Asset Value per Class and/or Net Asset Value per Unit. Neither subscription nor redemption requests shall be accepted during such period of suspension.

Further restrictions on subscriptions and redemptions are addressed in Art. 16.4 and 17.5 of this Unit Trust Agreement.

#### **Art. 20 Late Trading and Market Timing**

If there is a suspicion that an applicant conducts late trading or market timing, as described hereunder, the Management Company and/or the Depositary may refuse acceptance of subscriptions, conversions or redemptions until the applicant has dispelled any doubts with regard to the subscription, conversion or redemption.

##### ***Late Trading***

Late trading is the acceptance of an application for subscriptions, conversions or redemptions received after the cut-off time for applications for that specific day provided that the execution of such application is at a price which is calculated and known at the time when this application is accepted. Late trading provides an investor with the possibility to benefit from the knowledge of events or information published after the cut-off time. Such investor therefore has an advantage over those investors who comply with the official cut-off time. This advantage is even more marked when the investor combines late trading with market timing.

##### ***Market Timing***

Market timing is an arbitrage transaction in which an investor systematically subscribes, redeems or converts Units of the same Sub-Fund and/or the same Unit Class on a short-term basis, thereby exploiting time differences and/or errors or weaknesses in the system for calculating the net value of a fund and/or Unit Class.

#### **Art. 21 Anti-Money Laundering and Countering Terrorist Financing Measures**

The Management Company and the Depositary must comply with the provisions of the Liechtenstein Due Diligence Act (Sorgfaltspflichtgesetz) and the associated Due Diligence Ordinance (Sorgfaltspflichtverordnung) as well as the FMA directives, communications and fact sheets, as amended.

Where any domestic distributors themselves accept money from investors, they are under a duty of care in accordance with the Due Diligence Act and the Due Diligence Ordinance to identify the subscriber or contracting parties, to ascertain the beneficial owner, to create a profile of the business relationship and to comply with any and all local provisions for the prevention of money laundering.

Furthermore, the distributors and their selling agents must comply with any and all provisions for the prevention of money laundering and the financing of terrorism that are in force in the relevant distribution countries.

The Management Company and the Depositary reserves the right to request additional information from investors.

## **VII. COSTS AND FEES**

### **Art. 22 Costs and Fees**

Costs and fees which are borne by the UCITS and Unitholders, including fixed and variable fees and charges, shall be charged in accordance with the section headed "Costs and Fees" in the Prospectus and in Annex A, respectively.

## **VIII. FINAL PROVISIONS**

### **Art. 23 Application of Income**

The Management Company may either distribute the earnings generated by a Sub-Fund and/or a Class among the investors of such Sub-Fund and/or Class or reinvest said earnings in the relevant Sub-Fund and/or Class. Whether the relevant Sub-Fund or Class is a distributing or a reinvesting (accumulation) Sub-Fund or Class is set out in the respective Annex A.

Further details in respect of reinvesting (accumulating) Sub-Funds / Classes and distributing Sub-Funds / Classes are set out in the Prospectus under the section headed "Application of Income" and Annex A.

### **Art. 24 Inducements**

The Management Company reserves the right to offer inducements to third parties for the procurement of investors and/or the provision of services. The calculation basis for any such inducements is usually the commissions, fees, etc. charged to the investors and/or the assets or asset components placed with the Management Company. The amount of any such inducement will correspond to a percentage of the relevant calculation basis. Upon request, the Management Company shall, at any time, disclose any further information regarding its agreements with third parties. Unitholders hereby expressly waive any further right to information vis-à-vis the Management Company; more specifically, the Management Company is not accountable with regard to inducements actually paid.

The Unitholder acknowledges and accepts that the Management Company may accept inducements from third parties (including group companies) in connection with the intermediation of investors, the purchase/distribution of collective investment undertakings, certificates, notes, etc. (hereinafter referred to as "products", including those managed and/or issued by a group company) in the form of trailer fees. The amount of such inducements differs depending on the product and the product provider. Trailer fees are usually based on the volume of a product or product group held by the Management Company. Their amount usually corresponds to a percentage of the management fees charged for the relevant product, which are paid on a regular basis during the holding period. Moreover, sales commissions may also be paid by securities issuers in the form of discounts on the issue price (percentage rebate) or in the form of one-off payments as a percentage of the issue price. Unless provided otherwise, the Unitholder may request from the Management Company additional information about agreements with third parties relating to any

such inducements at any time prior or after the provision of a service (purchase of a product). However, the right to information about further details regarding past transactions is limited to the twelve (12) months preceding the request. Unitholders expressly waive any further right to information. Where a Unitholder does not request further details prior to providing the service or where the Unitholder obtains the service after obtaining further details, the investor waives any claim for the surrender of items within the meaning of section 1009 of the General Civil Code (*Allgemeines Bürgerliches Gesetzbuch*, "ABGB").

#### **Art. 25 Tax Provisions**

Details in respect of the relevant tax provisions of the UCITS shall be specified in the Prospectus under the heading "Tax Provisions".

#### **Art. 26 Information for Unitholders**

Details in respect of information which is to be supplied to investors and the methods for communicating the same shall be specified in the Prospectus under the heading "Information to Unitholders".

#### **Art. 27 Financial Reports**

The Management Company shall prepare both an audited annual report as well as a semi-annual report, if required, in accordance with the legal requirements in Liechtenstein.

No later than six (6) months following the end of each financial year, the Management Company shall publish an audited annual report in accordance with the statutory provisions of Liechtenstein.

Two (2) months after the first six (6) months of the financial year, the Management Company shall publish an unaudited semi-annual report, if required.

Additional audited and unaudited interim reports may be prepared.

#### **Art. 28 Financial Year**

Details on the financial year of the UCITS are set out in Annex A.

#### **Art. 29 Amendments to this Unit Trust Agreement**

The Management Company may amend or supplement this Unit Trust Agreement, in whole or in part, at any time.

Such amendments (except amendments to Annex B, C and/or D) require approval of the FMA in order to become effective and must not be implemented before they are approved.

Amendments of documents other than the Unit Trust Agreement, i.e. the Prospectus and Annex B, C and D, are not subject to prior review by the FMA, however any amendments thereto must be notified to the FMA.

#### **Art. 30 Termination and Replacement of Management Company**

The Unitholders do not have voting rights and are not in a position to terminate the Unit Trust Agreement or to decide that the Management Company shall no longer manage the UCITS and be replaced by a successor Management Company.

Unitholders shall, however, have the right to inform the FMA of any suspected wrongdoings and the FMA has the right and obligation to, if interests of Unitholders are considered at risk, act in order to safeguard

the Unitholders' interests. This may result in withdrawal of the license of the Management Company and, consequently, of the right to manage the UCITS.

**Art. 31 Limitation**

Pursuant and subject to the laws of Liechtenstein, any claims on the part of a Unitholder vis-à-vis the UCITS, the Management Company, the liquidator, the Administrator or the Depositary will be barred after five (5) years following the occurrence of the damage or loss, however, not later than one (1) year after redemption of the relevant units of the Unitholder or after the Unitholder becoming aware of the damage.

**Art. 32 Governing Law; Jurisdiction; Language**

The UCITS is governed by the laws of Liechtenstein. Exclusive legal venue for any and all disputes arising between the Unitholders, the UCITS, the Management Company and the Depositary is Vaduz, Liechtenstein, unless other jurisdictions shall prevail based on mandatory provisions of the applicable law. With regard to the claims of Unitholders from countries in which Units are offered and sold, the Management Company and/or the Depositary may submit to the jurisdiction of the said such countries.

The English version of this Unit Trust Agreement shall be legally binding, except if the laws of any jurisdiction where the Units are offered or sold require that in an action based upon information provided in a relevant document written in a language other than English the document translated into such other language and on which such action is based shall prevail.

**Art. 33 General Provisions**

To the extent no rules are contained in this Unit Trust Agreement the relevant provisions of the applicable law, in particular the UCITS Act and the PGR, shall apply.

**Art. 34 Entry into Force**

This Unit Trust Agreement shall come into force on 31 December 2018.

Vaduz, 27 December 2021

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**The Management Company:  
LGT Capital Partners (FL) AG, Vaduz**

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**The Management Company:  
LGT Capital Partners (FL) AG, Vaduz**

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**The Depositary:  
LGT Bank AG, Vaduz**

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**The Depositary:  
LGT Bank AG, Vaduz**

## **Annex A: Overview of Sub-Funds**

The Unit Trust Agreement, the Prospectus and Annex A form an integral unit.

### **List of Sub-Funds**

1. LGT Sustainable Quality Equity Fund Hedged
2. LGT Sustainable Short Duration Corporate Bond Fund Hedged
3. LGT Sustainable Bond Fund EM Defensive

# LGT Sustainable Quality Equity Fund Hedged

## A. Overview of Definitions and Key Terms

Capitalized terms, unless otherwise defined below, shall have the same meaning as in the prospectus for the UCITS (the “**Prospectus**”) under the heading “Definitions”.

### Definitions

- “Benchmark”** means MSCI World Hedged (NR) Index.
- “Central Bank”** means the Central Bank of Ireland or any successor regulatory authority with responsibility for authorising and supervising the Master Fund.
- “Eligible CIS”** means UCITS collective investment schemes and eligible AIFs which meet the requirements specified in the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) and the Central Bank guidance. To be an Eligible CIS, the scheme may not invest more than 10% of its net asset value in underlying collective investment schemes.
- “Information Sharing Agreement”** means the information sharing agreement put in place between the Asset Manager of the Sub-Fund and the Asset Manager of the Master Fund in order to set out the classes of the Master Fund available for investment by the Sub-Fund.
- “Investment Manager”** means the investment manager of the Master Fund, LGT Capital Partners Ltd or any successor duly appointed thereto in accordance with the requirements of the Central Bank of Ireland.
- “Permitted Investment”** means such investment as described under the section A “Permitted Investments below.
- “Master Fund”** means “LGT Sustainable Quality Equity Hedged Sub-Fund”, a sub-fund of Crown Sigma UCITS plc, an open-ended umbrella Investment Company with variable capital and segregated liability between sub-funds. Crown Sigma UCITS plc has been authorized by the Central Bank of Ireland as a UCITS undertaking.
- “Settlement Day”** means a day on which main exchanges are open for settlement in the market of the relevant Class currency.
- “Sub-Fund”** means “LGT Sustainable Quality Equity Fund Hedged”.

Key Terms	Unit Classes				
	Unit Class / Currency <sup>1</sup>	(USD) A (CHF) A	(USD) B (CHF) B	(USD) I1 (CHF) I1	(USD) C (CHF) C

<sup>1</sup> The individual requirements an Investor must comply with in order to be eligible to purchase units of a certain class are described in section 7 (“Investing in the UCITS”).

