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PROSPECTUS

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relating to the offer of shares in the  
UMBRELLA SICAV

***WORLDSELECT ONE***

Open-ended investment company  
under Luxembourg law

**December 2011**

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## **DISCLAIMER**

### **1. General disclaimer**

**WORLDSELECT ONE** ("the Company") is listed on the official list of undertakings for collective investment (UCI) pursuant to the law of 17 December 2010 relating to UCIs and all amendments thereto. Such listing should in no way be taken as a positive assessment of any kind by the Luxembourg financial services authority, the Commission de Surveillance du Secteur Financier ("CSSF"), of the quality of the securities offered for sale.

The Company's Board of Directors has taken all possible precautions to ensure that the facts indicated in this prospectus are true and accurate and that no important point has been omitted which could render any of the statements contained herein incorrect. The Company's Board of Directors accepts responsibility for the accuracy of the information contained in the prospectus as at the date of its publication. Accordingly, any information or statement not contained in the prospectus, in the appendices to the prospectus or in the reports that form an integral part hereof, should be regarded as unauthorised.

Neither the remittance of this prospectus, nor the offer, issue or sale of shares of the Company, shall constitute a representation that the information given in this prospectus is correct at any time subsequent to the date hereof. In order to take account of important changes such as the opening of a new sub-fund, category or class of shares, this prospectus and its appendices will be updated as and when required. Subscribers are therefore advised to contact the Company in order to establish whether any subsequent prospectus has been published.

### **2. Disclaimer concerning the marketing of the Company**

The Company is authorised as an Undertaking for Collective Investment in Transferable Securities ("UCITS") in Luxembourg. Its marketing is fully or partially authorised, inter alia, in Luxembourg, Austria, Germany, Hungary, Czech Republic and Slovakia and its shares may be offered and sold in these countries. No steps have been taken to allow the public offering of the shares in any other jurisdiction in which such measures would be necessary. In short, prior to any subscription in a country in which WORLDSELECT ONE is registered, prospective investors should check the sub-funds, categories and classes of shares that are authorised to be marketed; they should also check the existence of any legal and foreign exchange constraints on the subscription, purchase, possession or sale of shares of the Company. Investors are specifically advised to check the costs and other charges that may be invoiced by any paying agent located in a jurisdiction in which the shares are offered and who carries out any subscription or redemption transaction.

Lastly, this prospectus does not constitute a sales solicitation and may not be used for the purpose of a public offering or a sales solicitation in any jurisdiction in which the marketing of the shares of the Company is not authorised.

### **3. Disclaimer concerning investor profile**

#### **Unauthorised persons:**

This prospectus may not be remitted to any "unauthorised person" as defined hereafter or to any person who may not legally be able to receive it or in respect of whom a sales solicitation is unlawful.

The following persons are deemed to be Unauthorised Persons: i) any individual or legal entity residing in countries in which the sale of shares of the Company to the public is not authorised; ii) any individual or legal entity who is not legally entitled to receive the prospectus; iii) any individual or legal entity subscribing or holding shares in the Company if, in the opinion of the Board of Directors, ownership of shares by such individual or legal entity may lead to a breach of the laws or regulations applicable in Luxembourg or elsewhere or if it generates tax liabilities or other financial disadvantages which the Company would not otherwise have incurred.

Investors shall notify the Company and/or the Transfer Agent and the Registrar when they become Unauthorised Persons.

If a shareholder of the Company is identified as an Unauthorised Person, the Board of Directors reserves the right to proceed to the compulsory redemption of the shares held by such Unauthorised Person. In this case, the compulsory redemption procedure described in article 10 of the articles of incorporation and in section III below shall apply.

#### **US persons:**

No steps have been taken to register the Company or its shares with the US Securities and Exchange Commission under the US Investment Company Act of 1940, as amended, or any other applicable securities law. Accordingly, this document may not be taken or transmitted to, or distributed in, the United States of America, its territories or possessions, or remitted to a "US person" as defined by Regulation S of the US Securities Act of 1933, as amended, except in connection with transactions that are exempt from registration under the US Securities Act of 1933. Any failure to comply with these restrictions may constitute a violation of the US securities laws.

#### **4. Disclaimer concerning subscriptions**

Shares of the sub-funds of Worldselect One can be offered solely on the basis of the information contained in the simplified prospectus(es).

If you are considering subscribing for shares, you should first read the simplified prospectus(es) carefully together with the full prospectus and its appendices, which include in particular information on the various sub-funds' investment policies, and you should also consult the Company's most recent financial reports, copies of which are available from BNP Paribas Investment Partners Luxembourg ("BNPP IP Lux"), from local agents, if any, or from the entities marketing the shares of the Company.

#### **5. Disclaimer concerning investments in the Company**

Investing in the Company involves risks, including in particular those associated with stock and bond markets, currency exchange rates and interest rate volatility. There can be no assurance that the Company's sub-funds will achieve their objectives, and past performance is no guarantee of future results. Investors are invited to refer to section I.3 "General Description – Sub-Funds – Sub-Fund Risk Profile" for further information.

Investors are advised to consult their own financial, legal and tax advisors prior to investing in the Company to determine whether an investment in the Company is suitable for them.

#### **6. Processing of personal data**

The Company, the Management Company, the Transfer Agent and the Registrar as well as other companies of the BNP Paribas group and distributors/nominees may collect, record, transfer, process, use and hold personal data relating to investors. Such information may *inter alia* be used to satisfy the identification obligations imposed by the laws on money laundering and terrorist financing. Such information will not be disclosed to unauthorised third parties. By subscribing the Company's shares, the investor consents to such processing of personal data.

## **STRUCTURE OF THE COMPANY**

### **REGISTERED OFFICE**

33, rue de Gasperich  
L-5826 Howald-Hesperange  
Grand Duchy of Luxembourg

### **BOARD OF DIRECTORS**

#### **CHAIRMAN OF THE COMPANY**

**Marc RAYNAUD,**

Head of "Global Funds Solutions"  
BNP Paribas Investment Partners  
1, boulevard Haussmann,  
Paris, France

#### **DIRECTORS OF THE COMPANY**

**Georges ENGEL,**

Managing Director of BNP Paribas Asset Gathering Services  
1, boulevard Haussmann,  
Paris, France

**Christian PETTER,**

Head of Sales and Marketing CEE,  
BNP Paribas Asset Management,  
Mahlerstrasse 7/17,  
A-1010 Vienna  
Austria

#### **SECRETARY GENERAL**

**Stéphane BRUNET,**

Executive Director,  
BNP Paribas Investment Partners Luxembourg,  
33, rue de Gasperich,  
L-5826 Howald-Hesperange  
Grand-Duchy of Luxembourg

### **PROMOTER**

BNP Paribas S.A.  
16, boulevard des Italiens, F-75009 Paris, France

### **MANAGEMENT COMPANY**

BNP Paribas Investment Partners Luxembourg  
33, rue de Gasperich, L – 5826 Howald-Hesperange  
Grand Duchy of Luxembourg

### **BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

#### **Chairman of the Management Company**

**Mr Marc Raynaud**

Head of "Global Funds Solutions"  
BNP Paribas Investment Partners  
Paris, France

**Directors of the Management Company**

**Mr Marnix Arickx**

Responsible "Fund Engineering"  
BNP Paribas Investment Partners Belgium  
Bruxelles, Belgique

**Mr Stéphane Brunet**

Executive Director of  
BNP Paribas Investment Partners Luxembourg  
Howald-Hesperange, Luxembourg

**Mr Anthony Finan**

Head of Marketing and Communication  
BNP Paribas Investment Partners  
Paris, France

**Mr Peter Croockewit**

Head of Europe  
BNP Paribas Investment Partners BE Holding  
Bruxelles, Belgique

**Mr Eric Martin**

Chairman of the Management Board  
BGL BNP Paribas, Luxembourg

**Mr Christian Volle**

Director, Paris

**MANAGERS**

FundQuest, 1, boulevard Haussmann, 75 009 Paris, France

FundQuest UK Limited, 77 Queen Victoria Street, London EC4V 4AY, United Kingdom

**CUSTODIAN BANK, PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

BNP Paribas Securities Services, Luxembourg branch,  
33, rue de Gasperich, L-5826 Howald-Hesperange, Grand-Duchy of Luxembourg

**INVESTMENT ADVISER**

La Compagnie Benjamin de Rothschild SA  
29, Route de Pré-Bois, 1217 Meyrin, Switzerland

**AUDITOR**

PricewaterhouseCoopers  
400, route d'Esch, L-1014 Luxembourg.

**SUPERVISORY AUTHORITY**

Commission de Surveillance du Secteur Financier,  
110, route d'Arlon, L-2991 Luxembourg,  
Grand-Duchy of Luxembourg  
[www.cssf.lu](http://www.cssf.lu)

## I. GENERAL DESCRIPTION

### 1. INTRODUCTION

**WORLDSELECT ONE** is a Luxembourg investment company with variable capital (*société d'investissement à capital variable* – “Sicav”) with multiple sub-funds, created by the BNP Paribas group. The Company has been authorised pursuant to the Luxembourg Law of 17 December 2010 on undertakings for collective investment (the “Law”). The Company was incorporated in Luxembourg on 21 July 2004 for an unspecified duration.

The Company is subject, in particular, to the provisions of **Part I of the Law**, which relate specifically to UCIs as defined by the European Directive of 13 July 2009 (2009/65/EC), and the law of 10 August 1915 on commercial companies, as amended.

The Company is an investment vehicle consisting of various sub-funds, each relating to a portfolio of specific assets made up of transferable securities and/or other liquid financial assets denominated in various currencies. For the purpose of relations between investors each sub-fund is treated as a separate entity. Investors are only entitled to the assets and income of the sub-fund in which they have invested, in proportion to the amount of their investment. Each sub-fund's liabilities will only be covered by that sub-fund's assets.

Each sub-fund may offer several categories of shares as defined in section III below. Certain categories may offer two classes of shares: capitalisation shares (“cap” or “C” shares) and distribution shares (“dist” or “D” shares)).

The terms and conditions governing the issue, redemption and conversion of the shares are set out in section III.

References to the terms or abbreviations set out below designate the following currencies:

EUR      Euro

### 2. THE COMPANY

The Company's minimum share capital shall be the minimum required by the Law. The Company's capital is at all times equal to the sum of the values of the net assets of its sub-funds and is represented by shares with no par value.

Changes to the capital are effected “ipso jure” and with no requirement to comply with measures regarding publication and entry in the Luxembourg Trade and Companies Register prescribed for increases and decreases of capital of limited companies (“sociétés anonymes”).

The Company's articles of incorporation were published in *Mémorial, C, Recueil des Sociétés et Associations* (the official gazette) on 2 August 2004 after having been filed with the Registrar of the District Court of Luxembourg in Luxembourg, where they may be consulted. The articles of incorporation were last amended at the Extraordinary General Meeting of Shareholders held on 24 July 2009. The coordinated articles of incorporation have been filed with the Registrar of the District Court of Luxembourg in Luxembourg on 20<sup>th</sup> August 2009 and published in the “Mémorial” on 2<sup>nd</sup> September 2009.

The Company is entered in the Trade and Companies Register in Luxembourg under number B-101897. The Legal Notice has been filed with the Registrar of the District Court of Luxembourg in Luxembourg, where it may be inspected and where copies may be obtained upon request and upon payment of the Registrar's charges.

### 3. THE SUB-FUNDS

The Company comprises several sub-funds, each with its own separate investment policy and reference currency, as defined in Appendix I to the prospectus. Subscribers may opt for the sub-fund whose investment strategy best meets their objectives and their profile.

The Company may create new sub-funds. In such an event, this prospectus will be amended accordingly and will contain detailed information on the new sub-funds.

The decision to open any new sub-fund mentioned in the prospectus will be taken by the Board of Directors. More particularly, the Board will determine the initial subscription price and initial subscription period/day as well as the payment date of initial subscriptions.



## **Sub-Fund Performance**

For information on the performance of the sub-funds, investors are invited to consult the latest version of the relevant sub-fund's simplified prospectus. Past performance is no guarantee of future results.

## **Sub-Fund Risk Profile**

Potential investors are asked to carefully read the prospectus in full before making any investment. There can be no assurance that the Company's sub-funds will achieve their investment objectives, and past performance is no guarantee of future results. Investments may also be affected by changes to the rules and regulations governing exchange controls or taxation, including withholding tax, and by changes to economic or monetary policies.

Last, investors are informed that the sub-funds' performance may be under target and that they may not recover the full amount of capital invested (minus subscription fees paid).

The sub-funds are exposed to various risks, depending on their respective investment policies. The main risks to which sub-funds may be exposed are listed below. Investors are invited to refer to each sub-fund's simplified prospectus for information on the risks specifically associated with investments in that sub-fund.