	(EUR) A	(EUR) B (GBP) B	(EUR) I1 (GBP) I1	(EUR) C (GBP) C	
<b>Security number</b>	34324251 34324253 34324252	18390780 18390784 18390783 18390785	18390786 18390788 18390787 18390789	24716251 24716255 24716253 24716256	18390810
<b>ISIN number</b>	LI0343242512 LI0343242538 LI0343242520	LI0183907802 LI0183907844 LI0183907836 LI0183907851	LI0183907869 LI0183907885 LI0183907877 LI0183907893	LI0247162519 LI0247162550 LI0247162535 LI0247162568	LI0183908107
<b>Distributing / Accumulating</b>	Distributing	Accumulating	Accumulating	Accumulating	Accumulating
<b>Minimum Initial Subscription</b>	1 Unit	1 Unit	Equivalent of CHF 1 Mio, unless otherwise agreed with the Management Company	1 Unit	1 Unit
<b>Minimum Additional Subscription</b>	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit
<b>Minimum Redemption</b>	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit
<b>Minimum Holding</b>	1 Unit	1 Unit	Equivalent of CHF 1 Mio, unless otherwise agreed with the Management Company	1 Unit	1 Unit
<b>Initial Subscription Day</b>	TBD	20 June – 30 June 2012	20 June – 30 June 2012	20 June – 30 June 2012	20 June – 30 June 2012
<b>Initial Subscription Price</b>	USD 1,000.00 CHF 1,000.00 EUR 1,000.00	USD 1,000.00 CHF 1,000.00 EUR 1,000.00 GBP 1,000.00	USD 1,000.00 CHF 1,000.00 EUR 1,000.00 GBP 1,000.00	USD 1,000.00 CHF 1,000.00 EUR 1,000.00 GBP 1,000.00	USD 1,000.00
<b>Valuation Day<sup>2</sup></b>	At least once a week on the first Business Day of the week, or such other day or days as the Management Company, with the consent of the Depository, may determine and notify in advance to Shareholders, and the end of the Accounting Year.				
<b>Valuation Frequency</b>	At least once a week.				
<b>Subscription Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.				
<b>Subscription Price</b>	Net Asset Value per Unit (subject to the Subscription Fee and applicable taxes, levies or charges)				
<b>Subscription Deadline</b>	Until 14:00 (CET) on the Subscription Day.				
<b>Subscription Payment Day</b>	Within two Settlement Days of the base currency of the particular unit class following the Subscription Day or such other days determined from time to time by the Management Company.				
<b>Redemption Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.				
<b>Redemption Price</b>	Net Asset Value per Unit (subject to the Redemption Fee and applicable taxes, levies or charges)				
<b>Redemption Deadline</b>	Until 14:00 (CET) on the Redemption Day.				
<b>Redemption Payment Day</b>	Within two Settlement Days of the base currency of the particular unit class following the Redemption Day or such other days determined from time to time by the Management Company.				
<b>Conversion Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.				
<b>Conversion Deadline</b>	Until 14:00 (CET) on the Conversion Day.				
<b>Duration</b>	Unlimited				
<b>Base Currency</b>	U.S. Dollar (USD)				
<b>Denomination</b>	With 3 decimal places.				

<sup>2</sup> Where the valuation day falls on a bank holiday in Liechtenstein, Switzerland or Ireland it shall be postponed to the next following valuation day in Liechtenstein, Switzerland and Ireland.



<b>Listing</b>	No
<b>Securitization</b>	No
<b>Liquidity Gate Trigger</b>	N/A
<b>End of Accounting Year</b>	30 April

<b>Costs Charged to Unitholders</b>	<b>Unit Classes</b>				
	<b>(USD) A (CHF) A (EUR) A</b>	<b>(USD) B (CHF) B (EUR) B (GBP) B</b>	<b>(USD) I1 (CHF) I1 (EUR) I1 (GBP) I1</b>	<b>(USD) C (CHF) C (EUR) C (GBP) C</b>	<b>(USD) IM</b>
<b>Max. Subscription Fee</b>	5%	5%	5%	5%	5%
<b>Redemption Fee</b>	None	None	None	None	None
<b>Max. Conversion Fee</b>	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent
<b>Swing Factor</b>	N/A	N/A	N/A	N/A	N/A
<b>Swing Threshold</b>	N/A	N/A	N/A	N/A	N/A

<b>Costs Charged to Sub-Fund<sup>3 4 5 6</sup></b>	<b>Unit Classes</b>				
	<b>(USD) A (CHF) A (EUR) A</b>	<b>(USD) B (CHF) B (EUR) B (GBP) B</b>	<b>(USD) I1 (CHF) I1 (EUR) I1 (GBP) I1</b>	<b>(USD) C (CHF) C (EUR) C (GBP) C</b>	<b>(USD) IM</b>
<b>Max. Management Fee</b>	1.50% p.a.	1.50% p.a.	0.70% p.a.	0.80% p.a.	0.25% p.a.
<b>Performance Fee</b>	None	None	None	None	None
<b>Max. Operations Fee</b>	0.15%	0.15%	0.11%	0.15%	0.11%
<b>High Water Mark</b>	None	None	None	None	None

## B. Subscription / Redemption Terms

### **Issue of Units**

Units may be purchased by investors as described in section "Issue of Units" in the Prospectus. Initially, Units may be purchased on the Initial Subscription Day at the Initial Subscription Price. Thereafter, Units are available at the Subscription Price on each Subscription Day.

Requests for subscription must be received by the Depositary on or before the Subscription Deadline with respect to each Subscription Day. Applications received after the Subscription Deadline will be recorded for subscription on the next following Subscription Day. Full payment for Units must be received by the Depositary on or before the Subscription Payment Day.

For more details, please see section "Issue of Units" in the Prospectus.

<sup>3</sup> The commission or fee charged is reported in the semi-annual and annual reports.

<sup>4</sup> Plus taxes and other expenses: Transaction costs charged by third parties and expenses incurred by the Management Company and the Depositary in exercising their responsibilities. For further information please refer to section 10 ("Tax Provisions") and 11 ("Costs and Fees").

<sup>5</sup> In the case of the liquidation of a UCITS, the Management Company and/or the Depositary may charge a liquidation fee of not more than CHF 10.000 for its own benefit.

<sup>6</sup> Further charges may be invoiced to the feeder UCITS as the case may be on the level of the master UCITS. Further information can be found in Annex A, section A "Overview of Definitions and Key Terms".

### ***Redemption of Units***

Unitholders may request their Units be partially or fully redeemed as described in section "Redemption of Units" in the Prospectus. Requests for redemption must be received by the Depositary on or before the Redemption Deadline with respect to each Redemption Day. Redemption requests received after the Redemption Deadline will be processed on the next following Redemption Day. Payment for redeemed Units will be made on the Redemption Payment Day.

For more details, please see section "Redemption of Units" in the Prospectus.

### ***Conversion of Units***

Unitholders may request their Units be converted in the Units of other Unit Classes in this Sub-Fund as described in section "Conversion of Units" in the Prospectus. Requests for conversion must be received by the Depositary on or before the Conversion Deadline with respect to each Conversion Day. Conversion requests received after the Conversion Deadline will be processed on the next Conversion Day.

For more details, please see section "Conversion of Units" in the Prospectus.

## **C. Investment Policy**

The Sub-Fund is managed as a portfolio of Permitted Investments in accordance with the investment policy set out in this section. Investors should note that during any period of suspension of valuation or redemption or when the Sub-Fund is wound down, the Management Company, acting in the best interests of the Unitholders, may resolve that it is unreasonable and/or impracticable to comply with some or all of the policies and guidelines in this section.

The Sub-Fund is a feeder UCITS, which permanently invests at least 85% of its net asset value in LGT Sustainable Quality Equity Hedged Sub-Fund (the "Master Fund").

The Sub-Fund qualifies as an "Equity Fund" for the purposes of the German Investment Tax Act. Please see section 6.14 of the Prospectus titled "Additional Investment Provisions – German Investment Tax Act" for further information in relation to this classification.

### ***Investment Objective***

The investment objective of the Sub-Fund is for Sub-Fund investors to participate in the performance of the Master Fund. The investment objective of the Master Fund is to generate consistent long term capital appreciation, while also contributing to long-term social, economic and environmental well-being.

There is no guarantee that the investment objective of the Sub-Fund will be achieved, and investment results may vary substantially over time.

### ***Investment Strategy***

To achieve the investment objective, the Investment Manager of the Master Fund employs an investment process using both fundamental analyses of a security and an analysis of current market conditions. It is intended that the Master Fund will be managed to operate, in normal circumstances, on a long only basis.

The Master Fund is considered to be actively managed in reference to the Benchmark by virtue of the fact that it seeks to outperform the Benchmark. However, the Benchmark is not used to define the portfolio composition of the Master Fund and the Master Fund may be invested in securities which are not constituents of the Benchmark.

The Benchmark is a broad global equity index that represents large and mid-cap equity performance across a number of developed market countries. Further information regarding the Benchmark, including the

methodology used for the calculation of the Benchmark, can be found on [www.msci.com/index-methodology](http://www.msci.com/index-methodology).

The Investment Manager of the Master Fund actively seeks to achieve outperformance of the Benchmark by making active investment decisions in relation to the portfolio's allocation to equity securities.

The Benchmark used by the Master Fund is a mainstream index and does not take account of ESG factors and is therefore not consistent with the environmental and social characteristics promoted by the Master Fund. Shareholders should therefore be aware that certain constituents of the Benchmark may not be eligible for investment by the Master Fund based on the Investment Manager's ESG screening process and therefore there is a risk that the performance of the Master Fund may be considerably different, and could be significantly lower than the performance of the Benchmark.

The Master Fund incorporates sustainability considerations into the investment strategy and integrates environmental and / or social characteristics as part of its investment process in the manner disclosed below. When selecting issuers, the investment strategy will take into consideration ESG aspects of the companies involved.

The Investment Manager of the Master Fund has developed a proprietary ESG rating which aims to assign greater weight to direct and indirect investments in companies with an above-average fundamental and sustainability score. Companies with low sustainability value scores may be excluded.

The investment universe will be analysed over a number of stages with the aim to include only those companies that add value over the long-term and fulfil the sustainability criteria of the Master Fund in the portfolio. The selection process for sustainable securities is based on certain quantitative and qualitative criteria, including: (a) screening for negative criteria; (b) positive screening for sustainability criteria; (c) screening for fundamental criteria; (d) screening for qualitative factors; and (e) active portfolio construction.

In order to ensure that the companies that the Sub-Fund invests in follow good governance practices, the Investment Manager of the Master Fund applies quantitative screening of corporate governance. This quantitative consideration may include the independence and competency of investee company boards in terms of leadership and composition, existing and independent key committees, the degree of integration of long-term and ESG related targets, and minority shareholder protections. In addition, good governance is a factor in the qualitative assessment of individual companies prior to investment.

### ***SFDR Classification***

The UCITS considers that the Sub-Fund meets the criteria of an ESG Orientated Fund. The Company reserves the right to reassess this classification at any time. If the UCITS determines at any future point that the Sub-Fund does not meet the criteria to qualify as an ESG Orientated Fund, this Supplement shall be updated in accordance with the revised classification of the Sub-Fund.