### **1. Equity risk**

The equity markets may fluctuate significantly with prices rising and falling sharply, and this will have a direct impact on the sub-fund's net asset value. This means that when the equity markets are extremely volatile the sub-fund's net asset value may fluctuate substantially.

### **2. Interest rate risk**

The value of investments in bonds and other debt securities may rise or fall sharply as interest rates fluctuate. As a general rule, the value of fixed-rate instruments will increase when interest rates fall, and fall when interest rates increase.

The impact of variations in interest rates is assessed by applying a "sensitivity" criterion. Sensitivity measures the impact a 1% change in interest rates may have on the sub-fund's net asset value. A sensitivity level of 2 means that for a 1% increase in interest rates the sub-fund's net asset value will fall by approximately 2%.

### **3. Credit risk**

This risk is linked to the issuer's ability to settle its debts. If the rating of an issue or issuer is downgraded this may cause the value of the related debt securities in which the sub-fund has invested to fall.

The severity of the risk varies depending on the quality of the securities in the portfolio and whether they are "Investment Grade" (good quality) or "Below Investment Grade" (inferior quality). Please refer to section 10. (e) of the prospectus "Risks associated with investment strategies – Risks associated with "Below Investment Grade" securities".

Whenever the expressions "Investment Grade" and "Below Investment Grade" are used in a sub-fund's investment policy, they refer to the credit rating of the debtors (governments and/or private companies):

- the concept of "Investment Grade" corresponds to ratings of AAA to BBB- with Standard & Poor's or Aaa to Baa with Moody's;
- the concept of "Below Investment Grade" corresponds to ratings of below BB with Standard & Poor's or of below Ba with Moody's.

### **4. Risks associated with the commodities markets**

The commodities markets may fluctuate significantly with prices rising and falling sharply, and this will have a direct impact on the value of equities or equity equivalent securities in which the sub-fund may invest and/or on the index(es) to which the sub-fund may be exposed.

In addition, the underlying assets may perform very differently to the traditional securities markets (equities, bonds, etc.).

### **5. Counterparty risk**

This risk relates to the quality of the counterparty with whom the management company does business, in particular for the settlement/delivery of financial instruments or the conclusion of financial forward contracts. The risk reflects the counterparty's ability to honour its commitments (payment, delivery, repayment, etc.).

### **6. Liquidity risk**

When market conditions are unusual or a market is particularly thin the sub-fund may encounter difficulties in valuing and/or selling some of its assets, in particular to satisfy large-scale redemption requests.

## **7. Currency risk**

The sub-fund holds assets denominated in currencies other than its reference currency. It may be affected by changes in exchange rates between the reference currency and these other currencies or by changes to exchange control regulations. If the currency in which an asset is denominated appreciates against the sub-fund's reference currency, its equivalent value in the reference currency will also appreciate. Conversely, a depreciation in the currency will result in a fall in the security's equivalent value in the reference currency.

There can be no assurance that transactions executed by the manager to hedge against currency risks will be 100% successful.

## **8. Risks associated with derivatives**

The sub-fund may use derivative instruments and techniques under the conditions described in Appendices II and III to the Prospectus (particularly warrants on securities, securities, interest rate, currency, inflation and volatility swaps and other derivatives, contracts for difference (CFD), credit default swaps (CDS), futures contracts, and securities, interest rate and futures options, etc.), for the purpose of sound portfolio management and/or in order to improve diversification.

The sub-fund shall bear the risks and costs associated with such investments. The sub-fund's use of derivatives for any purpose other than hedging will exacerbate the volatility risk and may create a counterparty risk.

In addition, the sub-fund may carry out over-the-counter forward or spot transactions on indexes or other financial instruments, and swaps on indexes or other financial instruments with leading banks or brokers specialised in this area acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other forward markets, operators have less protection against defaults on these markets because the contracts traded on them are not guaranteed by a clearing house.

## **9. Risks associated with emerging countries:**

The manner in which the markets of certain emerging countries operate and are supervised may differ from the standards that prevail in the major international markets. These risks may be varied in nature, and may include:

- country risks related to its legislation, economic and social policies and tax system and to the quality of corporate management;
- risks related to the country's currency and investment restrictions;
- risks related to higher volatility and reduced market liquidity, as well as to transparency and the quality of the available information.

These risks may result in substantial volatility of the securities, markets and currencies concerned, and consequently of the sub-fund's net asset value.

Some of these markets are not currently considered to be regulated markets, and direct investments on these markets (except for ADR and GDR) cumulated with investments in unlisted securities will be limited to 10% of the net assets.

## **10. Risks associated with investment strategies:**

The sub-fund may invest in BNP Paribas group funds or third party funds, and their performance may fluctuate as a result of their exposure to the financial markets.

## **List of sub-funds**

The following sub-funds are currently available for subscription:

### **Equities sub-fund:**

WORLDSELECT ONE First Selection

### **Diversified sub-fund:**

WORLDSELECT ONE Asset Allocation

## II. MANAGEMENT AND ADMINISTRATION

### 1. BOARD OF DIRECTORS

The Company's Board of Directors is responsible for the administration of the assets of each of the Company's sub-funds. It may carry out all acts of management and administration on behalf of the Company; it may, in particular, purchase, sell, subscribe or exchange any transferable securities and exercise all rights directly or indirectly attached to the Company's assets.

### 2. MANAGEMENT COMPANY

BNP Paribas Investment Partners Luxembourg (hereinafter, "BNPP IP Lux"), is appointed as the Company's management company. It was incorporated for an unlimited period on 19 February 1988 in the form of a limited company ("société anonyme") under the laws of the Grand Duchy of Luxembourg. Its registered office is at 33, rue de Gasperich in Howald-Hesperange and its capital stood at EUR 3 million as at 31 December 2009. The majority shareholder of BNPP IP Lux is BNP Paribas Investment Partners, Paris.

BNPP IP Lux is governed by Chapter 15 of the Law and, in this capacity, is responsible for the collective management of the Company's portfolio. As provided in appendix II to the Law, these duties encompass the following tasks:

- (I) asset management. BNPP IP Lux may:
  - Provide all advice and recommendations or opinions as to the investments to be made.
  - Enter into contracts, buy, sell, exchange and deliver all transferable securities and any other assets.
  - Exercise, on behalf of the Company, all voting rights attaching to the transferable securities constituting the Company's assets.
- (II) administration, which encompasses:
  - a) legal and fund management accounting services for the Company,
  - b) follow-up of customer enquiries,
  - c) valuation of portfolios and pricing of the Company's shares (including all tax issues),
  - d) regulatory compliance monitoring,
  - e) maintenance of the Company's register of shareholders,
  - f) distribution of the Company's income,
  - g) issue and redemption of Company shares (Transfer Agent's duties),
  - h) settlement of contracts (including certificates dispatch),
  - i) recordkeeping.
- (III) marketing the Company's shares.

In accordance with the laws and regulations currently in force and with the prior approval of the Company's Board of Directors, BNPP IP Lux is authorised to delegate, at its own expense, all or part of its duties and powers to any person or company which it may consider appropriate (hereinafter, the "agent(s)"), it being understood that the prospectus will be amended prior thereto and that BNPP IP Lux will remain entirely liable for the actions of such agent(s).

The asset management activities and the duties of Registrar and Transfer Agent are currently delegated, as described below.

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

As at the date of this prospectus, BNPP IP Lux manages the BNP Paribas High Quality Euro Bond Fund, BNP Paribas Islamic Fund, EasyETF, EasyETF iTraxx® Europe Main, EasyETF FTSE EPRA Europe, EasyETF FTSE EPRA Eurozone, EasyETF iTraxx® Europe HiVol, EasyETF iTraxx® Crossover, EasyETF S&P GSCI™ Light Energy Dynamic TR, EasyETF S&P GSNE, EasyETF S&P GSAL, EasyETF S&P GSCI Capped Commodity 35/20, EasyETF S&P GSCI™ Ultra-Light Energy, EasyETF NMX30 Infrastructure Global, EasyETF NMX Infrastructure Europe and Euro Floor funds, which are *fonds communs de placement* (mutual funds).

### **3. MANAGERS AND INVESTMENT ADVISER**

BNPP IP Lux is responsible for the management of the Company's sub-funds. However, it may delegate this duty to managers.

With the prior consent of the Company's Board of Directors, BNPP IP Lux may also authorise the managers to delegate all or part of their duties and powers to one or several sub-managers, at their own expense and under their responsibility.

In cases of delegation to a sub-manager that is not directly or indirectly part of the BNP Paribas group, the simplified prospectus of the relevant sub-fund must be amended prior to the appointment of such sub-manager in order to reflect such delegation of powers. The full prospectus may be updated subsequently.

Supervision of the activities of the managers is the sole responsibility of BNPP IP Lux. However, the Company's Board of Directors assumes ultimate responsibility for management.

The managers and the sub-managers are authorised to buy and sell blocks of securities for subsequent allocation to the different structures managed by them.

#### **Managers:**

At the date of the present prospectus, the following Managers have been appointed:

- \* **FUNDQUEST** was incorporated on 21 October 1994 as a partnership ("société en nom collectif") under French law. It is a company of the BNP Paribas group. On 27 December 2007 FundQuest was transformed into a simplified joint-stock company ("société par actions simplifiée"). Its principal activity is asset management and it is regulated by the Autorité des Marchés Financiers, Paris.
- \* **FUNDQUEST UK LIMITED** is a multi-manager specialist company, advising its clients, who include life companies, pension funds, asset management groups, banks and family investment offices on the selection of management groups and their investments funds, as well as investment strategy and asset allocation. It also provides business consulting, where requested, to its clients. The company is authorised and regulated in the UK by the Financial Services Authority in accordance with the Financial Services and Markets Act 2000 (registration number 190830).

The list of the managers effectively in charge of the management and detailing the sub-fund(s) managed by each of them will be appended to the semi-annual and annual reports of the Company. Shareholders may receive upon request an up-to-date list of the managers indicating for each of them the sub-fund(s) managed.

#### **Investment Adviser:**

BNPP IP Lux has appointed La Compagnie Benjamin de Rothschild SA, Geneva (the "Investment Adviser") as investment adviser to the Company and the Manager(s), in respect of the sub-fund Worldselect One Asset Allocation. La Compagnie Benjamin de Rothschild SA is a 'société anonyme' (public limited company) under Swiss law domiciled at 29, route de Pré-Bois, CH-1217 Meyrin, whose object is to provide advice on hedging financial risks, quantitative management services and related transaction execution services.

At the date of the present prospectus, the Managers have not appointed any sub-manager.

The management fees listed in Appendix III to this prospectus represent the remuneration of BNPP IP Lux, the managers, the sub-managers and the investment adviser, if any. BNPP IP Lux receives all the fees, and any fees that may be payable to the managers, sub-managers or investment adviser are included in the fees received by BNPP IP Lux.

### **4. CUSTODIAN BANK, PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

#### **(I) Custodian and Principal Paying Agent**

BNP Paribas Securities Services, Luxembourg Branch ("the Custodian" or "BPSS Luxembourg"), has been appointed as Custodian and Principal Paying Agent.

BPSS Luxembourg is a branch of BNP Paribas Securities Services, which is a bank organised in the form of a limited company ("société anonyme") under French law and is wholly owned by BNP Paribas. The Luxembourg branch of BNP Paribas Securities Services commenced business on 1 June 2002.

The Custodian has been entrusted with the safekeeping of all the Company's securities and liquid assets with due observance of its legal duties and obligations.

In accordance with banking practice, and under its sole responsibility, the Custodian may entrust all or part of the Company's assets which it holds in Luxembourg to other banks or financial institutions. All actions whatsoever relating to the Company's assets are carried out by the Custodian upon instructions from the Company.

In particular, the Custodian is required to:

- a) ensure that sales, issues, redemptions and cancellations of shares undertaken by or on behalf of the Company are carried out in accordance with the Law and with the Company's articles of incorporation.
- b) ensure that, in transactions involving the Company's assets, the consideration is remitted to it within the customary time limits.
- c) ensure that the Company's income is allocated in accordance with the Articles of Incorporation.

In its capacity as Principal Paying Agent, the Custodian pays any dividends to the Company's shareholders. The Principal Paying Agent is entitled to delegate the payment of dividends to other paying agents.

## (II) Registrar and Transfer Agent

BNPP IP Lux delegates among its "administration" duties, those corresponding to the duties of the registrar and transfer agent to BPSS Luxembourg (hereafter, the "Registrar" and "Transfer Agent").

The duties of the Registrar and the Transfer Agent cannot be further delegated, even in part.

## **5. DISTRIBUTORS AND NOMINEES**

BNPP IP Lux may decide to appoint Distributors/Nominees for the purpose of assisting it in the distribution of the Company's shares in the countries in which they are marketed. It may be that certain Distributors/Nominees do not offer all of the sub-funds/categories/classes of shares or all of the subscription/redemption currencies to their clients. Clients are invited to consult their Distributors/Nominees for further details.

In accordance with the distribution and nominee agreements, the Nominee will be recorded in the Register of Shareholders instead of the client who has invested in the Company. The terms and conditions of the Distribution and Nominee agreements will stipulate, amongst other things, that a client who has invested in the Company via a Nominee may, at any time, require that the shares thus subscribed be transferred to his/her name. In this case the client will be registered under his/her own name in the Register of Shareholders with effect from the date on which the transfer instructions are received from the Nominee.

Shareholders may subscribe for shares by applying directly to the Company without having to subscribe through the intermediary of a Distributor/Nominee, unless the use of a Nominee is essential or mandatory for legal, regulatory or practical reasons.

## **6. AUDIT OF THE COMPANY'S OPERATIONS**

The Company's accounts and annual reports are audited by PricewaterhouseCoopers, 400, route d'Esch, Luxembourg, in its capacity as the Company's auditors.

## **1. GENERAL PRINCIPLES**

The Company's capital is represented by the assets of its various sub-funds. Subscriptions are invested in the assets of the relevant sub-fund.

All shares in the Company must be fully paid up.

The shares of each sub-fund have no par value and do not grant preferential subscription rights when new shares are issued. The rights attached to shares are those set out in the Luxembourg law on commercial companies of 10 August 1915, as amended, subject to any derogations thereto introduced by the Law. Each share carries one vote at the General Meetings of Shareholders, regardless of its net asset value.

### **A Share categories and classes**

In each sub-fund, the Company may issue shares of various categories:

There is currently one available category for each sub-fund, i.e. the "**Classic**" category, which is offered to individuals and corporate entities.

At the present time the "Classic" category comprises only capitalisation shares.

Upon distribution of a dividend to the distribution shares (hereinafter, the "distribution shares"), the amount of the net assets attributable to the shares of this class is reduced by the total amount of the dividend, whereas the amount of the net assets attributable to the capitalisation shares (hereinafter, the "capitalisation shares") remains unchanged.

Therefore, any dividend payment necessarily leads to an increase in the difference between the relative values of the capitalisation shares and distribution shares of the sub-fund concerned. This difference is called "parity" in this prospectus.

### **B. Common provisions for share categories and classes**

The Board of Directors may open further sub-funds and thus create new shares of each category and each class representing the assets of these sub-funds.

The actual opening of a new share category or class in a sub-fund mentioned in the prospectus will be decided by the Board of Directors, which will, *inter alia*, determine the price and the period/day of the initial subscriptions and the corresponding payment date.

The Board of Directors may, moreover, subdivide the existing shares in each share category and/or class into a number of shares determined by the Board itself. The total net asset value of such shares must be equal to the net asset value of the subdivided shares existing at the time of the subdivision.

The categories and classes of shares that may be subscribed for via a personal savings plan are specified in the prospectus and/or addenda to the prospectus applicable in the countries in which marketing of the Company's shares is authorised. The costs and fees charged in the case of a personal savings plan cannot, under any circumstances, amount to more than one-third of the amount invested during the first year of the personal savings plan.

Before subscribing, investors are invited to check in the simplified prospectus of the concerned sub-fund which categories and which classes of shares are available in each sub-fund. Minimum subscription amounts are stipulated under point C of this section.

The shares will be issued at the subscription prices on the relevant valuation day in Luxembourg (the "Valuation Day").

If several share categories exist, the assets of the different categories are combined into one single pool.

Any shareholder may request the conversion of all or part of his shares under the conditions and within the limits provided for under points 4 and 5 of this section.

## C. Registered and bearer shares

### (i) General provisions

The Company may issue registered shares or bearer shares registered in an account (hereinafter "bearer shares held in account"), which means that these shares are registered in a securities account with the Company's Custodian or with one of the banks acting as paying agent for the Company's shares.

Share transfer forms for the transfer of registered shares are available at the Company's registered office and from the Transfer Agent.

Registered shareholders will only receive confirmation of registration in the shareholders' register. Registered share certificates will not be issued to the shareholders.

At the present time the Company issues only registered shares for the "Classic" share category.

## D. Fractions of shares

Fractions of shares of up to three decimal places will be issued. Any outstanding balance remaining after subscription will be reimbursed to the shareholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be retained by the relevant sub-fund.

Fractions of shares will represent a share in the net assets and will give a proportional right to any dividend distributed by the Company and to its liquidation proceeds, but will not entitle the holder to vote at the General Meeting of Shareholders.

## 2. ISSUE OF SHARES AND SUBSCRIPTION PRICE

### A. Initial Subscriptions

Unless otherwise decided by the Board of Directors, when a "Classic" share has already been subscribed, the initial subscription price of shares shall be equal to the net asset value of the category already subscribed.

The initial subscription price may be increased by an entrance fee and/or any subscription fee, at the rate stated in point 5 of this section.

### B. Subsequent Subscriptions

Subscription requests may be submitted each day to the Transfer Agent or to other institutions designated by the Company or, on the latter's request, by the Transfer Agent, from which prospectuses can be obtained.

The subscription lists close at 12.00 p.m. (Luxembourg time) two bank business days before the Valuation Day.

Any subscription requests received before this closing time will be executed on the basis of the net asset value on the Valuation Day. Requests received after this limit will be processed on the next Valuation Day.

The subscription price of the shares of the different categories corresponds to the net asset value of the relevant sub-fund determined in accordance with section IV, plus any entrance fee and/or any subscription fee, the percentage rates of which are indicated under point 5 of this section.

## C. Minimum investments

Category of shares	Minimum initial investment	Minimum subsequent subscription	Minimum holdings
Classic	2,500 EUR except for initial subscriptions in a savings plan: 500 EUR	1 share	500 EUR

The Board of Directors may decide to waive the above minimum amounts at its own discretion and at any time.

If the holding of a shareholder is below the minimum amounts specified above, the Board of Directors may decide to redeem the holdings of said shareholder in accordance with the compulsory redemption procedure described in article 10 of the articles of

incorporation and under point 3 below.

#### **D. Subscription payments**

Payment for subscribed shares must be made in the sub-fund's reference currency. Shares will usually only be issued once the Custodian or the Distributor/Nominee has confirmed receipt of the subscription price. Payment must be made within three bank business days after the Valuation Day of the applicable net asset value. The subscription price may be rounded up or down to the nearest unit or fraction of the reference currency, as the Board of Directors may determine.

If payment for a subscription request is received after the stipulated time limit, the Board of Directors or its agent may process the request by (i) applying an additional charge to reflect interest owed at the customary market rates; (ii) cancelling the share allotment, as applicable accompanied by a request for compensation for any loss owing to failure to make payment before the stipulated time limit; or (iii) arranging for the compulsory redemption of the shares from the defaulting shareholder, reserving the right to claim any loss, issue expenses, fees and commissions from said shareholder.

The Company may, under its own responsibility and in accordance with this prospectus, accept listed securities denominated in the reference currency of the sub-fund in payment of a subscription, if it deems such a transaction to be in the interest of the shareholders. However, the securities of companies that are accepted as payment for a subscription must be consistent with the investment policy of the sub-fund concerned. In such cases, the subscription is exempt from the entrance fee that would otherwise be paid to the sub-fund if such a fee is applicable to the sub-fund.

For all securities accepted in payment for a subscription, the Management Company will be required to have a valuation report drawn up by the Company's auditors at the investor's expense detailing, in particular, the quantity, denomination and method of valuation adopted for these securities. Such report shall also specify the total value of the securities expressed in the currency of the sub-fund to which they are being contributed. The securities accepted as payment for a subscription are valued, for the purpose of the transaction, at the last available market bid price of the Valuation Day to which the net asset value applicable to the subscription is calculated. The Company's Board of Directors may refuse any securities offered in payment for a subscription at its own discretion and without having to justify its decision. Unless the Board of Directors decides otherwise, the costs incurred in connection with a contribution in kind shall be borne by the relevant shareholder(s).

Any taxes or brokerage fees that may be due on a subscription are paid by the subscriber. Such costs must on no account exceed the maximum authorised by the laws, regulations and general banking practices of the countries in which the shares are acquired.

#### **E. Suspension and refusal of subscriptions**

The Board of Directors may suspend or interrupt the issue of shares of any of the Company's sub-funds/categories/classes at any time. It may do so particularly in the circumstances described under section IV, point 2. Moreover it may at its own discretion and without stating reasons:

- refuse any subscription of shares
- redeem at any time shares in the Company that were unlawfully subscribed or are unlawfully held.

The Board does not need to justify such decision.

The shares held by Unauthorised Persons as described under Point 3. of the "Disclaimer" section above ("Disclaimer concerning investor profile") are deemed to be held unlawfully.

The Board of Directors may decide to redeem shares that are unlawfully held. In this case, the compulsory redemption procedure described in article 10 of the articles of incorporation and under point 3 below shall be applicable.

Where the Board of Directors decides to resume the issue of shares of one or more sub-funds after issue has been suspended for a certain period of time, all pending subscriptions will be executed on the basis of the net asset value calculated on the Valuation Day after issue is resumed.

#### **F. Market timing and active trading**

The Board of Directors does not permit market timing activities, as defined in CSSF circular 04/146, or activities associated with active trading or excessive trading (hereinafter, "Active Trading"), defined as the subscription/redemption/conversion of shares in the same sub-fund over a short period of time and involving substantial amounts, with a view to making a short-term profit. Active Trading and Market Timing activities are prejudicial to other shareholders as they affect the sub-fund's performance and disrupt management of the assets.

The Board of Directors reserves the right to reject subscription and conversion orders when it suspects their purpose is Active Trading or Market Timing. The Board of Directors may take any measures required to protect the Company's other shareholders whenever it suspects such activities, namely by charging an additional redemption fee of up to 2%, to be retained by the sub-fund.



## **G. Fight against money laundering**

*Within the context of the fight against money laundering, subscription forms must be accompanied by a true copy certified by a competent authority (such as an embassy, consulate, notary or police department) of the subscriber's identity card, for individuals, or of the articles of incorporation and an extract from the Trade and Companies Register for corporate entities, in the following cases.*

- 1. if the subscription request is sent directly to the Company;*
- 2. if the subscription is made via a financial sector professional residing in a country that is not required to follow an identification procedure equivalent to the standards applied in Luxembourg relating to the prevention of the use of the financial system for money-laundering purposes;*
- 3. if the subscription is made via a subsidiary or branch whose parent company is required to follow an identification procedure equivalent to that required by Luxembourg law, if the law governing the parent company does not oblige it to ensure that the said procedure is followed by its subsidiaries and branches.*

*Moreover, the Company is required to identify the origin of funds transferred from financial establishments which are not required to follow an identification procedure equivalent to that required by Luxembourg law, but the law governing the parent company does not oblige it to ensure that the said procedure is followed by its subsidiaries or branches.*

*Moreover, the Company is required to identify the origin of funds transferred from financial institutions which are not required to follow an identification procedure equivalent to that required by Luxembourg law. Subscriptions may be temporarily suspended until the origin of such funds has been identified.*

*The Company or the Transfer Agent may at any time require additional documentation relating to a new or existing subscription. Failure to comply with such a request for additional documentation may entail suspension of the new subscription process. The same shall apply when such documentation is requested and not supplied in the case of redemptions.*

*It is generally accepted that financial sector professionals residing in countries which have adhered to the recommendations of the "FATF" report (Financial Action Task Force on Money Laundering) are considered as having an identification procedure equivalent to that required by Luxembourg law*

### **3. REDEMPTION OF SHARES**

Shareholders may, on any Valuation Day, request the redemption of all or part of their shares in return for cash. Redemption requests, considered irrevocable, should be sent to the Transfer Agent, to the other institutions designated by the Transfer Agent, or to the Company's registered office. Requests must contain the following information: The exact name and address of the person making the redemption request, the number of shares to be redeemed, the sub-fund to which such shares belong, whether the request concerns registered shares or bearer shares held in account, the category and class of the shares.

The redemption lists close at 12.00 p.m. (Luxembourg time) two bank business days before the Valuation Day. Any redemption requests received before this closing time will be executed on the basis of the net asset value on the Valuation Day. Requests received after this closing time will be processed on the next Valuation Day.

For each share presented for redemption, the amount reimbursed to the shareholder is equal to the net asset value on the Valuation Day of the relevant sub-fund. A redemption fee, payable to the Distributor, and/or an exit fee, payable to the Company, corresponding to the rates specified under point 5 of this section, may be deducted from this amount. The redemption price may be rounded up or down to the nearest unit or fraction of the relevant currency, as the Board of Directors shall determine.