### ***Investment Guidelines***

#### **a) Permitted Investments**

The Sub-Fund may invest up to 15% of its net asset value in liquid assets, including deposits with credit institutions (which are either located in an EEA country or in a third country where the supervision rules are equivalent to the EEA), and which are repayable on demand (or have the right to be withdrawn), and will mature in no more than 12 months; and in financial derivative instruments (e.g. options, financial futures and currency forward transactions traded on stock exchanges or on the OTC-market) which may solely be used for hedging purposes.

Subject to the investment restrictions in the prospectus of the Master Fund, the Master Fund will seek to achieve the investment objective by investing (either directly or indirectly as further described below) primarily in equity securities and currencies and to a lesser extent in other securities, as further described below (“Target Asset Classes”).

The Master Fund does not pursue a specific sectoral focus.

The Master Fund may invest primarily in a broad range of equity securities and instruments (such as shares, participatory certificates and profit-sharing certificates) listed or traded on Regulated Markets (as defined and described in Appendix 2 of the Crown Sigma UCITS plc prospectus).

The Master Fund may invest directly in China A shares listed on the Shanghai Stock Exchange via the Shanghai-Hong Kong Stock Connect scheme, or the Shenzhen Stock Exchange via the Shenzhen-Hong Kong Stock Connect scheme (together, the “Stock Connect Scheme”). Please refer to the sections of the Crown Sigma UCITS plc prospectus entitled “Investment Objectives, Techniques, Instruments and Strategies; Investment in China” and “Risk Factors; Investments in China” for further details.

The Master Fund may invest up to 10% of its assets (excluding cash and Cash Equivalents) in fixed income securities worldwide. Such fixed income securities can be denominated in any currency.

The Master Fund will have exposure to a wide range of foreign currencies.

The Master Fund may hold a portion of its assets in cash and Cash Equivalents in appropriate circumstances. Such circumstances may include, but are not limited to, where market conditions require a defensive investment strategy, the holding of cash on deposit pending reinvestment, the holding of cash in order to meet redemptions and payment of expenses and/or in order to support derivatives exposure.

It is intended that the Master Fund will be managed to operate, in normal circumstances, on a long only basis.

Save where otherwise permitted by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), the Sub-Fund shall only invest in securities and FDI which are listed or traded on Regulated Markets.

The Master Fund may gain exposure to the Target Asset Classes either:

- (a) by direct investment in various underlying securities, such as equities;
- (b) indirectly through the use of FDI; or
- (c) indirectly by way of investment in Eligible CIS which themselves provide exposure to the Target Asset Classes.

The Master Fund is permitted to utilise the following Financial Derivative Instruments (“FDIs”). FDIs used may be exchange-traded or over-the-counter:

- (a) futures and options;
- (b) swaps (including credit default swaps, interest rate swaps, exchange rate swaps and cross currency swaps); and
- (c) forwards.

Details relating to each of these FDIs are set out in the section of the Crown Sigma UCITS plc prospectus entitled “Investment Objectives, Techniques, Instruments and Strategies”.

*Collective Investment Schemes*

The Master Fund shall not invest, in aggregate, more than 10% of its Net Asset Value in other Eligible CIS. The Master Fund shall not invest in any Eligible CIS which can, under the terms of their own prospectus or instruments of incorporation, invest more than 10% of its net assets in other collective investment schemes.

The Master Fund may invest in other sub-funds of the Crown Sigma UCITS plc in accordance with the requirements of the Central Bank.

#### *Securities Financing Transactions*

Through its investment in the Master Fund, the Sub-Fund shall not enter into Total Return Swaps.

The Sub-Fund shall not enter into repurchase agreements and reverse repurchase agreements.

The Sub-Fund shall not engage in securities lending transactions.

#### *Portfolio Hedging*

The Investment Manager expects to generally not enter into transactions to secure the Master Fund's portfolio against currency exchange rate fluctuations through the use of FDI but may decide to do so from time to time on an opportunistic basis.

### **b) Concentration Rules**

Pursuant to the investment objective and strategy of the Sub-Fund, the Sub-Fund will invest at least 85% of its assets in the Master Fund and up to 15% of its assets in liquid assets, as described in above under the heading "Permitted Investments".

Subject to the Master Fund's investment restrictions and the UCITS law, the Master Fund is not restricted as to the percentage of assets which may be invested in any particular industry, instrument, market or strategy. In attempting to maximize the returns, the Master Fund may concentrate holdings in certain industries, instruments, markets or strategies, which in the Investment Manager's sole judgement, provide the best profit opportunities and are consistent with the Master Fund's investment objective and permitted investments.

### **c) Risk Management and Leverage**

The Sub-Fund will use the modified commitment approach to accurately measure, monitor and manage the leverage effect produced by the use of derivatives. For further details please see section entitled "Risk Management" in the Prospectus.

### ***Taxonomy Regulation***

The Taxonomy Regulation is a piece of directly effective EU legislation that is applicable to the Sub-Fund. Its purpose is to establish a framework to facilitate sustainable investment. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

It is notable that the scope of environmentally sustainable economic activities, as prescribed in the Taxonomy Regulation, is narrower than the scope of sustainable investments under SFDR. Therefore, although there are disclosure requirements for both, these two concepts should be considered and assessed separately. This section addresses only the specific disclosure requirements of the Taxonomy Regulation. For further details on the Sub-Fund's approach to sustainability and its alignment with the promotion of environmental

and/or social characteristics in accordance with SFDR, please refer to the section of the Prospectus entitled "Integration of ESG" and the ESG criteria as outlined in the Investment Strategy section above.

The "do no significant harm" principle applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities.

The Sub-Fund does not presently set a minimum proportion of underlying investments that should be considered Environmentally Sustainable Investments primarily due to the delay to the publication of the regulatory technical standards supplementing the Taxonomy Regulation. Accordingly, for the current purposes of the Taxonomy Regulation, it should be noted that the investments underlying the Sub-Fund might not take into account the EU criteria for environmentally sustainable economic activities.

#### **D. Profile of a Typical Investor**

This Sub-Fund is suitable for investors with a long-term investment horizon and who can accept higher volatility and a prolonged decrease in the net asset value of the units. Investors should be aware of the risks associated with such an investment, including (but not limited to), the risk of price decreases, foreign exchange losses, and volatile returns due to market developments which are unfavourable for investors.

#### **E. Specific Risk Factors**

**The performance of the Units depends on the investment policy and the development of the markets or the materialization of risks inherent in securities and instruments in which the Sub-Fund invests and cannot be determined in advance. In this context, it should be noted that the value of the Units may rise above or fall below the issue price at any time. There is no guarantee that investors will recover the full amount of their initial capital investment.**

Due to the predominant investment of the assets of the Sub-Fund in the Master Fund and the investment strategy of the Master Fund, the Sub-Fund (and the Master Fund) are subject to a higher level of interest rate risk, which may have negative effects on net assets. Other risks may occur, such as currency risk, issuer risk and also market risk. The use of financial derivatives for purposes other than hedging may give rise to increased risk.

As the Sub-Fund will invest at least 85% of its assets in the Master Fund (excluding up to 15% holding of ancillary liquid assets and/or currency hedging instruments) it will not be diversified. It will be the intention to achieve diversification at the Master Fund level, however the Sub-Fund cannot guarantee or control the Master Fund in this regard.

According to its investment restrictions the Sub-Fund must invest at least 85% of its assets in the Master Fund. This requirement must also be fulfilled in the event of a negative performance.

The performance of the Sub-Fund may differ from the performance of the Master Fund. This deviation results from the fact that the Sub-Fund does not invest 100% of its assets in the Master Fund, but also has investments in liquid assets. These liquid assets are necessary in order to pay back possible redemptions, or other costs, fees and expenses of the Sub-Fund which may be due.

In situations where the Sub-Fund enters into currency exchange transactions to hedge against currency fluctuations, it should be noted that such hedging activities may cause both profit and loss, as the case may be, and will impact the net asset value per class. There can be no assurance that currency hedging will be entirely successful.

**The above list is not a complete list of all potential risk factors. The Management Company and the Asset Manager seek to limit risks by monitoring the Sub-Fund's asset allocation and individual target funds. Please note that an investment in the Sub-Fund should be seen as a long-term exposure which may be subject to a high volatility.**

In addition, this Sub-Fund may also be subject to the general risks described in section 5 “Risk Factors” in the Prospectus.

#### **F. Underlying Managers' Fees**

Any commission or management, advisory or distribution fees received by the Management Company or the Asset Manager or other delegate of the Management Company, or an associated or related company of the Management Company or the Asset Manager, by virtue of investment by the Sub-Fund in the Master Fund managed by the Management Company or the Asset Manager and/or any of their affiliates, not being fees or commission payable by the Management Company or Asset Manager (or an associated or related company) to their unaffiliated delegate, must be paid into the assets of the Sub-Fund. Further, where an Master Fund is managed by the Management Company, the Asset Manager or an associated entity, the Management Company and its delegates or the associated entity, as applicable, will waive any preliminary charge, repurchase charge or exchange charge that would otherwise be payable in connection with the investment in that Master Fund.

The Sub-Fund must also pay the applicable subscription, redemption, distribution, administration, operations, custody fees and/or other fees in respect of the Master Fund into which it invests. The operations fee will be calculated based on the net asset value per class (before debiting the operation and management fee), as at each valuation day. The operations fee will be accrued on each valuation day and debited at the end of each month. In the interest of clarity, there will be no management fee charged to the Sub-Fund in respect of its investment in the Master Fund.

More information in relation to fees, in particular the amounts of the fees, are set forth in the relevant offering document of the Master Fund.

#### **Taxes**

There are no adverse tax consequences for investors resulting from the Sub-Fund's investment in the Master Fund relative to investing directly. Investors in the Sub-Fund should refer to the section of the prospectus entitled “Taxation” for further information on taxation provisions which should be taken into account when considering an investment in the Sub-Fund. Prospective investors should consult their own professional advisors on the relevant tax considerations applicable to the purchase, acquisition, holding, switching and disposal of units of the Sub-Fund, as well as, the receipt of distributions (if applicable) under the laws of their countries of citizenship, residence or domicile.

#### **G. Information Sharing**

The Asset Manager (or the Management Company, as the case may be) of the Sub-Fund and the Investment Manager (or the Management Company, as the case may be) of the Master Fund, have put in place an Information Sharing Agreement (the “Information Sharing Agreement”) in relation to the investment by the Sub-Fund in units of the Master Fund. The Information Sharing Agreement sets out which unit classes of the Master Fund are available for investment by the Sub-Fund, details of the charges and expenses to be borne by the Sub-Fund, the standard dealing arrangements and the events affecting dealing arrangements.

Further information relating to the Master Fund (including the offering memorandum and articles of association) and the Information Sharing Agreement are available, free of charge, from LGT Capital Partners (Ireland) Limited, 30 Herbert Street, Dublin 2, Ireland.

#### **H. Termination of the Master Fund**

In circumstances where the Master Fund is liquidated, the Sub-Fund shall also be liquidated unless the FMA approves: (i) the investments of at least 85% of the Sub-Fund’s net asset value in the units of another master UCITS, or (ii) the amendment of the constitutional documents in order to enable the Sub-Fund to convert into a UCITS which is not a feeder UCITS.