The redemption value may be higher than, equal to, or lower than the initial purchase price.

The redemption proceeds will be paid within three bank business days of the applicable Valuation Day.

Redemption orders will only be processed and the redemption proceeds will only be paid:

- when the Custodian has received confirmation from an independent depository that irrevocable instructions have in fact been given for the delivery of the said securities, or
- in the case of registered shares, the transfer form has been received.

Neither the Company's Board of Directors nor the Custodian may be held responsible for any non-payment whatsoever resulting from the application of possible exchange controls or other circumstances beyond their control that may limit or render impossible the transfer of the redemption proceeds to other countries.

Under exceptional circumstances and at the specific request of the investor, the Board of Directors may accept requests for

redemptions in kind. For any securities delivered as payment for redemption, the Management Company will be required to have a valuation report drawn up by the Company's auditor; this report will mention the quantity, denomination and valuation method adopted for such securities. The report will also specify the aggregate value of the securities, expressed in the currency of the sub-fund to which the redemption relates. The securities accepted as payment for a redemption are valued, for the purpose of the transaction, at the last available market offer price on the Valuation Day to which the net asset value applicable to the redemption is calculated. The Board of Directors will ensure that such redemptions in kind will not be detrimental to the remaining shareholders. Unless the Board of Directors decides otherwise, the costs incurred in connection with a redemption in kind shall be borne by the relevant shareholder(s).

In the event of suspension of calculation of the net asset value of the Company's assets, not only the issue but also the redemption and conversion of shares will be suspended. Suspensions of redemptions will be notified by any appropriate means to shareholders who have presented requests that have been deferred or suspended pursuant to section IV, point 2.B.

If the total net redemption or conversion requests received for a sub-fund on any Valuation Day represent more than 10% of the assets thereof, the Board of Directors may decide to reduce or defer redemption/conversion requests proportionally so as to reduce the number of shares redeemed/converted on such day to 10% of the assets of the sub-fund in question. Any redemption/conversion request thus deferred will have priority over the redemption/conversion requests received on the following Valuation Day, but always subject to the 10% limit mentioned above.

#### **Compulsory redemptions:**

In accordance with article 10 of the articles of incorporation, the following procedure shall apply when the Board of Directors shall have recourse to compulsory redemptions, in the circumstances provided for in this prospectus:

1. The Company shall send a notice (the "redemption notice") to the shareholder entered in the register as the owner of the shares; the redemption notice shall specify the shares to be redeemed, the redemption price or the manner in which the redemption price will be calculated and the place at which the redemption price is payable.

The redemption notice may be sent by registered mail to the shareholder's last known address or the address entered in the register of the shareholders. Immediately after the close of business on the date specified in the redemption notice, the shareholder shall cease to be the owner of the shares mentioned in such notice, his name shall no longer appear on the shareholders' register and the relevant shares shall be cancelled.

2. The price at which the shares mentioned in the redemption notice shall be redeemed (the "redemption price") shall be equal to the net asset value of the shares involved, calculated for each category/class of shares in accordance with Section IV below.
3. The redemption price shall be paid to the owner of the shares in the currency determined by the Board of Directors for the payment of the price of shares redeemed in the relevant Sub-fund/category/class. The Company shall deposit this amount with a bank in Luxembourg or in a foreign country (as specified in the redemption notice) for payment to the owner, after determination of the final redemption price.

As soon as the redemption notice has been served, no person with an interest in the shares specified in the redemption notice shall have any rights to these shares or any power to initiate any action or make any claim against the Company or its assets, except the right for the shareholder appearing as the owner thereof to receive the price paid (without interest) at the bank. In the event the redemption price has not been collected five years after the date specified in the redemption notice, it can no longer be claimed. Such amounts shall revert to the category/ies and/or class(es) of shares of the Sub-fund concerned. The Board of Directors may take all measures necessary to pay such money back into the Sub-fund.

4. The exercise by the Company of these powers cannot be questioned or invalidated under any circumstances on the basis that there is insufficient evidence of ownership of shares or that a share was owned by another person not recognised by the Company when sending the redemption notice, provided that the Company exercised its powers in good faith.

#### **4. CONVERSION OF SHARES INTO SHARES OF OTHER SUB-FUNDS**

The conditions relating to subscriptions and redemptions also apply to the conversion of shares. A conversion can be analysed as a simultaneous redemption and subscription of shares. Consequently, such a transaction may only be processed on the first Valuation Day common to both of the sub-funds involved in the said conversion. Conversions of shares are only possible if the restrictions applicable to the new category/class (minimum investment amount, eligible investors, etc.) are complied with.

Within a given share category, shareholders may request the conversion of all or part of their shares into shares of another sub-fund or another class (capitalisation / distribution) at any time.

Any conversion request must be made to the Transfer Agent or other institutions designated by the Company indicating the sub-fund into which the shares are to be converted and specifying the category and class of the shares to be converted, the category and class of the shares of the new sub-fund to be issued and whether they are registered or bearer shares. If this information is not given, the shares will be converted into shares of the same class within the same category.

The conversion lists close at 12.00 p.m. (Luxembourg time) two bank business days before the Valuation Day.

Conversion requests received before this closing time will be executed on the basis of the net asset value on the Valuation Day. Requests received after this closing time will be processed on the next Valuation Day.

Subject to a suspension of the calculation of the net asset value, shares may be converted on any Valuation Day by reference to the net asset value of the shares of the sub-funds concerned corresponding to such Valuation Day.

The rate at which all or part of the shares of a given sub-fund (the "original sub-fund") are converted into shares of another sub-fund (the "new sub-fund") is determined as precisely as possible and in accordance with the following formula:

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

A	being the number of shares to be allocated in the new sub-fund
B	being the number of shares of the original sub-fund to be converted
C	being the net asset value per share of the original sub-fund at the reference date
D	being the net asset value per share of the new sub-fund at the reference date, and
E	being the exchange rate applicable at the time of the transaction between the currency of the sub-fund to be converted and the currency of the sub-fund to be allocated.

After conversion, the Transfer Agent will inform the shareholders of the number and price of the shares of the new sub-fund obtained and their price.

Any outstanding balance remaining after conversion will be reimbursed to the shareholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will revert to the relevant sub-fund.

## 5. FEES AND COMMISSIONS

FEES PAYABLE TO THE SUB-FUND	Classic
Entrance fee (1)	None
Exit fee (1) (2)	None
<i><b>EXCEPT</b> in the case of redemption/conversion requests exceeding 10% of the assets of a given sub-fund on a given Valuation Day</i>	Max. 1% (3)

FEES PAYABLE TO THE DISTRIBUTORS (4)	Classic
Subscription fee	Max. 5 %
Exit fee	None
Conversion fee	None
- Within a given sub-fund between categories/classes of shares	
- Between sub-funds within a category or between the authorised categories (plus any entrance and/or exit fees)	Max. 1% (5)

The management fees for the different sub-funds and categories are listed in Appendix III to this prospectus.

- (1) The entrance and exit fees are intended to cover, on an all-inclusive basis, the investment and redemption costs which are charged to the sub-fund concerned and which are brought about by the subscription and redemption requests.
- (2) The exit fee is also applicable, under the same conditions, to conversions that may be analysed as the simultaneous redemption and subscription of shares.
- (3) If this percentage rate is applied, it must be the same for all redemption/conversion requests received on a given Valuation Day.
- (4) The fee remunerating BNPP IP Lux for its distribution functions is included in the management and distribution fees listed in appendix III.
- (5) However, this amount may be higher if the subscription fee paid in the original sub-fund was less than the maximum provided for. In such cases, the conversion fee may not exceed the amount of the difference between the maximum rate and the rate applied to the initial subscription.

Any change in the fee rates as set out in this section will require the approval of the Company's Board of Directors. Such change will be mentioned in the annual report and the prospectus will be updated.

## 6. STOCK EXCHANGE LISTING

By a decision of the Board of Directors, the shares of all sub-funds and categories of the Company may be admitted to official listing on the Luxembourg Stock Exchange and/or as applicable on another securities exchange. At the present time, the shares of the Company are not listed on any securities exchange.

#### IV. NET ASSET VALUE

##### 1. GENERAL PRINCIPLES

###### A. Definition and calculation of net asset value

The calculation of the net asset value per share of each sub-fund, category and class of shares is carried out in Luxembourg by the Management Company within the framework of its administrative duties, under the responsibility of the Company's Board of Directors. For each day of the week on which banks are open for business in Luxembourg (hereinafter, the "Valuation Day"), there is a corresponding net asset value which is dated, calculated and published that day.

Subscription, redemption and conversion orders are executed at an unknown net asset value according to the following rules.

Centralisation of orders	NAV date for execution of orders	Date of NAV publication
12.00 p.m. (Luxembourg time) two bank business days before the Valuation Day	Valuation day	Valuation day

Net asset values are stated in the reference currency of the sub-fund concerned.

The value of the shares of the individual sub-fund, category and class is obtained by dividing the net asset value of the assets of the sub-fund, category or class by the number of outstanding shares of that sub-fund, category or class, and rounding the result off to two decimal places, except for those currencies for which decimals are not used.

For the shares of a given sub-fund of the Company, the value of each distribution share is obtained by dividing the net assets of the sub-fund in question by the number of outstanding distribution shares, increased by the number of outstanding capitalisation shares and multiplied by the prevailing parity. The value of each capitalisation share will correspond to the value of each distribution share multiplied by the parity.

If the Board of Directors considers that the net asset value calculated on a given bank business day is not representative of the true value of the Company's shares, or if there have been significant fluctuations on the relevant stock markets since the net asset value was calculated, the Board of Directors may decide to revise the net asset value on that same day. In these circumstances, all subscription, redemption and conversion requests received for that day will be processed with due care and in good faith on the basis of the revised net asset value.

###### B. Definition of the pools of assets

The Board of Directors shall establish a distinct pool of net assets for each sub-fund. In relationships between shareholders and towards third parties, this pool of assets shall be allocated only to the shares issued for the relevant sub-fund, taking into account, if necessary, the breakdown of such amounts of assets between the different classes and/or categories of shares of such sub-fund as provided in this section.

For the purpose of forming separate pools of assets corresponding to a Sub-fund or to two or more categories and/or classes of shares, the following rules shall apply:

1. If two or more classes and/or categories of shares relate to one specific sub-fund, the assets allocated to those classes and/or categories shall be invested together according to the specific investment policy of the related sub-fund, subject to the particular features of said classes and/or categories of shares.
2. The proceeds received from the issue of shares of a particular category and/or of class of shares shall be allocated in the books of the Company to the sub-fund offering that class and/or category of shares, provided that, if several classes and/or categories of shares are issued for such sub-fund, then the corresponding amount shall increase the fraction of net assets of this sub-fund attributable to the category/class of shares to be issued.
3. Assets, liabilities, income and expenses related to a sub-fund shall be allocated to the class(es) and/or category(ies) of shares of the relevant sub-fund.
4. Where any asset is derived from another asset, such asset shall be allocated in the books of the Company to the same sub-fund from which it was derived and, upon each revaluation of an asset, the increase or decrease in value shall be allocated to the relevant sub-fund.
5. Where the Company incurs a liability which relates to any asset of a particular sub-fund or to any action taken in connection with an asset of a particular sub-fund, such liability shall be allocated to the relevant sub-fund.
6. Where it is not possible to attribute an asset or liability of the Company to a particular sub-fund, that asset or liability will be attributed to all of the sub-funds pro rata the net asset values of the share categories and/or classes or in such other manner as

shall be determined by the Board of Directors acting in good faith.

7. Upon distributions made to the shareholders of any class and/or category of shares, the net asset value of such category or class of shares shall be reduced by the amount of such distributions.