In circumstances where the Master Fund merges with another UCITS or is divided into two or more UCITS, the Sub-Fund shall be liquidated unless the FMA grants prior approval to the Sub-Fund to: (i) continue to be a feeder UCITS of the Master Fund or another UCITS resulting from the merger or division of the Master Fund; (ii) invest at least 85% of the Sub-Fund's net asset value in the units of another master UCITS not resulting from the merger or division of the Master Fund; or (iii) amend the constitutional documents in order to enable the Sub-Fund to convert into a UCITS which is not a feeder UCITS.

#### **I. Past Performance**

The historic performance of the Sub-Fund (including Unit Classes), once available, shall be published on the website of the LAFV (*Liechtensteinischer Anlagefondsverband*) ([www.lafv.li](http://www.lafv.li)). Past performance is not a guarantee or indication of present and/or future performance.



## LGT Sustainable Short Duration Corporate Bond Fund Hedged

### A. Overview of Definitions and Key Terms

Capitalized terms, unless otherwise defined below, shall have the same meaning as in the prospectus for the UCITS (the “**Prospectus**”) under the heading “Definitions”.

#### Definitions

**“Permitted Investment”** means such investment as described under the section A “Permitted Investments below.

**“Settlement Day”** means a day on which main exchanges are open for settlement in the market of the relevant Class currency.

**“Sub-Fund”** means “LGT Sustainable Short- Duration Corporate Bond Fund Hedged”.

Key Terms	Unit Classes					
	(EUR) A (CHF) A (USD) A	(EUR) B (CHF) B (GBP) B (USD) B	(EUR) I1 (CHF) I1 (GBP) I1 (USD) I1	(CHF) I2	(EUR) C (CHF) C (GBP) C (USD) C	(EUR) IM
Security number	18390977 114828830 114828831	18390978 18390980 18390981 18390979	18390982 18390984 18390986 18390983	21136561	24716257 24716260 24716262 24716258	18390988
ISIN number	LI0183909774 LI1148288304 LI1148288312	LI0183909782 LI0183909808 LI0183909816 LI0183909790	LI0183909824 LI0183909840 LI0183909865 LI0183909832	LI0211365619	LI0247162576 LI0247162600 LI0247162626 LI0247162584	LI0183909881
Distributing / Reinvesting	Distributing	Accumulating	Accumulating	Accumulating	Accumulating	Accumulating
Minimum Initial Subscription	1 Unit	1 Unit	Equivalent of CHF 1 Mio, unless otherwise agreed with the Management Company	Equivalent of CHF 100 Mio, unless otherwise agreed with the Management Company	1 Unit	1 Unit
Minimum Additional Subscription	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit
Minimum Redemption	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit

<sup>1</sup> The individual requirements an Investor must comply with in order to be eligible to purchase units of a certain class are described in section 7 (“Investing in the UCITS”).

<b>Minimum Holding</b>	1 Unit	1 Unit	Equivalent of CHF 1 Mio, unless otherwise agreed with the Management Company	Equivalent of CHF 100 Mio, unless otherwise agreed with the Management Company	1 Unit	1 Unit
<b>Initial Subscription Day</b>	TBD	20 June – 30 June 2012	20 June – 30 June 2012 (TBD (GBP) I1 and (USD) I1)	20 June – 30 June 2012		
<b>Initial Subscription Price</b>	EUR 1,000.00 CHF 1,000.00 USD 1,000.00	EUR 1,000.00 CHF 1,000.00 GBP 1,000.00 USD 1,000.00	EUR 1,000.00 CHF 1,000.00 GBP 1,000.00 USD 1,000.00	CHF 1,000.00	EUR 1,000.00 CHF 1,000.00 GBP 1,000.00 USD 1,000.00	EUR 1,000.00
<b>Valuation Day<sup>2</sup></b>	At least once a week on the first Business Day of the week, or such other day or days as the Management Company, with the consent of the Depository, may determine and notify in advance to Shareholders, and the end of the Accounting Year.					
<b>Valuation Frequency</b>	At least once a week.					
<b>Subscription Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.					
<b>Subscription Price</b>	Net Asset Value per Unit (subject to the Subscription Fee and applicable taxes, levies or charges)					
<b>Subscription Deadline</b>	Until 14:00 (CET) on the Subscription Day.					
<b>Subscription Payment Day</b>	Within two Settlement Days of the base currency of the particular unit class following the Subscription Day (or such other days determined from time to time by the Management Company).					
<b>Redemption Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.					
<b>Redemption Price</b>	Net Asset Value per Unit (subject to the Redemption Fee and applicable taxes, levies or charges)					
<b>Redemption Deadline</b>	Until 14:00 (CET) on the Redemption Day.					
<b>Redemption Payment Day</b>	Within two Settlement Days of the base currency of the particular unit class following the Redemption Day (or such other days determined from time to time by the Management Company).					
<b>Conversion Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.					
<b>Conversion Deadline</b>	Until 14:00 (CET) on the Conversion Day.					
<b>Duration</b>	Unlimited					
<b>Base Currency</b>	Euro (EUR)					
<b>Denomination</b>	With 3 decimal places.					
<b>Listing</b>	No					
<b>Securitization</b>	No					
<b>Liquidity Gate Trigger</b>	N/A					
<b>End of Accounting Year</b>	30 April					

<b>Costs Charged to Unitholders</b>	<b>Unit Classes</b>					
	<b>(EUR) A (CHF) A (USD) A</b>	<b>(EUR) B (CHF) B (GBP) B (USD) B</b>	<b>(EUR) I1 (CHF) I1 (GBP) I1 (USD) I1</b>	<b>(CHF) I2</b>	<b>(EUR) C (CHF) C (GBP) C (USD) C</b>	<b>(EUR) IM</b>
<b>Max. Subscription Fee</b>	3%	3%	3%	3%	3%	3%

<sup>2</sup> Where the valuation day falls on a bank holiday in Liechtenstein or Switzerland, it shall be postponed to the next following valuation day in Liechtenstein or Switzerland.

<b>Redemption Fee</b>	None	None	None	None	None	None
<b>Max. Conversion Fee</b>	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent
<b>Swing Factor</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Swing Threshold</b>	N/A	N/A	N/A	N/A	N/A	N/A

<b>Costs Charged to Sub-Fund<sup>3 4 5 6</sup></b>	<b>Unit Classes</b>					
	<b>(EUR) A (CHF) A (USD) A</b>	<b>(EUR) B (CHF) B (GBP) B (USD) B</b>	<b>(EUR) I1 (CHF) I1 (GBP) I1 (USD) I1</b>	<b>(CHF) I2</b>	<b>(EUR) C (CHF) C (GBP) C (USD) C</b>	<b>(EUR) IM</b>
<b>Max. Management Fee</b>	0.90% p.a.	0.90% p.a.	0.45% p.a.	0.15% p.a.	0.55% p.a.	0.25% p.a.
<b>Performance Fee</b>	None	None	None	None	None	None
<b>Max. Operations Fee</b>	0.15%	0.15%	0.09%	0.02%	0.09%	0.06%
<b>High Water Mark</b>	None	None	None	None	None	None

## **B. Subscription / Redemption Terms**

### ***Issue of Units***

Units may be purchased by investors as described in section "Issue of Units" in the Prospectus. Initially, Units may be purchased on the Initial Subscription Day at the Initial Subscription Price. Thereafter, Units are available at the Subscription Price on each Subscription Day.

Requests for subscription must be received by the Depositary on or before the Subscription Deadline with respect to each Subscription Day. Applications received after the Subscription Deadline will be recorded for subscription on the next following Subscription Day. Full payment for Units must be received by the Depositary on or before the Subscription Payment Day.

For more details, please see section "Issue of Units" in the Prospectus.

### ***Redemption of Units***

Unitholders may request their Units be partially or fully redeemed as described in section "Redemption of Units" in the Prospectus. Requests for redemption must be received by the Depositary on or before the Redemption Deadline with respect to each Redemption Day. Redemption requests received after the Redemption Deadline will be processed on the next following Redemption Day. Payment for redeemed Units will be made on the Redemption Payment Day.

For more details, please see section "Redemption of Units" in the Prospectus.

### ***Conversion of Units***

Unitholders may request their Units be converted in the Units of other Unit Classes in this Sub-Fund as described in section "Conversion of Units" in the Prospectus. Requests for conversion must be received by the Depositary on or before the Conversion Deadline with respect to each Conversion Day. Conversion requests received after the Conversion Deadline will be processed on the next Conversion Day.

<sup>3</sup> The commission or fee charged is reported in the semi-annual and annual reports.

<sup>4</sup> Plus taxes and other expenses: Transaction costs charged by third parties and expenses incurred by the Management Company and the Depositary in exercising their responsibilities. For further information please refer to section 10 ("Tax Provisions") and 11 ("Costs and Fees").

<sup>5</sup> In the case of the liquidation of a UCITS, the Management Company and/or the Depositary may charge a liquidation fee of not more than CHF 10.000 for its own benefit.

<sup>6</sup> Further charges may be invoiced to the feeder UCITS as the case may be on the level of the master UCITS. Further information can be found in Annex A, section A "Overview of Definitions and Key Terms".

For more details, please see section “Conversion of Units” in the Prospectus.

### **C. Investment Policy**

The Sub-Fund is managed as a portfolio of Permitted Investments in accordance with the investment policy set out in this section. Investors should note that during any period of suspension of valuation or redemption or when the Sub-Fund is wound down, the Management Company, acting in the best interests of the Unitholders, may resolve that it is unreasonable and/or impracticable to comply with some or all of the policies and guidelines in this section.

#### ***Investment Objective***

The investment objective of the Sub-Fund is to achieve adequate constant returns in the relevant currency of the Sub-Fund, taking into consideration the safety of the Sub-Fund’s assets without capital protection, while also contributing to long-term social, economic and environmental well-being globally.

There is no guarantee that the investment objective of the Sub-Fund will be achieved, and investment results may vary substantially over time.

#### ***Investment Strategy***

The Sub-Fund’s portfolio is actively managed and is not managed in reference to a benchmark.

The Sub-Fund incorporates sustainability considerations into the investment strategy and integrates environmental and / or social characteristics as part of its investment process in the manner disclosed below. When selecting issuers, the investment strategy will take into consideration ESG aspects of the companies, supranational entities and countries.

The Asset Manager of the Sub-Fund has developed a proprietary ESG rating which aims to assign greater weight to direct and indirect investments in companies, supranational entities and countries with an above-average fundamental and sustainability score. Individual companies, supranational organisations and countries with low sustainability value scores may be excluded.

The investment universe will be analysed over a number of stages with the aim to include only those companies, organizations and countries that add value over the long-term and fulfil the sustainability criteria of the Sub-Fund’s investment objective. The selection process for sustainable investments is based on certain quantitative and qualitative criteria, including: (a) screening for negative criteria; (b) positive screening for sustainability criteria; (c) screening for fundamental criteria; (d) screening for qualitative factors; and (e) active portfolio construction.

In the investment universe of issuers who are eligible in terms of sustainability, the fund primarily invests in issuers who, in a qualitative analysis of the international context, display positive developments of important corporate performance indicators, such as market position, cash flow, diversified revenue structure and indebtedness.

In order to ensure that the companies that the Sub-Fund invests in follow good governance practices, the Asset Manager applies quantitative screening of corporate governance. This quantitative consideration may include the independence and competency of investee company boards in terms of leadership and composition, existing and independent key committees, the degree of integration of long-term and ESG related targets, and minority shareholder protections. In addition, good governance is a factor in the qualitative assessment of individual companies prior to investment.

#### ***SFDR Classification***

The UCITS considers that the Sub-Fund meets the criteria of an ESG Orientated Fund. The UCITS reserves the right to reassess this classification at any time. If the UCITS determines at any future point that the Sub-Fund does not meet the criteria to qualify as an ESG Orientated Fund, this Supplement shall be updated in accordance with the revised classification of the Sub-Fund.

## **Investment Guidelines**

### **a) Permitted Investments**

Subject to the investment restrictions of the UCITS, the Sub-Fund will seek to achieve the investment objective by investing primarily in a broad range of debt securities and instruments (such as bonds, including inter alia inflation-linked, high-yield or convertible bonds, credit linked notes, treasuries and money market instruments (including certificates of deposit, floating rate notes and fixed or variable rate commercial paper and in cash denominated in such currencies as the investment manager may determine)) listed or traded on a recognised exchange and issued by private or public debtors globally. Such bonds will principally be corporate bonds and can be fixed and/or floating rate, where appropriate and may be investment grade or below investment grade, as determined by Standard & Poor's Rating Group or any similar recognised ratings agency.

#### *Securities Financing Transactions*

The Sub-Fund may use Securities Financing Transactions (i.e. securities lending agreements and repurchase agreements), as defined in the SFT Regulation.

All types of assets which may be held by the Sub-Fund in accordance with its investments objective and policy may be subject to a Securities Financing Transaction.

The maximum proportion of the Sub-Fund's assets which can be subject to Securities Financing Transactions is 30% of the Net Asset Value. However, the expected proportion of the Sub-Fund's assets which can be subject to Securities Financing Transactions is approximately 25% of the Net Asset Value.

The exposure held by the Sub-Fund through Securities Financing Transactions at any given time will depend on prevailing market conditions and the value of the relevant investments.

In any case, the most recent semi-annual and annual report of the UCITS will express as an absolute amount and as a percentage of the Sub-Fund's assets the amount of the Sub-Fund's assets subject to Securities Financing Transactions.

The Sub-Fund does not currently engage in Total Return Swaps within the meaning of the SFT Regulation. Should the Sub-Fund propose to engage in such transactions in the future this Annex A will be updated.

Please see the section entitled "Risk Factors" in the Prospectus for details of the risks associated with Total Return Swaps and Securities Financing Transactions.

Please see the section entitled "Securities Financing Transactions and Total Return Swaps" in the Prospectus for further details in respect of the use of Total Return Swaps and Securities Financing Transactions.

### **b) Concentration Rules**

The Sub-Fund may use derivative financial instruments to achieve the investment objective of appropriate total returns as well as sustainable capital appreciation, and to limit losses in declining (unfavourable) markets.

Furthermore, the Sub-Fund may invest up to 25% of its assets in convertible debentures and notes as well as warrant-linked bonds, and up to 10% in shares and other equity securities and instruments as well as warrants.

At least 80% of the foreign currency risk is hedged against the reference currency of the relevant unit class.

The Sub-Fund may invest up to 10% of its assets in units of collective investment undertakings and other undertakings comparable to a UCITS.

Subject to the UCITS' investment restrictions and the UCITS law, the Sub-Fund is not restricted as to the percentage of assets which may be invested in any particular industry, instrument, market or strategy. In attempting to maximize the returns, the Sub-Fund may concentrate holdings in certain industries, instruments, markets or strategies, which in the Asset Manager's sole judgement, provide the best profit opportunities and are consistent with the Sub-Fund's investment objective and permitted investments.

### **c) Risk Management and Leverage**

The Sub-Fund will use the modified commitment approach to accurately measure, monitor and manage the leverage effect produced by the use of derivatives. For further details please see section entitled "Risk Management" in the Prospectus.

### ***Taxonomy Regulation***

The Taxonomy Regulation is a piece of directly effective EU legislation that is applicable to the Sub-Fund. Its purpose is to establish a framework to facilitate sustainable investment. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

It is notable that the scope of environmentally sustainable economic activities, as prescribed in the Taxonomy Regulation, is narrower than the scope of sustainable investments under SFDR. Therefore, although there are disclosure requirements for both, these two concepts should be considered and assessed separately. This section addresses only the specific disclosure requirements of the Taxonomy Regulation. For further details on the Sub-Fund's approach to sustainability and its alignment with the promotion of environmental and/or social characteristics in accordance with SFDR, please refer to the section of the Prospectus entitled "Integration of ESG" and the ESG criteria as outlined in the Investment Strategy section above.

The "do no significant harm" principle applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities.

The Sub-Fund does not presently set a minimum proportion of underlying investments that should be considered Environmentally Sustainable Investments primarily due to the delay to the publication of the regulatory technical standards supplementing the Taxonomy Regulation. Accordingly, for the current purposes of the Taxonomy Regulation, it should be noted that the investments underlying the Sub-Fund might not take into account the EU criteria for environmentally sustainable economic activities.

### **D. Profile of a Typical Investor**

The Sub-Fund is suitable for investors with a medium-term investment horizon who are primarily seeking constant returns and capital growth. Investors should be willing to accept prolonged fluctuations in the net asset value of the units, and should not be dependent on liquidating the investment at a specific point in time. Investors cannot exclude the risk of price decreases, foreign exchange losses and volatile returns due to market developments which are unfavourable for investors.

#### **E. Specific Risk Factors**

**The performance of the Units depends on the investment policy and the development of the markets or the materialization of risks inherent in securities and instruments in which the Sub-Fund invests and cannot be determined in advance. In this context, it should be noted that the value of the Units may rise above or fall below the issue price at any time. There is no guarantee that investors will recover the full amount of their initial capital investment.**

Both the Net Asset Value and the revenues of the Sub-Fund may fluctuate depending on the development of interest rates and changes in the credit ratings of investments. There is no guarantee that the Unitholder will receive a specified return or that the Units may be redeemed at the original purchase price.

This investment type is subject to market risk, issuer risk and interest rate risk, which may have negative effects on net assets, since most assets of the Sub-Fund are invested in equity and debt securities and similar instruments. Other additional risks may also materialise, such as currency risk.

The use of financial derivatives for purposes other than hedging may give rise to increased risk.

**The above list is not a complete list of all potential risk factors. The Management Company and the Asset Manager seek to limit risks by monitoring the Sub-Fund's asset allocation and individual target funds. Please note that an investment in the Sub-Fund should be seen as a long-term exposure which may be subject to a high volatility.**

In addition, this Sub-Fund may also be subject to the general risks described in section 5 "Risk Factors" in the Prospectus.

#### **F. Underlying Managers' Fees**

Any commission or management, advisory or distribution fees received by the Management Company or the Asset Manager or other delegate of the Management Company, or an associated or related company of the Management Company or the Asset Manager, by virtue of investment by the Sub-Fund in the Underlying Funds managed by the Management Company or the Asset Manager and/or any of their affiliates, not being fees or commission payable by the Management Company or Asset Manager (or an associated or related company) to their unaffiliated delegate, must be paid into the assets of the Sub-Fund. Further, where an Underlying Fund is managed by the Management Company, the Asset Manager or an associated entity, the Management Company and its delegates or the associated entity, as applicable, will waive any preliminary charge, repurchase charge or exchange charge that would otherwise be payable in connection with the investment in that Underlying Fund.

The Sub-Fund must also pay the applicable subscription, redemption, distribution, administration, operations, and/or custody fees and/or other fees in respect of each Underlying Managers in which it invests.

#### **G. Past Performance**

The historic performance of the Sub-Fund (including Unit Classes), once available, shall be published on the website of the LAFV (*Liechtensteinischer Anlagefondsverband*) ([www.lafv.li](http://www.lafv.li)). Past performance is not a guarantee or indication of present and/or future performance.

## LGT Sustainable Bond Fund EM Defensive

### A. Overview of Definitions and Key Terms

Capitalized terms, unless otherwise defined below, shall have the same meaning as in the prospectus for the UCITS (the “**Prospectus**”) under the heading “Definitions”.

LGT Capital Partners Ltd, 8808 Pfäffikon, Switzerland, has partially delegated the investment decisions for this Sub-Fund to LGT Capital Partners (Asia-Pacific) Ltd., 4203, Two Exchange Square, 8 Connaught Place Central, Hong Kong.

#### Definitions

**“Permitted Investment”** means such investment as described under the section A “Permitted Investments below.

**“Settlement Day”** means a day on which main exchanges are open for settlement in the market of the relevant Class currency.

**“Sub-Fund”** means “LGT Sustainable Bond Fund EM Defensive”.

Key Terms	Unit Classes					
	(USD) A	(USD) B (CHF) B (EUR) B (GBP) B	(USD) I1 (CHF) I1 (EUR) I1 (GBP) I1	(CHF) I2	(USD) C (CHF) C (EUR) C (GBP) C	(USD) IM
Security number	18390998	18390999 18391003 18391001 18391122	18391124 18391127 18391125 18391128	21136580	24716263 24716265 24716264 24716266	18391130
ISIN number	LI0183909980	LI0183909998 LI0183910038 LI0183910012 LI0183911226	LI0183911242 LI0183911275 LI0183911259 LI0183911283	LI0211365809	LI0247162634 LI0247162659 LI0247162642 LI0247162667	LI0183911309
Distributing / Reinvesting	Distributing	Accumulating	Accumulating	Accumulating	Accumulating	Accumulating
Minimum Initial Subscription	1 Unit	1 Unit	Equivalent of CHF 1 Mio, unless otherwise agreed with the Management Company	Equivalent of CHF 100 Mio, unless otherwise agreed with the Management Company	1 Unit	1 Unit
Minimum Additional Subscription	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit
Minimum Redemption	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit	0.001 Unit

<sup>1</sup> The individual requirements an Investor must comply with in order to be eligible to purchase units of a certain class are described in section 7 (“Investing in the UCITS”).