### **C. Valuation of assets**

The assets and liabilities of each sub-fund of the Company will be valued in accordance with the following principles:

1. Shares or units in UCI shall be valued at the latest official net asset value available on the Valuation Day (i.e. the listing price, if the UCI is listed, or the net asset value reported by the administrative agent of the UCI) or at the unofficial value if such unofficial value is more recent (in such case, based upon a probable net asset value estimated prudently and in good faith by the Board of Directors or based upon other sources, such as information from the manager of said UCI).
2. The value of any cash in hand or on deposit, bills, demand notes and accounts receivable, prepaid expenses, dividends and interest matured and not yet received shall be represented by the face value of these assets, unless it appears that such value is unlikely to be received. In the latter case, the value shall be determined by deducting an amount which the Company shall consider sufficient to reflect the true value of these assets.
3. Transferable securities (i) listed or dealt in on a regulated market within the meaning of the Act or (ii) dealt in on another regulated market of a Member State of the European Union which is regulated, operates regularly and is recognised and open to the public or (iii) admitted to an official stock exchange in a country not belonging to the European Union or traded in another regulated market of a country which is not a member of the European Union but which is regulated, operates regularly and is recognised and open to the public (all three types of market may be referred to as a "Regulated Market"), shall be valued at the last known price on the Valuation Day or, if such securities are dealt in on several markets, at the last known price on the Valuation Day on the main market for such securities on the Valuation Day. If the last known closing price on the Valuation Day is not representative, the securities shall be determined based on a reasonably foreseeable price to be determined prudently and in good faith.
4. Transferable securities not listed or dealt in on a Regulated Market shall be valued on the basis of their foreseeable sales price as estimated prudently and in good faith.
5. The settlement value of futures and options not dealt in on Regulated Markets shall be determined in accordance with the policies laid down by the Board of Directors, based on rules applied consistently to each type of contract. The settlement value of futures or options contracts dealt on Regulated Markets shall be based upon the last available settlement price of such contracts on the Regulated Markets on which such futures or options contracts are traded by the Company. If a futures or options contract cannot be settled on the relevant Valuation Day, the Board of Directors shall set the criteria for calculating the settlement value of such contract, prudently and in good faith.
6. Interest rate swaps shall be valued at market value, based on the applicable yield curve. Swaps on indices or financial instruments shall be valued at their market value, based on the applicable index or financial instrument. The valuation of the swaps tied to such indices or financial instruments shall be based upon the market value of said swaps in accordance with the procedures laid down by the Board of Directors.
7. If practice permits, liquid assets, money market instruments and all other instruments may be valued at the last known price on the Valuation Day or according to the straight-line amortisation method. In the case of straight-line amortisation, portfolio positions shall be regularly reviewed under the supervision of the Board of Directors in order to determine whether there is a difference between the valuation found according to the last known price method and straight-line amortisation method. If there is a difference that is likely to result in significant dilution or be disadvantageous for the shareholders, appropriate corrective action may be taken, including, if necessary, calculation of the net asset value using the last known prices.
8. All other assets shall be valued on the basis of their foreseeable sales value, which will be estimated prudently and in good faith.
9. At its sole discretion, the Board of Directors may permit the use of another valuation method if it believes that it results in a fairer valuation of an asset held by the Company.

Appropriate deductions shall be made for expenses to be borne by the Company, and the Company's liabilities will be taken into account according to fair and prudent criteria. The Company shall pay the full amount of all operating expenses.

The value of all assets and liabilities expressed in a currency other than the reference currency of the relevant Sub-fund, category or class shall be converted into the Sub-fund, category or class reference currency at the foreign exchange rate of the Valuation Day. If exchange rates are not available, they shall be determined prudently and in good faith according to the procedures defined by the Board of Directors.

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

- A. Without prejudice to the legal causes of suspension, the Board of Directors may suspend at any time the calculation of the net asset value per share of one or several Sub-funds, category (ies)/class(es) and the issue, redemption and conversion of the shares of one or more Sub-funds/category(ies)/classes, in any of the following cases:
1. When one or more Regulated Markets on which a significant portion of the assets of one or more Sub-funds of the Company is quoted or traded are closed other than for ordinary holidays, or when dealings thereon are suspended or restricted; or
  2. When the market of a currency in which a significant portion of the assets of one or more Sub-funds of the Company is expressed is closed other than for ordinary holidays, or when dealings thereon are suspended or restricted; or
  3. When the means of communication normally used to determine the value of the assets of one or more Sub-funds of the Company are suspended or interrupted or when, for some other reason, the value of one of an investment of the Company cannot be determined as accurately and rapidly as required; or
  4. When restrictions on currencies or cash transfers prevent the completion of transactions of the Company, or when purchases or sales made on behalf of the Company cannot be carried out at normal exchange rates; or
  5. When political, economic, military, monetary, fiscal or other circumstances that are beyond the control, responsibility, influence and means of actions of the Company prevent it from disposing of the assets of one or more of the Company's Sub-funds or from determining the net asset value of one or more of the Company's Sub-funds in a usual and reasonable manner; or
  6. Following any decision to liquidate or dissolve or merge the Company or one or more Sub-funds/categories/classes; or
  7. When, in the opinion of the Board of Directors, there is an emergency which prevents the Company from disposing or valuing the assets attributable to a Sub-fund or cannot do so without seriously harming the interests of its shareholders.
- B. Any suspension for more than three days of the calculation of the net asset value of the shares of one or more Sub-funds shall be published by any appropriate means. The Company will immediately inform the shareholders who have requested the subscription, redemption or conversion of the shares of these sub-fund(s) of any suspension of calculation in an appropriate manner.
- During the suspension period, shareholders may cancel any request for the subscription, redemption or conversion of shares, provided the Company receives notice of cancellation before the suspension period ends. If orders are not cancelled, shares will be issued, redeemed or converted on the basis of the first net asset value calculated after the close of such suspension period.
- Suspension in respect of a Sub-fund/category/class of shares shall not affect calculation of net asset value or, as applicable, the issue, redemption and conversion price of the shares of any other Sub-fund/category/class of shares.

In this case the simultaneously suspended subscriptions and requests for redemption and conversion of shares will be executed on the basis of the net asset value determined on the first bank business day after conditions have returned to normal.

## **V. DIVIDENDS**

### **1. DISTRIBUTION POLICY**

The General Meeting of shareholders, or if appropriate of the category(ies)/class(es) of shares, decides, on the basis of proposals put forward by the Board of Directors how the income of the Company or of such sub-fund, as reported in the accounts as at the last day of March of each year shall be allocated.

The General Meeting reserves the right to distribute the net assets of each sub-fund of the Company to such an extent that only the minimum legal capital remains. The nature of the distribution (net investment income or capital) will be noted in the Company's financial statements

Lastly, the Board of Directors may pay interim dividends on distribution shares.

### **2. PAYMENT**

If distribution shares exist, the dividends and interim dividends attributed to these will be paid on the dates and at the places and in the currency determined by the Board of Directors. Exchange costs incurred for payments in different currencies will be borne by the investor.

The Board of Directors may decide to distribute dividends in the form of new shares instead of cash under such terms and conditions as may be determined by the Board of Directors.

Declared dividends and interim dividends not collected by shareholders within a period of five years from the payment date will lapse and revert to the relevant class/category of the corresponding sub-fund.

Interest will not be paid on declared and unclaimed dividends or interim dividends held by the Company on behalf of the

shareholders of the sub-fund concerned who are entitled to them. Such will be the case for the duration of the statutory limitation period.

The payment of income by the Company shall be due only to the extent that the foreign exchange regulations in force permit distribution in the beneficiary's country of residence.

## **VI. COSTS TO BE BORNE BY THE COMPANY**

### ***DIRECT COSTS:***

The following costs will be charged to the Company:

- Setting-up costs, including printing of certificates and necessary expenses related to the creation and closure of Sub-funds of the Company, its listing on the Stock Exchange and authorisation from the relevant authorities.
- Costs of incorporation and of subsequent amendments of the Company' Articles of Incorporation and prospectus, and domiciliation fees.
- Remuneration of the Custodian and where applicable the correspondents, the Principal Paying Agent, the Transfer Agent and Registrar and their representatives, the Distributors, the managers, the sub-managers (if and as applicable), the investment advisers (if and as applicable) and their representatives, and the remuneration of any other employee or agent of the Company,
- Remuneration of the Management Company, also covering management, administration and distribution functions.
- Auditor's expenses and fees.
- Costs of legal assistance.
- Directors' fees and expenses, costs of the Board of Directors.
- Publication and listing expenses, the cost of notices of meetings and any other notices and more generally, any expenses incurred for informing the shareholders and in particular, costs incurred for printing and distributing the prospectus and simplified prospectus, periodic reports and other documents.
- Any other administrative and/or marketing expenses of the Company in each country for which the Company has received prior approval from the supervising authorities of the relevant country.
- Brokerage fees and commissions incurred for the transactions involving the securities portfolio.
- Any taxes and charges which may be payable on the Company's income.
- The annual registration tax ("*taxe d'abonnement*") (see section VII point 1) as well as royalties due to the supervisory authorities and expenses related to the distribution of dividends.
- Any other extraordinary expenses, in particular, the cost of expert appraisals or legal action taken in order to protect the interests of the shareholders.
- Annual fees payable for stock exchange listing.
- Subscriptions paid to professional bodies and other organisations on the Luxembourg financial market of which the Company is or becomes a member.
- Operating charges, including the cost of buying and selling assets, interest expense, bank and brokerage charges, postage, telephone, telegram, telex and fax expenses

In principle, these costs and expenses will be paid out of the assets of the various sub-funds in proportion to their net assets.

As remuneration for its services as Custodian, the Luxembourg branch of BNP Paribas Securities Services will receive a maximum annual fee of 0.10% from the Company calculated and paid on the average of the net asset values of the assets of the various sub-funds of the Company for the period for which the fee is payable.

As remuneration for administrative services rendered to the Company in its capacity as Management Company, BNPP IP Lux will receive a maximum annual fee of 0.15% calculated on the average of the net asset values of the assets of the various sub-funds of the Company for the period for which the fee is payable.



In addition, any reasonable disbursements and out-of-pocket expenses, including telephone, facsimile, electronic transmission and postage expenses incurred by the Custodian, the Management Company, or the Transfer Agent and Registrar within the framework of their mandates, as well as correspondents' costs, will be borne by the relevant sub-fund of the Company. In its capacity as Principal Paying Agent, the Custodian may charge the usual fee charged in the Grand Duchy of Luxembourg.

Under the terms of the agreement entered into by the Company with BNPP IP Lux, the Company will pay a management fee to BNPP IP Lux in accordance with the rates indicated in appendix III to this prospectus. In addition to the Management Fee, BNPP IP Lux may receive a performance fee (the "Performance Fee") for certain sub-funds. The method of calculation of this fee and the list of sub-funds for which it is paid can be found in Appendix IV. Any remuneration of managers, investment advisers and sub-managers or in connection with distribution is included in the fees received by BNPP IP Lux.

All recurring general costs will be charged first against investment income, then, should this not be sufficient, against realised capital gains.

Costs relating to the creation of any new sub-fund will be borne by such new sub-fund and amortised over a period of one year from the date of creation of such sub-fund or over any other period as the Board of Directors may determine, but which may not exceed five years as from the date of the sub-fund's creation.

When a sub-fund is liquidated, any set-up costs that have not yet been amortised will be charged to the sub-fund being liquidated.

#### **INDIRECT COSTS:**

Investments made by each sub-fund in the shares or units of UCITS and/or other UCIs may double certain costs for the investor, such as subscription, redemption, custodian, administration and management fees.

The management fees of target funds launched by third parties or by the BNP Paribas group in which the Company's sub-funds are authorised to invest more than 10% of their net assets may be no more than 2.5% (excluding taxes).

Moreover, no subscription or redemption fees may be charged where the target fund is directly or indirectly administered by the same management company or by another company with which the management company is connected by a common management or controlling interest or by a substantial direct or indirect participating interest.

## **VII. TAXATION – GOVERNING LAW – OFFICIAL LANGUAGE**

### **1. TAXATION**

#### **A. Taxation of the Company**

The Company is governed by Luxembourg tax laws.

Under current law and regulations, the Company is liable to an annual registration tax (*taxe d'abonnement*). As at the date of this prospectus, the annual registration tax amounts to 0.05%. This tax is payable quarterly and calculated on the basis of the value of the Company's net assets at the end of the relevant quarter.

No duty or other tax will be paid in Luxembourg on the issue of shares of the Company other than the fixed levy of EUR 1,200 payable upon incorporation and relating to the raising of capital.

Income received by the Company may be liable to withholding tax in the country of origin and is thus collected by the Company after deduction of such tax, which is neither deductible nor recoverable.

#### **B. Taxation of the shareholders of the Company**

Since 1 July 2005, withholding tax is levied on savings income received in the form of interest payments from a paying agent in Luxembourg by effective beneficiaries who are individuals and whose place of residence for tax purposes is a different EU Member State, as provided in the Luxembourg law of 21 June 2005 transposing European Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments into Luxembourg law. In Luxembourg, withholding tax will be levied on such income at the following rate: 35%.