<b>Minimum Holding</b>	1 Unit	1 Unit	Equivalent of CHF 1 Mio, unless otherwise agreed with the Management Company	Equivalent of CHF 100 Mio, unless otherwise agreed with the Management Company	1 Unit	1 Unit
<b>Initial Subscription Day</b>	20 June – 30 June 2012					
<b>Initial Subscription Price</b>	USD 1,000.00	USD 1,000.00 CHF 1,000.00 EUR 1,000.00 GBP 1,000.00	USD 1,000.00 CHF 1,000.00 EUR 1,000.00 GBP 1,000.00	CHF 1,000.00	USD 1,000.00 CHF 1,000.00 EUR 1,000.00 GBP 1,000.00	USD 1,000.00
<b>Valuation Day<sup>2</sup></b>	At least once a week on the first Business Day of the week, or such other day or days as the Management Company, with the consent of the Depository, may determine and notify in advance to Shareholders, and the end of the Accounting Year.					
<b>Valuation Frequency</b>	At least once a week.					
<b>Subscription Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.					
<b>Subscription Price</b>	Net Asset Value per Unit (subject to the Subscription Fee and applicable taxes, levies or charges)					
<b>Subscription Deadline</b>	Until 14:00 (CET) on the Subscription Day.					
<b>Subscription Payment Day</b>	Within two Settlement Days of the base currency of the particular unit class following the Subscription Day (or such other days determined from time to time by the Management Company).					
<b>Redemption Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.					
<b>Redemption Price</b>	Net Asset Value per Unit (subject to the Redemption Fee and applicable taxes, levies or charges)					
<b>Redemption Deadline</b>	Until 14:00 (CET) on the Redemption Day.					
<b>Redemption Payment Day</b>	Within two Settlement Days of the base currency of the particular unit class following the Redemption Day (or such other days determined from time to time by the Management Company).					
<b>Conversion Day</b>	Any Valuation Day and/or such other days determined from time to time by the Management Company.					
<b>Conversion Deadline</b>	Until 14:00 (CET) on the Conversion Day.					
<b>Duration</b>	Unlimited					
<b>Base Currency</b>	U.S. Dollar (USD)					
<b>Denomination</b>	With 3 decimal places.					
<b>Listing</b>	No					
<b>Securitization</b>	No					
<b>Liquidity Gate Trigger</b>	N/A					
<b>End of Accounting Year</b>	30 April					

<b>Costs Charged to Unitholders</b>	<b>Unit Classes</b>					
	<b>(USD) A</b>	<b>(USD) B (CHF) B (EUR) B (GBP) B</b>	<b>(USD) I1 (CHF) I1 (EUR) I1 (GBP) I1</b>	<b>(CHF) I2</b>	<b>(USD) C (CHF) C (EUR) C (GBP) C</b>	<b>(USD) IM</b>
<b>Max. Subscription Fee</b>	3%	3%	3%	3%	3%	3%
<b>Redemption Fee</b>	None	None	None	None	None	None
<b>Max. Conversion Fee</b>	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent	CHF 100.00 or equivalent
<b>Max. Swing Factor</b>	2%	2%	2%	2%	2%	2%

<sup>2</sup> Where the valuation day falls on a bank holiday in Liechtenstein or Switzerland, it shall be postponed to the next following valuation day in Liechtenstein or Switzerland.

Swing Threshold	N/A	N/A	N/A	N/A	N/A	N/A
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Costs Charged to Sub-Fund <sup>3 4 5 6</sup>	Unit Classes					
	(USD) A	(USD) B (CHF) B (EUR) B (GBP) B	(USD) I1 (CHF) I1 (EUR) I1 (GBP) I1	(CHF) I2	(USD) C (CHF) C (EUR) C (GBP) C	(USD) IM
Max. Management Fee	1.20% p.a.	1.20% p.a.	0.55% p.a.	0.15% p.a.	0.65% p.a.	0.25% p.a.
Performance Fee	None	None	None	None	None	None
Max. Operations Fee	0.25%	0.25%	0.09%	0.02%	0.09%	0.06%
High Water Mark	None	None	None	None	None	None

## B. Subscription / Redemption Terms

### **Issue of Units**

Units may be purchased by investors as described in section "Issue of Units" in the Prospectus. Initially, Units may be purchased on the Initial Subscription Day at the Initial Subscription Price. Thereafter, Units are available at the Subscription Price on each Subscription Day.

Requests for subscription must be received by the Depositary on or before the Subscription Deadline with respect to each Subscription Day. Applications received after the Subscription Deadline will be recorded for subscription on the next following Subscription Day. Full payment for Units must be received by the Depositary on or before the Subscription Payment Day.

For more details, please see section "Issue of Units" in the Prospectus.

### **Redemption of Units**

Unitholders may request their Units be partially or fully redeemed as described in section "Redemption of Units" in the Prospectus. Requests for redemption must be received by the Depositary on or before the Redemption Deadline with respect to each Redemption Day. Redemption requests received after the Redemption Deadline will be processed on the next following Redemption Day. Payment for redeemed Units will be made on the Redemption Payment Day.

For more details, please see section "Redemption of Units" in the Prospectus.

### **Conversion of Units**

Unitholders may request their Units be converted in the Units of other Unit Classes in this Sub-Fund as described in section "Conversion of Units" in the Prospectus. Requests for conversion must be received by the Depositary on or before the Conversion Deadline with respect to each Conversion Day. Conversion requests received after the Conversion Deadline will be processed on the next Conversion Day.

For more details, please see section "Conversion of Units" in the Prospectus.

## C. Investment Policy

<sup>3</sup> The commission or fee charged is reported in the semi-annual and annual reports.

<sup>4</sup> Plus taxes and other expenses: Transaction costs charged by third parties and expenses incurred by the Management Company and the Depositary in exercising their responsibilities. For further information please refer to section 10 ("Tax Provisions") and 11 ("Costs and Fees").

<sup>5</sup> In the case of the liquidation of a UCITS, the Management Company and/or the Depositary may charge a liquidation fee of not more than CHF 10.000 for its own benefit.

<sup>6</sup> Further charges may be invoiced to the feeder UCITS as the case may be on the level of the master UCITS. Further information can be found in Annex A, section A "Overview of Definitions and Key Terms".

The Sub-Fund is managed as a portfolio of Permitted Investments in accordance with the investment policy set out in this section. Investors should note that during any period of suspension of valuation or redemption or when the Sub-Fund is wound down, the Management Company, acting in the best interests of the Unitholders, may resolve that it is unreasonable and/or impracticable to comply with some or all of the policies and guidelines in this section.

### ***Investment Objective***

The investment objective of the Sub-Fund is to achieve adequate constant returns in the relevant currency of the Sub-Fund taking into consideration the safety of the Sub-Fund's assets but without providing capital protection, and while contributing to long-term social, economic and environmental well-being, globally. The Sub-Fund takes into account the quality aspects mentioned below.

There is no guarantee that the investment objective of the Sub-Fund will be achieved, and investment results may vary substantially over time.

### ***Investment Strategy***

To achieve this objective, the Asset Manager of the Sub-Fund applies a quality-oriented investment process using fundamental analyses with a focus on the quality of an issuer and its anticipated ability to be able to stand firm in unfavourable market situations and market conditions.

The Sub-Fund's portfolio is actively managed and is not managed in reference to a benchmark.

The Sub-Fund incorporates sustainability considerations into the investment strategy and integrates environmental and / or social characteristics as part of its investment process in the manner disclosed below. When selecting issuers, the investment strategy will take into consideration ESG aspects of the companies, supranational issuers and countries involved.

The Asset Manager of the Sub-Fund has developed a proprietary ESG rating based on external data providers that provide objective, relevant and systematic ESG information. This method aims to assign greater weight to direct and indirect investments in companies, supranational organisations and countries with an above-average fundamental and sustainability score. Individual companies, organisations and countries with low sustainability value scores may be excluded.

The investment universe will be analysed over a number of stages using both negative and positive exclusion criteria with the goal to only include those issuers that add value over the long-term and fulfil the sustainability criteria of the Sub-Fund in the portfolio. The selection process for sustainable securities is based on certain quantitative and qualitative criteria, including: (a) screening for negative criteria, (b) positive screening for investment opportunities, (c) selection of sustainable value drivers, and (d) focused portfolio construction process.

In order to ensure that the companies that the Sub-Fund invests in follow good governance practices, the Asset Manager applies quantitative screening of corporate governance. This quantitative consideration may include the independence and competency of investee company boards in terms of leadership and composition, existing and independent key committees, the degree of integration of long-term and ESG related targets, and minority shareholder protections. In addition, good governance is a factor in the qualitative assessment of individual companies prior to investment.

### ***SFDR Classification***

The UCITS considers that the Sub-Fund meets the criteria of an ESG Orientated Fund. The UCITS reserves the right to reassess this classification at any time. If the UCITS determines at any future point that the Sub-

Fund does not meet the criteria to qualify as an ESG Orientated Fund, this Supplement shall be updated in accordance with the revised classification of the Sub-Fund.

## ***Investment Guidelines***

### **a) Permitted Investments**

In seeking to achieve this objective, the Sub-Fund will invest most of its assets in debt securities and instruments (debentures, fixed-rate securities, notes and others) of private and public debtors issued by issuers from so-called emerging market countries and/or denominated in currencies from emerging market countries or economically linked to currencies from emerging market countries. Such assets and debt securities must also comply with the Asset Manager's quality criteria.

The term "emerging markets" generally refers to markets in countries that are in the process of becoming modern industrialised countries and as such have high potential, but are also subject to increased risk. These are, among others, the countries included in the International Finance Corporation Global Composite Index or the MSCI Emerging Markets Index.

In the investment universe of emerging market countries, the Sub-Fund primarily invests in issuers who, in a qualitative analysis of the international context, display a positive development of important macro-economic indicators, in particular in the indebtedness of public and private households.

This Sub-Fund may use financial derivatives to achieve the investment objective and generate sustainable capital growth as well as limit losses in declining (unfavourable) markets.

#### *Securities Financing Transactions*

The Sub-Fund may use Securities Financing Transactions (i.e. securities lending agreements and repurchase agreements), as defined in the SFT Regulation.

All types of assets which may be held by the Sub-Fund in accordance with its investments objective and policy may be subject to a Securities Financing Transaction.

The maximum proportion of the Sub-Fund's assets which can be subject to Securities Financing Transactions is 30% of the Net Asset Value. However, the expected proportion of the Sub-Fund's assets which can be subject to Securities Financing Transactions is approximately 25% of the Net Asset Value.

The exposure held by the Sub-Fund through Securities Financing Transactions at any given time will depend on prevailing market conditions and the value of the relevant investments.

In any case, the most recent semi-annual and annual report of the UCITS will express as an absolute amount and as a percentage of the Sub-Fund's assets the amount of the Sub-Fund's assets subject to Securities Financing Transactions.

The Sub-Fund does not currently engage in Total Return Swaps within the meaning of the SFT Regulation. Should the Sub-Fund propose to engage in such transactions in the future this Annex A will be updated.

Please see the section entitled "Risk Factors" in the Prospectus for details of the risks associated with Total Return Swaps and Securities Financing Transactions.

Please see the section entitled "Securities Financing Transactions and Total Return Swaps" in the Prospectus for further details in respect of the use of Total Return Swaps and Securities Financing Transactions.

#### **b) Concentration Rules**

The Sub-Fund may invest up to 10% of its assets (less cash and cash equivalents) in shares and other equity securities as well as warrants on shares and other equity securities of companies from countries all over the world.

At least 50% of the foreign currency risk is hedged against the reference currency of the relevant unit class.

The Sub-Fund may invest up to 10% of its assets in units of collective investment undertakings and other undertakings comparable to a UCITS.

Subject to the UCITS' investment restrictions and the UCITS law, the Sub-Fund is not restricted as to the percentage of assets which may be invested in any particular industry, instrument, market or strategy. In attempting to maximize the returns, the Sub-Fund may concentrate holdings in certain industries, instruments, markets or strategies, which in the Asset Manager's sole judgement, provide the best profit opportunities and are consistent with the Sub-Fund's investment objective and permitted investments.

#### **c) Risk Management and Leverage**

The Sub-Fund will use the modified commitment approach to accurately measure, monitor and manage the leverage effect produced by the use of derivatives. For further details please see section entitled "Risk Management" in the Prospectus.

### ***Taxonomy Regulation***

The Taxonomy Regulation is a piece of directly effective EU legislation that is applicable to the Sub-Fund. Its purpose is to establish a framework to facilitate sustainable investment. It sets out harmonised criteria for determining whether an economic activity qualifies as environmentally sustainable and outlines a range of disclosure obligations to enhance transparency and to provide for objective comparison of financial products regarding the proportion of their investments that contribute to environmentally sustainable economic activities.

It is notable that the scope of environmentally sustainable economic activities, as prescribed in the Taxonomy Regulation, is narrower than the scope of sustainable investments under SFDR. Therefore, although there are disclosure requirements for both, these two concepts should be considered and assessed separately. This section addresses only the specific disclosure requirements of the Taxonomy Regulation. For further details on the Sub-Fund's approach to sustainability and its alignment with the promotion of environmental and/or social characteristics in accordance with SFDR, please refer to the section of the Prospectus entitled "Integration of ESG" and the ESG criteria as outlined in the Investment Strategy section above.

The "do no significant harm" principle applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities.

The Sub-Fund does not presently set a minimum proportion of underlying investments that should be considered Environmentally Sustainable Investments primarily due to the delay to the publication of the regulatory technical standards supplementing the Taxonomy Regulation. Accordingly, for the current purposes of the Taxonomy Regulation, it should be noted that the investments underlying the Sub-Fund might not take into account the EU criteria for environmentally sustainable economic activities.

#### **D. Profile of a Typical Investor**

The Sub-Fund is suitable for investors with a medium-term investment horizon who are primarily seeking constant returns and capital growth. Investors should be willing to accept prolonged fluctuations in the net asset value of the units, and should not be dependent on liquidating the investment at a specific point in time. Investors cannot exclude the risk of price decreases, foreign exchange losses and volatile returns due to market developments which are unfavourable for investors.

#### **E. Specific Risk Factors**

**The performance of the Units depends on the investment policy and the development of the markets or the materialization of risks inherent in securities and instruments in which the Sub-Fund invests and cannot be determined in advance. In this context, it should be noted that the value of the Units may rise above or fall below the issue price at any time. There is no guarantee that investors will recover the full amount of their initial capital investment.**

The Sub-Fund may invest in lower investment-grade and non-investment-grade debt instruments. As a result, the underlying debt may be subject to increased downgrading risks and bear a higher default risk than securities issued by investment-grade debtors. The higher yield is to be seen as compensation for additional risks. Investors should also be aware that investments in emerging markets carry a greater risk due to the political and economic situation that may burden the returns of the Sub-Fund. Investments in emerging markets are particularly subject to the following risks: capital controls, counterparty credit risk in individual transactions, political changes, government regulation, unstable social conditions or diplomatic developments in such countries, as well as market volatility or insufficient liquidity of the Sub-Fund.

The use of financial derivatives for purposes other than hedging may give rise to increased risk.

**The above list is not a complete list of all potential risk factors. The Management Company and the Asset Manager seek to limit risks by monitoring the Sub-Fund's asset allocation and individual target funds. Please note that an investment in the Sub-Fund should be seen as a long-term exposure which may be subject to a high volatility.**

In addition, this Sub-Fund may also be subject to the general risks described in section 5 "Risk Factors" in the Prospectus.

#### **F. Underlying Managers' Fees**

Any commission or management, advisory or distribution fees received by the Management Company or the Asset Manager or other delegate of the Management Company, or an associated or related company of the Management Company or the Asset Manager, by virtue of investment by the Sub-Fund in the Underlying Funds managed by the Management Company or the Asset Manager and/or any of their affiliates, not being fees or commission payable by the Management Company or Asset Manager (or an associated or related company) to their unaffiliated delegate, must be paid into the assets of the Sub-Fund. Further, where an Underlying Fund is managed by the Management Company, the Asset Manager or an associated entity, the Management Company and its delegates or the associated entity, as applicable, will waive any preliminary charge, repurchase charge or exchange charge that would otherwise be payable in connection with the investment in that Underlying Fund.

The Sub-Fund must also pay the applicable subscription, redemption, distribution, administration, operations, and/or custody fees and/or other fees in respect of each Underlying Managers in which it invests.

#### **G. Past Performance**

The historic performance of the Sub-Fund (including Unit Classes), once available, shall be published on the website of the LAFV (*Liechtensteinischer Anlagefondsverband*) ([www.lafv.li](http://www.lafv.li)). Past performance is not a guarantee or indication of present and/or future performance.

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**The Management Company:**  
**LGT Capital Partners (FL) AG, Vaduz**

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**The Management Company:**  
**LGT Capital Partners (FL) AG, Vaduz**

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**The Depository:**  
**LGT Bank AG, Vaduz**

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**The Depository:**  
**LGT Bank AG, Vaduz**

## **Annex B: Specific Information for Individual Distribution Countries**

### **Specific information for individual distribution countries**

Pursuant to the applicable law of the Principality of Liechtenstein, the FMA approves the constituent documents. This approval covers only information regarding the implementation of the provisions of the UCITS Law. For this reason, the following annex B (which is based on foreign law) to the prospectus "Specific information for individual distribution countries" is not subject to the FMA's review and thus not covered by the approval.

### **Information for investors in Switzerland**

#### **Representative and paying agent**

Pursuant to Swiss law, the representative represents the UCITS (and any of its Sub-Funds) in Switzerland vis-à-vis the investors and the regulatory authority:

- The representative in Switzerland is: LGT Capital Partners Ltd., Schützenstrasse 6, 8808 Pfäffikon, Switzerland.
- The paying agent in Switzerland is: LGT Bank (Switzerland) Ltd., Lange Gasse 15, 4002 Basel, Switzerland.

#### **Source for the relevant documents and publications**

Investors may obtain the prospectus, the Key Information Document (KID), the Articles of Association and the annual and semi-annual reports (as and when they have been issued) free of charge from the representative in Switzerland.

All communications to the investors will be published via the electronic platform [www.fundinfo.com](http://www.fundinfo.com).

For every issuance or redemption, the issue and redemption price of all Units of the UCITS and/or the net asset value with the notice "exclusive of commissions", respectively, will be published on [www.fundinfo.com](http://www.fundinfo.com). The prices will be published at least twice a month. Currently, prices are published on every trading day.

#### **Place of performance and jurisdiction**

For shares offered in Switzerland, the place of performance and jurisdiction is the registered office of the Swiss representative or at the registered office or the place of residence of the investor.

#### **Tax information**

Investors subject to Swiss taxation are asked to consult their own professional tax consultant with regard to the tax consequences of holding, buying and selling units in the UCITS or any of its sub-funds.

#### **Payment of retrocessions and rebates**

##### ***a) The Management Company and its delegates may pay retrocessions to cover distribution and marketing activities of the UCITS' Units in Switzerland.***

Such retrocessions may be used in particular to pay for the following services:

- Operations of fund trading platforms and/or trading infrastructure services, which provide access to fund subscriptions;



- the arrangement of road shows;
- participation in events and trade fairs;
- production of marketing material;
- training of distribution agents; and/or
- generally any other activities which are intended to promote and market the UCITS' Units.

Retrocessions are not deemed rebates even if they are (partly or in full) forwarded to investors.

Disclosure of the receipt of retrocessions is based on the applicable provisions or FinSA.

**b) The Management Company and its delegates may in relation to the distribution activity of the UCITS' Units in Switzerland upon request pay rebates directly to investors. Rebates aim to reduce the fees and costs paid by the relevant investor. Rebates are permitted if they:**

- i. are paid from fees earned by the Management Company and therefore cause no additional costs to the UCITS;
- ii. are paid based on objective criteria;
- iii. are offered to all investors equally, which fulfil such objective criteria and demand rebates.

The objective criteria for the payment of rebates by the Management Company are (which may be applied separately or any combination thereof):

Assets invested	Aims to reward sizeable commitments to the Company and develop long-term relationships (including assets invested in LGT Capital Partners Ltd. sponsored entities)
Seed money	For investors who invest upon launch and / or within a certain period after launch; aims to reward taking the risk of investing in a fund with no operating history and / or track-record.
Employees of LGT Capital Partners	In order to promote further the alignment of interest between the Company's investors and LGT Capital Partners Ltd. and its affiliated entities, employees may receive rebates in order to encourage investments.
Fees	Taking into account the amount of earnings generated by the investor for LGT Capital Partners Ltd. and its affiliated entities
Investor's investment characteristics	Reward long-term commitment to the Company and avoidance of high trading frequency which may have a negative impact on the Company's trading costs: <ul style="list-style-type: none"> <li>- based on expected time that the investor will stay invested</li> <li>- contractual agreement to lock-up periods</li> <li>- expected and / or actual frequency of trades</li> </ul>
Institutional investors	Institutional investors economically hold the shares for third parties: <ol style="list-style-type: none"> <li>i. life insurance companies;</li> <li>ii. pension funds and other types of pension schemes;</li> </ol>

	<ul style="list-style-type: none"> <li>iii. investment foundations;</li> <li>iv. Swiss fund management companies;</li> <li>v. foreign fund management companies and fund companies;</li> <li>vi. investment companies</li> </ul>
Distributors/Offering agents and fund trading platforms	As described above the Management Company may pay retrocessions to distribution/offering and placement agents and trading infrastructure providers for their services. Such retrocessions will be deducted from any rebates payable. This may result in no rebates being paid to the relevant underlying investors despite them being entitled to receive rebates based on the criteria set out above.
Financial Intermediaries	Some institutional investors and foundations have engaged specialised investment advisers as outsourced chief investment officers, which provide them with tailor made investment proposals that include shares in the Company. As this facilitates the distribution and investor relationship management, it may provide a rebate to all investors which have appointed such investment adviser.

Upon the request of an investor the Management Company will disclose the effective amount of rebates free of charge.

22 March 2022

## **Distribution in the Federal Republic of Germany**

The Management Company has notified the German Federal Financial Supervisory Authority (*BaFin*) of its intent to engage in the public distribution of the Units in the Federal Republic of Germany and has been authorized for distribution to the public since completion of the notification procedure.

## **Paying Agent for the Federal Republic of Germany**

The Management Company has designated the Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, Germany as paying agent for the Federal Republic of Germany.