Under current legislation, neither the Company, nor its shareholders are subject in Luxembourg to any taxation or withholding tax on their income, on realised or unrealised capital gains, on transfers of shares following a death or on amounts received subsequent to dissolution, with the exception of:

- (a) shareholders domiciled, residing or permanently established in Luxembourg,
- (b) certain Luxembourg non-residents who hold more than 10% of the Company's shares and who dispose of all or part of their shares within six months of their acquisition,
- (c) in some, limited cases, certain former Luxembourg residents who hold at least 10% of the Company's shares,
- (d) shareholders who are individuals and who reside in an EU Member State other than Luxembourg, who receive savings income on their investments in the Company from a paying agent based in Luxembourg, as provided in the Law of 21 June 2005 transposing European Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments into Luxembourg law. Withholding tax will be levied on such income at 35% .

Shareholders and potential shareholders are advised to obtain advice on the laws and regulations (such as those concerning taxation and exchange control) which apply to the subscription, purchase, holding and disposal of shares in their country of origin, residence and/or domicile.

Subscribers must file their own tax returns in their country of tax residence, as applicable.

## **2. GOVERNING LAW**

Any disputes between shareholders and the Company are settled by arbitration in accordance with Luxembourg law; the decision of the arbitrator(s) shall be final and without recourse.

## **3. OFFICIAL LANGUAGE**

The official language of this prospectus and of the articles of incorporation is English. However, the Board of Directors of the Company and the Custodian, the Principal Paying Agent, the Management Company and the Transfer Agent and Registrar may, personally and on behalf of the Company, consider it obligatory that these documents be translated into the languages of the countries in which the Company's shares are offered and sold. In case of any discrepancies between the English text and any other language into which the prospectus is translated, the English text shall prevail.

**1. FINANCIAL YEAR**

The financial year begins on 1<sup>st</sup> April and ends on the last day of the month of March of each calendar year.

**2. MEETINGS**

The Annual General Meeting of shareholders takes place in Luxembourg, at the Company's registered office, on the third Thursday of September at 11.30 a.m.

If this day is not a bank business day in Luxembourg, the Annual General Meeting will be held on the next bank business day.

The notices of the Annual General Meetings, indicating the date and time of the Meetings, as well as the conditions of admission and quorum requirements, will be published in accordance with the Luxembourg law on commercial companies of 10 August 1915, as amended.

The shareholders of the category or categories of shares issued by any sub-fund may hold general meetings at any time for the purpose of considering matters that concern that particular sub-fund only.

Moreover, the shareholders of any category of shares may hold general meetings at any time for the purpose of considering matters that concern that particular category only.

Resolutions passed at such meetings will respectively apply to the Company, to the relevant sub-fund and/or to the relevant category of shares.

**3. PERIODIC REPORTS**

Annual reports as at the last day of March, certified by the Auditors, and uncertified semi-annual reports as at 30 September, will be made available to shareholders free of charge. The Company is authorised to publish an abridged version of the financial reports. However, a complete version of the financial reports may be obtained free of charge from the Company's registered office, from the Custodian's counters, from the Management Company, as well as from the institutions designated by the Company. These reports will contain information concerning each sub-fund as well as the assets of the Company as a whole.

The financial statements of each sub-fund are expressed in its respective currency, whereas the consolidated accounts will be expressed in EUR.

The annual reports, which are made available within four months of the end of the financial year, as well as the semi-annual reports which are made public within two months of the end of the half-year, are held at the shareholders' disposal.

<b>IX. LIQUIDATION OF THE COMPANY – CLOSURE, MERGER, CONVERSION AND SPLIT OF SUB-FUNDS, CATEGORIES OR CLASSES</b>
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## **1. LIQUIDATION OF THE COMPANY**

Liquidation of the Company takes place in accordance with the provisions of the Law of 17 December 2010.

### **A. Minimum capital**

If the capital of the Company falls below two-thirds of the statutory minimum, the members of the Board of Directors must submit the question of the Company's dissolution to a General Meeting of shareholders for which no quorum will be required and which will decide by a simple majority of the shares represented at the Meeting.

If the capital of the Company falls below one quarter of the statutory minimum, the members of the Board of Directors must submit the question of the Company's dissolution to the General Meeting of shareholders for which no quorum will be required. Dissolution may be decided by the shareholders holding one quarter of the shares represented at the Meeting.

The Meeting will be convened so as to be held within 40 days from the date on which it is formally noted that the net assets have fallen below either two thirds or one quarter of the required minimum. Moreover, the Company may be dissolved by a decision of a General Meeting ruling in accordance with the relevant provisions of the articles of incorporation.

Notice of the General Meeting's decision, or the Court's decision, to dissolve and liquidate the Company will be published in accordance with the requirement of the law.

### **B. Voluntary liquidation**

In the event that the Company is dissolved, its liquidation will be carried out by one or more liquidators appointed in accordance with the Company's articles of incorporation and with the Luxembourg law of 17 December 2010 relating to UCIs which specifies the manner in which the net proceeds of liquidation, after deduction of liquidation expenses, are to be distributed amongst the shareholders.

Amounts that have not been distributed by the close of the liquidation procedure will be deposited at the *Caisse des Consignations* in Luxembourg for the duration of the statutory limitation period on behalf of the shareholders entitled thereto.

The issue, redemption and conversion of shares will be suspended as soon as the decision to dissolve the Company is taken.

## **2. CLOSURE, MERGER, CONVERSION AND SPLIT OF SUB-FUNDS, CATEGORIES OR CLASSES**

### **A. Closure of sub-funds, categories or classes**

In the event that for any reason whatsoever the value of assets of a Sub-fund, class or category of shares does not reach or should fall to such an amount considered by the Board of Directors as the minimum level under which the Sub-fund, class or category may no longer operate in an economically efficient way, or in the event that a significant change in the economic or political situation impacting such Sub-fund, class or category should have negative consequences for the investments of such Sub-fund, or if the range of products offered to clients is streamlined, the Board of Directors may decide to close this Sub-fund, class or category.

In this case the shareholders of the sub-fund, category or class concerned, will be informed of the decision and of the details of the closure procedure by the publication of notices in the newspapers as mentioned in section X below.

The net assets of the sub-fund, category or class concerned will be divided amongst the remaining shareholders of the sub-fund, category or class. Any amounts not claimed by shareholders or assigns at the close of the liquidation of the relevant Sub-fund(s)/category(ies)/class(es) shall be deposited with the Custodian for a period of a maximum of six months from this date. After this time, these assets shall be deposited with the Caisse des Consignations in Luxembourg.

### **B. Merger of sub-funds, categories or classes**

Furthermore, in the circumstances described in point A. above, the Company's Board of Directors may decide, in the interest of the shareholders, to merge a sub-fund, category or class with one or more other sub-funds, categories or classes of the Company, and to transfer the assets and liabilities of a sub-fund, category or class to another Luxembourg UCI that was created according to Part I of the Law or to a sub-fund, category or class of another such UCI.

Notice of such decision shall be published in the newspapers as mentioned in section X below. Every shareholder of the relevant Sub-funds, category or class shall have the opportunity to request the redemption or conversion of his own shares without any redemption or conversion costs during a minimal period of one month starting with the publication of the notice of the decision. At the end of this period, the decision shall bind all shareholders who have not taken the opportunity to redeem or convert their shares without payment of corresponding costs. However, where a sub-fund of the Company is merged with a *Fonds Commun de Placement* (mutual fund), the merger will bind only the shareholders of the sub-fund, category or class concerned who have expressly approved the merger. Shares belonging to shareholders who have not expressed themselves in favour of this merger will be redeemed.

One or more Sub-funds, categories or classes may only be contributed to one or more other Sub-funds, categories or classes of a foreign UCI provided the shareholders of the relevant Sub-fund, category, or class have unanimously approved the contribution or provided that only shareholders who have approved the contribution are transferred to the UCI under foreign law.

#### **C. Conversion of shares of one category/class into shares of another category/class**

If, within a Sub-fund, different categories/classes of shares have been issued as described in section 3 above, the Board of Directors may decide that the shares of one category/class be converted into shares of another category/class when the specifications applicable to the shares of a given category/class no longer apply to such a category/class. Such conversion shall be carried out without payment of conversion costs by the shareholders, based on the applicable net asset values. Any shareholder of the relevant Sub-fund, category or class shall have the possibility to request redemption of his shares without payment of any redemption costs for a period of one month before the effective date of conversion.

#### **D. Split of sub-funds, categories or classes**

In the circumstances described in point A above, the Board of Directors shall have the power to reorganise a Sub-fund, category or class of shares by splitting such Sub-fund, category or class of shares into two or several new Sub-funds, categories or classes of shares.

Notice of such decision shall be published in the newspapers as mentioned in section X below. Every shareholder of the relevant Sub-funds, category or class shall have the opportunity to request the redemption or conversion of his own shares without any redemption or conversion costs during a minimal period of one month starting with the publication of the notice of the decision. At the end of this period, the decision shall bind all shareholders who have not taken the opportunity to redeem or convert their shares without payment of corresponding costs

### **X. INFORMATION – DOCUMENTS AVAILABLE**

#### **1. INFORMATION AVAILABLE**

##### **A. Net asset value**

All net asset values are available from the Company's registered office, the Management Company, banks acting as paying agents or at [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com). The Board of Directors may subsequently decide to publish these net asset values in newspapers of the countries in which the shares of the Company are offered or sold.

##### **B. Issue and redemption prices**

The issue and redemption prices of the shares of each sub-fund of the Company will be made public daily at the offices of the Management Company and, where applicable, at the banks acting as paying agents.

##### **C. Notices to shareholders**

Any other information intended for shareholders will be published in the Mémorial, should such publication be required by the law or by the articles of incorporation.

Such information may also be published in a regularly distributed Luxembourg newspaper and in newspapers of the countries in which the shares of the Fund are offered and sold.

#### **2. DOCUMENTS AVAILABLE**

The following documents are available for inspection by the shareholders at the Company's registered office:

1. The Company's Articles of Incorporation.
2. The Custody and Principal Paying Agency Agreement between the Company and BNP Paribas Securities Services, Luxembourg Branch.

3. The Management, Administrative Agency, Domiciliation Agency, Registry and Transfer Agency Agreement between the Company and BNP Paribas Investment Partners Luxembourg.
4. The Principal Distributor Agreement between the Company and BNP Paribas Investment Partners Luxembourg.
5. The Sub-Transfer Agency and Sub-Registry Agreement between BNP Paribas Investment Partners Luxembourg and BNP Paribas Securities Services, Luxembourg Branch.
6. The Investment Management Agreement between BNP Paribas Investment Partners Luxembourg and FundQuest, Paris.
7. The Investment Management Agreement between BNP Paribas Investment Partners Luxembourg and FundQuest UK Limited.
8. The Investment Advisory Agreement between the Company, BNP Paribas Investment Partners Luxembourg and La Compagnie Benjamin de Rothschild SA.

These documents are available for inspection by the public at the Company's registered office.

The above-mentioned agreements may be amended by mutual agreement between the parties thereto.

Subscription forms may be obtained upon request from the Company's registered office.

## **APPENDIX I – INVESTMENT POLICY OF THE SUB-FUNDS**

The Company's primary objective is to offer its shareholders the possibility of participating in the professional management of portfolios of transferable securities and/or other liquid financial assets within the meaning of the Law of 17 December 2010 relating to UCIs and as defined in the investment policy of each sub-fund.

The investment restrictions are described in Appendix II to this prospectus.

### **1. GENERAL GUIDELINES**

Each sub-fund's investment policy, as it appears in point 4 of this appendix, has been defined by the Board of Directors.

Investments in different sub-funds will be made subject to the restrictions imposed by the Law and this prospectus, particularly as set out in Appendix II.

Sub-funds noted as investing "mainly" in a particular share category or debt instrument category must invest at least 50% of their assets in the category concerned.

In each sub-fund, the aim is to increase the value of the invested assets. The Company takes such risks as it considers reasonable in order to achieve the objective it set itself. However, given market fluctuations and the other risks to which investments in transferable securities are subject, there can be no guarantee that this objective will be achieved.

The Company does not have to comply with the limits stipulated in this Appendix and Appendix II of the prospectus ("Investment Restrictions") when exercising the subscription rights attached to portfolio securities or money market instruments forming part of its assets. If the limits referred to in this Appendix or Appendix II are exceeded for reasons beyond the Company's control or as a result of the exercise of subscription rights, the Company must aim, as a priority objective in its future sales transactions, to remedy that situation, taking due account of the interests of its shareholders.

To optimise management efficiency, the Board of Directors may decide that all or part of the assets of certain Sub-funds should be managed jointly within the Company and/or with other SICAV/FCP Sub-funds, provided this method of management is compatible with the investment policies of the Sub-funds in question. If this is the case, the assets of these Sub-funds shall be managed on a common basis. Co-managed assets are known as "pools", which are intended only for internal management purposes. Pools are not separate entities and are not directly accessible by investors. Specific assets are allocated to each co-managed Sub-fund.

When the assets of more than one Sub-fund are pooled, the assets allocated to each of the Sub-funds in question shall reflect the Sub-fund's initial asset allocation to said pool and shall change in the event of additional allocations or withdrawals.

The rights of each Sub-fund in question to the co-managed assets shall apply to all investments by the pool. Additional investments made on behalf of co-managed Sub-funds shall be allocated to these Sub-funds in accordance with their respective rights. Similarly, assets sold shall be taken proportionally from the assets held by these Sub-funds in accordance with their respective commitments.

Dividends, interest and other distributions which constitute income received in relation to the assets of a pool shall be credited immediately to the Sub-funds, in proportion to their respective contributions to the pool at the time of receipt. At the time of the Company's dissolution, the assets of a pool shall be allocated to the participating Sub-funds in proportion to their respective contributions within the pool, subject to the rights of creditors.

The descriptions of types of investments set out under points 2. and 3. below are provided to clarify certain investment categories and, as required, the applicable investment limits. These descriptions must not be considered exhaustive definitions of the authorised investment categories.

### **2. DERIVATIVES**

#### **A. General Provisions**

The Company may use derivatives involving Transferable Securities and Money Market Instruments for each sub-fund (particularly warrants on transferable securities, transferable securities, interest rate, currency, inflation and volatility swaps and other derivatives, contracts for difference (CFD), credit default swaps (CDS), forward contracts, and transferable securities, interest rate or forward options, etc.) provided such techniques and instruments are used exclusively for the purpose of sound portfolio management and/or in order to protect its assets and commitments.

## B. Use of derivatives

### (a) Risks – general information

#### 1.1. Determination of the global exposure

According to the CSSF/11-512 circular, the management company must calculate the subfund's global exposure at least **once a day**. The limits on global exposure must be complied with on an ongoing basis.

It is the responsibility of the management company to select an appropriate methodology to calculate the global exposure. More specifically, the selection should be based on the self-assessment by the management company of the subfund's risk profile resulting from its investment policy (including its use of financial derivative instruments).

#### 1.2. Risk Measurement methodology according to the subfund's risk profile

The subfunds are classified after a self assessment of their risk profile resulting from their investments policy including their inherent derivative investment strategy that determines two risk measurements methodologies:

- The advanced risk measurement methodology such as the Value-at-Risk (VaR) approach to calculate global exposure where:

- (a) the subfund engages in complex investment strategies which represent more than a negligible part of the subfund's investment policy;
- (b) the subfund has more than a negligible exposure to exotic derivatives; or
- (c) The commitment approach doesn't adequately capture the market risk of the portfolio.

- The commitment Approach methodology to calculate the global exposure should be used in every other case.

**There are currently no sub-funds under VaR. All the existing subfund(s) use the commitment approach methodology.**

#### 1.3. Calculation of the global exposure

##### 1.3.1. For subfunds that use the **commitment approach methodology**:

- The commitment conversion methodology for **standard derivatives** is always the market value of the equivalent position in the underlying asset. This may be replaced by the notional value or the price of the futures contract where this is more conservative.

- For **non-standard** derivatives, an alternative approach may be used provided that the total amount of the derivatives represents a negligible portion of the subfund's.

- For **structured** subfunds, the calculation method is described in the ESMA/2011/112 guidelines.

A financial derivative instrument is not taken into account when calculating the commitment if it meets both of the following conditions:

- (a) The combined holding by the subfund of a financial derivative instrument relating to a financial asset and cash which is invested in risk free assets is equivalent to holding a cash position in the given financial asset.
- (b) The financial derivative instrument is not considered to generate any incremental exposure and leverage or market risk.

The subfund's total commitment to derivative financial instruments, limited to 100 % of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after possible netting and hedging arrangements.

##### 1.3.2. For subfunds that use the **VaR** (Value at Risk) methodology, the global exposure is determined on a daily basis by calculating, the maximum potential loss at a given confidence level over a specific time period under normal market conditions.

Given the subfund's risk profile and investment strategy, the **relative VaR** approach or the **absolute VaR** approach can be used.

- In the **relative VaR** approach, a leverage free reference portfolio reflecting the investment strategy is defined and the subfund's VaR cannot be greater than twice the reference portfolio VaR.

- The **absolute VaR** approach concerns subfunds investing in multi-asset classes and that do not define any investment target in relation to a benchmark but rather as an absolute return target; the level of the absolute VaR is strictly limited to 20%.

The **VaR limits** should always be set according to the defined risk profile.

To calculate VaR, the following parameters must be used: a 99% degree of confidence, a holding period of one month (20 days), an actual (historical) observation period for risk factors of at least 1 year (250 days)



The management company carries out a monthly **back testing** program and reports on a quarterly basis the excessive number of outlier to the senior management.

The management company calculates **stress tests** on a monthly basis in order to facilitate the management of risks associated with possible abnormal movements of the market.

1.4 List of subfunds using the VaR method to calculate the global exposure, their reference portfolio and leverage levels.

The expected leverage is defined as the sum of the absolute value of the notionals' derivatives invested for trading purpose only divided by the net assets; the "possibility of higher leverage" levels is the maximum leverage ratio that could be reached during the life of the subfund regarding its investment policy.

Subfunds	VaR approach	Reference Portfolio	Expected leverage	Maximum leverage
	Absolute	-		
	Relative	Benchmark Name		

No sub-fund of WORLDSELECT ONE uses the VaR method for the time being.

1.5. Calculation of **counterparty risk linked** to OTC derivative instruments.

In conformity with point C (a) (1) of Appendix II of the Prospectus, the counterparty risk linked to OTC derivatives concluded by a subfund may not exceed 10% of its assets when the counterparty is a credit institutions cited in clause A (6) of Appendix II of the Prospectus, or 5% of its assets in other cases.

The counterparty risk linked to OTC financial derivatives shall be based as the positive mark to market value of the contract.

1.6. Valuation of OTC derivatives

Per in conformity with item A (7) of Appendix II of the Prospectus, the management companies shall establish, document, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of OTC derivatives.

1.7. Calculation Method of total market risk for Feeder subfunds:

The global exposure of a Feeder subfund will be calculated by combining its own exposure through financial derivative instruments, with either:

- the Master UCITS, or subfund actual exposure through financial derivative instruments in proportion to the Feeder investment into the Master; or
- the Master potential maximal global exposure related to financial derivative instruments as defined by Master UCITS' management rules or articles of incorporation in proportion to the Feeder investment into the Master.

## (b) Risks - Notice

*In order to optimise their portfolio return, all sub-funds are authorised to use the derivative techniques and instruments (particularly warrants on transferable securities, interest rate, currency, inflation and volatility and other financial instrument swaps, contracts for difference (CFD), which can be used to exchange asset price differences, credit default swaps (CDS), futures, and securities and interest rate or futures options), on the terms and conditions set out in this Appendix and in Appendix II.*

*Investors should be aware that market conditions and applicable regulations may restrict the use of these instruments. The success of these strategies cannot be guaranteed. Sub-funds using these techniques and instruments assume risks and incur costs they would not have assumed or incurred if they had not used such techniques. Investors should also be aware of the increased risk of volatility generated by sub-funds using these techniques and instruments for purposes other than hedging. If the Managers and Sub-Managers incorrectly forecast trends for securities, currency and interest rate markets, the affected sub-fund may be worse off than if no such strategy had been used.*

*In using derivatives, each sub-fund may carry out over-the-counter futures and spot transactions on indexes or other financial instruments, and swaps on indexes or other financial instruments with leading banks or brokers specialised in this area acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators have less protection against defaults on these markets since the contracts traded on them are not guaranteed by a clearing house.*

## **3. OPTIONAL AND MANDATORY REPURCHASE AND REVERSE REPURCHASE AGREEMENTS, SECURITIES LENDING AND BORROWING**

### **A. Securities lending and borrowing**

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

- (i) The Company may only lend or borrow securities within a standardised system organised by a recognised securities clearing institution or by a leading financial institution that is subject to prudential supervision rules that the CSSF deems equivalent to those laid down in EU laws.
- (ii) In relation to its lending transactions, the Company shall receive a guarantee of a value which, at the conclusion of the agreement, must be at least equal to the value of the overall valuation of the securities lent.

Such guarantee is given in the form of cash and/or securities issued or guaranteed by a Member State of the OECD, by its regional authorities or by supranational institutions and organisations with EU, regional or global scope, and is frozen in an account in the name of the Company until the lending contract expires.

If the guarantee is given in the form of cash, the Company may reinvest the cash in the manner described in CSSF circular 08/356. Non-cash guarantees must be issued by an entity that is not affiliated with the counterparty.

The Company must ensure that securities lending transactions remain within appropriate levels, or must be able to request the return of the securities on loan so that it can satisfy its redemption obligations at any time and so that these lending transactions do not jeopardise the management of the Sicav's assets in compliance with its investment policy.

- (iii) The Company may not use the securities it has borrowed during the entire term of the loan unless they are hedged by financial instruments allowing the Company to return the borrowed securities when the transaction is settled.

The Company must receive a guarantee, before or at the same time as the securities on loan are transferred, the value of which must remain equal to at least 90% of the aggregate market value of the securities on loan throughout the term of the loan (including all interest, dividends and other rights).

- (iv) The Company may only engage in securities borrowing transactions in the following exceptional circumstances: (x) when the Company is engaged in the sale of portfolio securities at a time when said securities are being registered with a government authority and therefore are not available; (y) when securities which have been lent are not returned on time; and (z) in order to avoid default of a promised delivery of securities if the Custodian fails to perform its obligation to deliver the relevant securities.

## **B. Repurchase agreements**

The Company may, with a view to sound portfolio management, enter into optional repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement give the seller the right or the obligation to repurchase the securities from the purchaser at a price and a time agreed by the two parties at the conclusion of the agreement, or into mandatory repurchase agreements on expiry of which the seller (counterparty) has an obligation to repurchase the securities, and the Company has an obligation to return the securities, or into mandatory reverse repurchase agreements on expiry of which the Company has an obligation to repurchase the securities and the purchaser (counterparty) has an obligation to return the securities.

The Company may act as either purchaser or seller in optional and mandatory repurchase transactions and reverse repurchase transactions. However, its entering into such agreements is subject to the following rules:

- (i) The Company may only purchase or sell securities if its counterparty in the repurchase or reverse repurchase transaction is a leading financial institution and is subject to prudential supervision rules that the CSSF deems equivalent to those laid down in EU laws.
- (ii) Throughout the term of a repurchase agreement, the Company may not sell, pledge or offer as security the securities that are the subject of the agreement before the counterparty has exercised its right to repurchase the securities, or before the time limit for repurchase has expired.
- (iii) The Company must restrict its optional and mandatory repurchase and reverse repurchase agreements to such a level that it is at all times able to satisfy redemption requests submitted by shareholders.

On expiry of the repurchase transaction in which it acts as a seller, the Company must possess the necessary assets to be able to pay the agreed price in exchange for the securities to be returned to it.

Securities obtained in repurchase transactions must comply with the Company's investment policy and must, when considered in conjunction with the other securities in the Company's portfolio, globally comply with the Company's investment restrictions and the provisions of CSSF circulars 08/356 and 11/512.

## **4. INVESTMENT POLICY OF THE SUB-FUNDS**

The investments of the different sub-funds are made in accordance with legal restrictions and the restrictions defined in this prospectus.

The Company does not have to comply with the limits stipulated in Appendix II of the prospectus ("Investment Restrictions") when exercising the subscription rights attached to securities forming part of its assets.

If the limits referred to in the above-named appendices are exceeded for reasons beyond the Company's control or as a result of the exercise of subscription rights, the Company must aim, as a priority objective in its future sales transactions, to remedy that situation, taking due account of the interests of its shareholders.

**WORLDSELECT ONE FIRST SELECTION:**

The sub-fund "**WORLDSELECT ONE FIRST SELECTION**" (denominated in EUR) is a sub-fund that invests mainly in shares/units in undertakings for collective investment ("UCIs"), which for their part invest in European and international equities. To a reasonable degree, however, the sub-fund may hold liquid assets in its reference currency and in any other currency in which it invests.

Within the framework of the investment policy and also for hedging purposes, the sub-fund may moreover use the derivative instruments described in Appendices II and III. Potential investors should be aware that the use of derivatives may involve greater risks.

*The provisions of the investment policy as defined above may be departed from during a two-month period prior to the liquidation or merger of the sub-fund.*

**WORLDSELECT ONE ASSET ALLOCATION:**

The objective of the sub-fund "**WORLDSELECT ONE ASSET ALLOCATION**" (denominated in EUR) is to invest in a discretionary manner according to a quantitative system which, based on an analysis of the performance of the undertakings for collective investment in which the sub-fund invests, correlations between them and volatilities, will determine an asset allocation geared to current market conditions.