In addition to the general redemption procedure, resident German investors also have the option of submitting redemption and conversion requests for their units to the German paying agent for further dispatch to the Management Company.

Resident German investors may also request that the redemption proceeds and all other payments to the Investor (e.g. dividend distributions to be paid out of the assets of the sub-funds) be arranged via the German paying agent.

## **Information Agent in the Federal Republic of Germany**

The Landesbank Baden-Württemberg, Am Hauptbahnhof 2, 70173 Stuttgart, Germany has also been designated information agent for Germany.

Resident German investors can obtain the prospectus, the key investor information (KIID), the Articles of Association, the most recent annual report, and the semi-annual report, if issued later, – all of these documents in hard copy – as well as the current issue, redemption and conversion prices of the units from the German information agent free of charge.

## Publications

All issue and redemption prices of the Fund and all other notices are published on the LAFV (*Liechtensteinischer Anlagefondsverband*) website «[www.lafv.li](http://www.lafv.li)» as the publication medium of the UCITS and, if applicable, on the website «[www.lgtcp.com/en/regulatory-information](http://www.lgtcp.com/en/regulatory-information)».

In accordance with article 167 of the Capital Investment Act (KAGB), German investors will also be notified of the following matters on a durable medium:

- a) the suspension of the redemption of Units in an investment fund,
- b) the termination of the management or winding-up of an investment fund,
- c) amendments to the Articles of Association incompatible with the current investment principles, affecting material Investor rights or concerning remuneration and reimbursement for expenses which may be taken from the investment fund's assets,
- d) the merging of investment funds in the form of merger information to be prepared in accordance with art. 43 of the Directive 2009/65/EC, and
- e) the conversion of an investment fund into a feeder fund or changes to a Master fund in the form of information to be prepared in accordance with art. 64 of Directive 2009/65/EC.

## Tax Information

The Management Company intends to disclose the information listed in section 5 (1) no. 1 and 2 of the German Investment Tax Act (*InvStG*) in the electronic Official Gazette of the Federal Republic of Germany (*Bundesanzeiger*) and obtain the certification for the disclosed information required by section 5 (1) no. 3 of the *InvStG*, so that the units of the fund are considered "transparent" for the purpose of investors who are subject to German taxation.

The Management Company reserves the right to change this business policy at a future date, and compliance with the requirements of section 5 (1) of the *InvStG* and the type of taxation cannot be guaranteed.

It should be noted that investors may be subject to income taxation in the Federal Republic of Germany on distributions, any accrued income of the funds allocated to them for tax purposes, the proceeds from the sale or redemption of units, the proceeds from the assignment of rights pertaining to units, and in similar events and that, under certain conditions, tax may be deducted at source (plus solidarity surcharge in each case). This prospectus can provide no further information on taxable income and other aspects of taxation of investors with regard to their participation in the fund.

It is therefore strongly recommended, that investors and interested parties consult their tax advisor regarding the German and foreign tax consequences of purchase and ownership of fund units as well as the disposal of such units and/or the claims arising from them. The Management Company shall not be liable for the achievement of specific tax results. The type of taxation and the amount of income subject to taxation may be reviewed by the Federal Ministry of Finance (*Bundesamt für Finanzen*).

## Distribution in Austria

### Additional information for Austrian Investors

Facility in Austria

Facility in Austria according to EU directive 2019/1160 article 92:

Erste Bank der oesterreichischen Sparkassen AG

Am Belvedere 1,

A-1100 Vienna/Austria

E-Mail: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)

Units may be purchased from and returned to the Facility. The prospectus, the key investor information document (KIID), the Articles of Association, and the most recent annual report (and the most recent semi-annual report, if issued later) can be obtained from the Facility free of charge. The same applies for the issue, redemption and conversion price.

## **Publications**

All issue and redemption prices of the Fund and all other notices are published on the LAFV (*Liechtensteinischer Anlagfondsverband*) website «[www.lafv.li](http://www.lafv.li)» as the publication medium of the UCITS and, if applicable, on the website «[www.lgtcp.com/en/regulatory-information](http://www.lgtcp.com/en/regulatory-information)».

Neither the UCITS nor the Management Company is subject to the supervision of the Austrian Federal Ministry of Finance, the FMA or any other government supervision by an Austrian public authority.

The English version of the prospectus, the key investor information and the Articles of Association as well as of other documents and publications shall be authoritative.

## **Place of Performance and Jurisdiction**

The place of performance and jurisdiction for units purchased in Austria shall be the registered office of the Facility.

## **Distribution in the United Kingdom**

Subject to the section below, this Prospectus is available for general distribution in, from or into the United Kingdom. It should be noted, however, that only the sub-funds:

- **LGT Sustainable Short Duration Corporate Bond Fund Hedged**
- **LGT Sustainable Bond Fund EM Defensive**

have so far been notified to the Financial Conduct Authority (FCA).

The Investment Company (the **“Company”**) is a recognized collective investment scheme within the meaning of Section 264 of the Financial Services and Markets Act 2000 (“FSMA”) and units in the Company may be promoted to the public in the United Kingdom by persons authorized to carry on investment business by the Financial Conduct Authority (“FCA”). The Prospectus and this Information for investors in the United Kingdom constitutes a financial promotion under Section 21 of FSMA.

The Company does not carry on investment business in the UK, so as to require the conduct of its business to be regulated under the FSMA. Shareholders will therefore not benefit from the protections provided by the UK regulatory system.

## **Important**

Compensation under the Financial Services Compensation Scheme will generally not be available to UK investors.

A UK investor who enters into an investment agreement with the Company to acquire units in response to the Prospectus will not have the right to cancel the agreement under the cancellation rules made by the FCA. The agreement will be binding upon acceptance of the order by the Company.

## **Dealing Arrangements and Information**

LGT Capital Partners (U.K.) Limited (the **“Facilities Agent”**) has been appointed to act as the representative agent for the Company in the UK and it has agreed to provide certain facilities at its office at 35 Dover Street, W1S 4NQ, London, England, in respect of the Funds. The Facilities Agent shall receive such fee as

may be determined from time to time between the Company and the Facilities Agent, which fees will be at normal commercial rates.

The attention of investors is drawn to the "Issue and redemption of units" sections contained in the Prospectus to the deadlines for subscription and redemption of units in the Company. Redemption requests should be sent to the custodian, details of which are contained in the prospectus under "Redemption of units", or alternatively, requests for redemption can be delivered to the Facilities Agent at the above-mentioned offices.

The subscription price per units is the Net Asset Value per units as at the valuation point less any creation charge and/or preliminary charge and the redemption price per unit is the Net Asset Value per units as at the valuation point less any redemption charge. The rates of the creation charge, preliminary charge and redemption charge (if any) are set out in the annex A, "Overview of sub-funds.

Information relating to the fees and expenses payable by investors is set out in the section of the Prospectus entitled "Costs and fees". The attention of prospective investors is drawn to the information relating to fees and expenses set out therein.

The prospectus, the Key Investor Information Document (KIID), the articles of association, the most recent annual report (and the most recent semi-annual report, if issued later) can be obtained from the Facilities Agent free of charge. The same applies for the issue, redemption and conversion price.

## **Publications**

All issue and redemption prices of the fund and all other notices are published on the LAFV (Liechtensteinischer Anlagefondsverband) website [www.lafv.li](http://www.lafv.li) as the publication medium of the UCITS and, if applicable, on the website «[www.lgtcp.com/en/regulatory-information](http://www.lgtcp.com/en/regulatory-information)».

All communications to the shareholders are notified to the FCA and the shareholders in compliance with Liechtenstein law.

## **General Information**

Complaints about the operation of the Company may be submitted to the Company directly or through the Facilities Agent to the following address:

LGT Capital Partners (U.K.) Limited  
35 Dover Street  
W1S 4NQ London  
England

The attention of potential investors in the UK is drawn to Section 8 of the Prospectus entitled "Risk warning notice" and also to the risk disclosures set out in the latest KIID of the Fund before investing in the Company.

Any advice or recommendation which may be given or offered by the Prospectus does not relate to products and services of the Facilities Agent, but to those of the Company.

## **Annex C: Remuneration policies and practices**

With regard to its remuneration policies and practices, LGT Capital Partners (FL) AG ("MC") is subject to the supervisory provisions contained in the Law on Certain Undertakings for Collective Investment in Transferable Securities (UCITS Act) applicable to management companies. The MC has an internal regulation in place providing for a detailed structure of the remuneration policy and practice, which aims at securing a sustainable remuneration system while avoiding misdirected incentives. The MC's remuneration policies and practices shall be reviewed at least once a year by the members of the board of directors for adequacy and compliance with any and all legal provisions. They combine fixed and variable (performance-related) remuneration elements.

The MC laid down a remuneration policy compatible with its business and risk policy. In particular, such policy does not contain incentives to assume excessive risks. The MC's comprehensive income, the relevant LGT Group companies' comprehensive income and/or the personal performance of the relevant employee and his or her department are taken into consideration when calculating the performance fee. In achieving the targets set during the personal performance assessment procedure, priority will in particular be given to a sustainable business development and the protection of the company against excessive risks. The variable remuneration elements are not linked to the absolute performance of the funds managed by the MC but based on an employee assessment system which takes into consideration both quantitative and qualitative performance criteria. Voluntary employers' payments in kind or benefits in kind are possible.

In addition, total remuneration ranges ensure that no significant dependence from variable remuneration components occurs and warrant an adequate balance between variable and fixed remuneration. The amount of the fixed salary component is configured in such a way that every employee with a full-time job (100%) will be able to support himself with the fixed salary component alone (taking into consideration salaries in line with the market). The Board of Directors or the Chairman of the Remuneration Committee shall be entitled to make the final decision on the allocation of the variable remuneration. The Board of Directors shall review the company's remuneration system at least once every year for adequacy and compliance with supervisory provisions governing remuneration.

Particular provisions shall apply to members of MC's management and employees whose activities have a material influence on the overall risk profile of the MC and the funds managed by it (risk takers). Employees who are able to exert a decisive influence on the MC's risk and business policy were identified as identified employees. Part of the variable remuneration of these risk-relevant employees is paid out for use by the employees over a period spanning several years. In this case, it is mandatory that a share of generally 40% or, if the variable remuneration is particularly high, 60% of the variable remuneration shall be deferred, on a pro-rata basis, over a period spanning at least three years. The deferred share of the remuneration during this period is risk-based. The variable remuneration, including the deferred share, will only be paid or vested if such payment is generally tolerable against the background of the financial position of the MC, LGT Capital Partners AG or LGT Group and justified by the performance of the relevant department and the relevant person. The total variable remuneration may decline considerably, taking into account ongoing remuneration and reduced pay-outs of amounts generated earlier, if the above-mentioned companies report a weak or negative financial result.

The MC's remuneration report (notes to the annual report), which is provided to investors free of charge upon request, contains further details on the current remuneration policy.

A summary of the essential content of the regulation laying down the remuneration policy and practice is available at <https://www.lgtcp.com/en/regulatory-information>. Upon the investor's request, hard copies of the information shall also be provided by the Management Company at no charge.