In order to achieve this objective, it will invest mainly in transferable securities issued anywhere in the world, and in shares and units issued by open-ended undertakings for collective investment whose investment policy is to invest in such securities, without any restriction or limitation in terms of industrial or sectorial diversification, including equities, fixed and floating-rate bonds, zero-rate and convertible bonds, money market instruments, term deposits and cash.

Under exceptional circumstances, when required by the conditions on the financial markets, the sub-fund may invest its entire assets in term deposits and money market instruments in order to protect investors' interests.

*The provisions of the investment policy as defined above may be departed from during a two-month period prior to the liquidation or merger of the sub-fund.*

## **APPENDIX II – INVESTMENT RESTRICTIONS**

Based on the principle of risk diversification, the Board of Directors has the authority to determine the Company's investment policy for each sub-fund, the reference currency and the Company's management strategy.

Unless otherwise stipulated in the supplement for a given sub-fund, the investment policy shall comply with the rules and restrictions set out below.

For optimum understanding of this section, the following terms have the meanings indicated :

Group of Companies:	Companies belonging to the same group when they are required to prepare consolidated financial statements, pursuant to Council Directive 83/349/EC of 13 June 1983 with regard to consolidated accounts or pursuant to accepted international accounting rules.
Money Market Instruments:	Financial instruments that are normally traded on the money market are liquid and are able to be valued accurately at all times.
Regulated Market:	A market whose key characteristic is a clearing system, which implies the existence of a central market organisation for executing orders, and which is further distinguished by a general system for matching buy and sell orders permitting a single price, transparency and a neutral organiser.
Transferable Securities:	<ul style="list-style-type: none"><li>- equities and equivalent securities,</li><li>- bonds and other debt instruments,</li><li>- all other negotiable securities giving their holders the right to buy such transferable securities by means of subscription or conversion.</li></ul>

### **A. The Company may essentially invest in:**

- (1) Transferable Securities and Money Market Instruments listed or traded on a Regulated Market.
- (2) Transferable Securities and Money Market Instruments traded on another regulated market of an EU Member State which operates regularly, is recognised and open to the public.
- (3) Transferable Securities and Money Market Instruments which are officially listed on a stock exchange of a non-Member State of the EU or traded on another regulated market of a non-Member State of the EU which operates regularly, is recognised and open to the public.
- (4) Transferable Securities and Money Market Instruments from new issues, provided that:
  - the terms of issue include an undertaking that application shall be made for admission to official listing on a stock exchange or on any other regulated market which operates regularly, is recognised and open to the public;
  - such admission is secured within one year of the first issue.
- (5) Units of UCITs and/or other undertakings for collective investment authorised under Directive 2009/65/EC, with head office in an EU Member State or a non-EU Member State, provided that:
  - these other undertakings for collective investment have been approved in accordance with legal requirements stipulating that such undertakings are subject to supervision which the Luxembourg supervisory authority for the financial sector (CSSF) considers equivalent to the supervision provided for under EU law and cooperation between the authorities is adequately guaranteed; undertakings for collective investment established in EU Member States, Switzerland, the USA, Canada or Japan satisfy these criteria.
  - the level of protection guaranteed to the holders of units in such other undertakings for collective investment is equivalent to that provided for the holders of units in UCITs and, in particular, the rules on division of assets, borrowings, loans and short sales of Transferable Securities and Money Market Instruments comply with the requirements of Directive 2009/65/EC;
  - the activities of such other undertakings for collective investment are reported in semi-annual and annual reports permitting valuation of the assets and liabilities, profits and transactions during the period under review;
  - the UCITs or the other undertakings for collective investment whose units are to be acquired may, according to their deeds of incorporation, invest no more than 10% of their assets in units of other UCITs or other undertakings for collective investment.

- (6) Demand deposits at financial institutions or deposits subject to notice with a term of up to 12 months at financial institutions, provided the financial institution concerned has its registered office in an EU Member State or – if its registered office is located in a third country – is subject to supervisory regulations which the Luxembourg supervisory authority for the financial sector (CSSF) considers equivalent to those under EU law.
- (7) Derivative financial instruments, including equivalent instruments settled in cash, traded on a regulated market of the type referred to under points A. (1), (2) and (3), and/or derivative financial instruments that are not traded on a stock exchange (“OTC derivatives”) provided that:
  - (i)
    - the underlying assets consist of instruments covered by the present section A, or financial indices, interest rates, exchange rates or currencies, in which the Company can invest in accordance with its investment objectives;
    - the counterparties for OTC derivatives transactions are financial institutions subject to prudential supervision and belonging to categories approved by the CSSF;
    - the OTC derivatives are subjected to reliable, verifiable daily valuation and can, at the Company's initiative, be sold, liquidated or closed at fair value at any time by means of an offsetting transaction;
  - (ii) such transactions never lead the Company to stray from its investment objectives.

The Company may in particular perform transactions involving options, futures contracts on financial instruments and options on such contracts.

- (8) Money Market Instruments other than those traded on a Regulated Market, provided the issue or the issuer of such instruments is already subject to regulations intended to protect investors and savings, and provided they are:
  - issued or guaranteed by a central, regional or local authority, by the central bank of an EU Member State, by the European Central Bank, by the EU or by the European Investment Bank, by a third country or, in the case of a federal state, by one of the members of the federation or by an international public organisation of which one or more EU Member States are a member, or
  - issued by a company whose securities are traded on the regulated markets referred to under the point A. (1), (2) and (3) above, or
  - issued or guaranteed by a financial institution subject to prudential supervision according to the criteria of EU law or by a financial institution subject to and in compliance with prudential rules which the CSSF considers at least as strict as those under EU law, or
  - issued by other entities belonging to categories approved by the CSSF, provided investment in such instruments is subject to investor protection rules which are equivalent to those provided for in the first, second and third indents and the issuer is a company whose capital and reserves amount to at least ten million euros (€ 10,000,000) and it presents and publishes its annual financial statements in accordance with Directive 78/660/EC, or an entity which operates within a Group of Companies including one or more listed companies and is responsible for financing this Group, or an entity specialising in financing securitisation vehicles benefiting from a bank facility.

**B. Moreover, in each sub-fund the Company may:**

- (1) Invest up to 10% of its assets in Transferable Securities and Money Market Instruments other than those referred to in section A.
- (2) Hold, on an ancillary basis, cash and other cash-equivalent instruments.
- (3) Borrow only up to 10% of its net assets, provided these are temporary borrowings. Commitments in connection with options contracts and the purchase and sale of futures contracts are not regarded as borrowings when calculating this investment limit.
- (4) Buy currencies by means of a matching loan (back-to-back credit).

**C. Furthermore, the net assets of each sub-fund of the Company are subject to the following investment restrictions per issuer:**

**(a) Risk diversification rules**

For the purpose of calculating the restrictions described under points A. (1) to (5) and (8) below, companies belonging to the same Group of Companies shall be regarded as a single issuer.

If an issuer is a legal entity with several sub-funds and the assets of a sub-fund are exclusively subject to the rights of investors in such sub-fund and of creditors with a claim arising from the creation, operation or liquidation of said sub-fund, each sub-fund must be considered a separate issuer for the application of the risk diversification rules.

- **Transferable Securities and Money Market Instruments**

- (1) A sub-fund may not buy additional Transferable Securities and Money Market Instruments from one and the same issuer if, after their purchase:
  - (i) more than 10% of its net assets are Transferable Securities or Money Market Instruments issued by this entity,
  - (ii) the aggregate value of the Transferable Securities and Money Market Instruments from issuers in each of which it invests more than 5% exceeds 40% of its net asset value. This limit does not apply to deposits and OTC derivatives transactions performed with financial institutions subject to prudential supervision.
- (2) The limit of 10% stipulated in point C. (1) (i) is raised to 20% if the Transferable Securities and Money Market Instruments are issued by the same Group of Companies.
- (3) The limit of 10% stipulated in point C. (1) (i) is raised to 35% if the Transferable Securities and Money Market Instruments are issued or guaranteed by an EU Member State, by its regional authorities, by a third State or by international public organisations of which one or more EU Member States are a member.
- (4) The limit of 10% stipulated in point C. (1) (i) is raised to 25% for certain bonds when issued by a credit institution whose registered office is situated in an EU Member State and which is subject to special supervision by the authorities intended to protect the holders of such bonds. In particular, the proceeds of issue of such bonds must be invested, in accordance with the law, in assets which, for the entire term such bonds, cover the liabilities represented by said bonds and which, should the issuer go bankrupt, would be used first to repay the principal and to pay accrued interest. If a sub-fund invests more than 5% of its assets in bonds issued by one and the same issuer, the aggregate value of such investments may not exceed 80% of the net asset value of such sub-fund.
- (5) The Transferable Securities and Money Market Instruments mentioned under points C. (3) and (4) are not taken into consideration when calculating the limit of 40% stipulated under point C. (1) (ii).
- (6) **Notwithstanding the above limits, each sub-fund is authorised to invest, according to the principle of risk diversification, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, by its regional authorities, by a Member State of the Organization for Economic Cooperation and Development (OECD), such as the United States, or by a public international organisation of which one or more EU Member States are members, provided that (i) such securities are from at least six different issues, and (ii) the securities from any one issue do not account for more than 30% of the sub-fund's total net assets.**
- (7) Without prejudice to the limits stipulated in section C. (b) below, the limits set out under point C. (1) are raised to 20% maximum for investments in equities and/or bonds issued by any one entity if the purpose of the Company's investment policy is to reproduce the composition of a specific stock or bond index which is recognised by the CSSF, based upon the following principles:
  - the composition of the index is adequately diversified,
  - the index provides a representative sample of its benchmark market,
  - it is published in an appropriate way.

The limit of 20% is raised to 35% when justified by exceptional market conditions, particularly on regulated markets dominated by certain Transferable Securities or certain Money Market Instruments. Investment up to this limit is limited to one issuer only.

- **Bank deposits**

- (8) The Company may not invest more than 20% of the net assets of each sub-fund in deposits placed with the same financial institution.

- **Derivative financial instruments**

- (9) The counterparty risk connected with OTC derivatives transactions may not exceed 10% of the net assets of a sub-fund where the counterparty is a credit institution as referred to under section A(6) above, or 5% of its assets in all other cases.

(10) Investments in derivatives may be made provided the overall risk to which the underlying assets are exposed does not exceed the investment limits stipulated under points C (1) to (5), (8), (9), (13) and (14). Where the Company invests in index-based derivatives, such investments are not necessarily combined with the limits stipulated under points C. (1) to (5), (8), (9), (13) and (14).

(11) Where a Transferable Security or a Money Market Instrument includes a derivative, this derivative must be taken into account for the purpose of applying the provisions set out in section C, point (14) and D, point (1), and for the purpose of evaluating the risks connected with derivatives transactions, in such a way that the aggregate risk connected with the derivatives does not exceed the total net asset value.

- **Shares or units in open-ended funds**

(12) The Company may not invest more than 20% of the net assets of each sub-fund in shares or units of any one UCITS or other undertaking for collective investment as defined in section A, point (5).

- **Combined limits**

(13) Notwithstanding the individual limits stipulated under points (1), (8) and (9) above, a sub-fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by the same entity,
- deposits with the same entity, and/or
- risks inherent in OTC derivatives transactions with the same entity

exceeding 20% of its net assets.

(14) The limits stipulated under points C. (1), (3), (4), (8), (9) and (13) above may not be combined. Consequently, the aggregate investments of each sub-fund in Transferable Securities or Money Market Instruments issued by the same entity, in deposits of such entity or in derivatives traded with this entity in accordance with points C. (1), (3), (4), (8), (9) and (13) may not exceed 35% of the net asset value of said sub-fund

**(b) Limits on control**

(15) The Company may not buy shares with voting rights entitling it to exercise a significant influence over the issuer's management.

(16) The Company may not buy (i) more than 10% of the non-voting shares issued by any single issuer; (ii) more than 10% of the bonds issued by any single issuer; (iii) more than 10% of the Money Market Instruments issued by any single issuer; or (iv) more than 25% of the units of any single UCITS and/or other undertaking for collective investment.

The limits stipulated under points C. (16) (ii) to (iv) do not apply to acquisitions if the gross value of bonds or Money Market Instruments or the net amount of the issued securities cannot be calculated at the time of the acquisition.

The maximum limits stipulated under points C. (15) and (16) do not apply to:

- Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or its regional authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by a State which is not part of the EU;
- Transferable Securities and Money Market Instruments issued by international public organisations of which one or more EU Member States are a member;
- shares held in the capital of a company in a State which is not part of the EU, provided (i) said company invests its assets mainly in the securities of issuers residing in said State, if (ii) by virtue of the laws of said State, such an interest is the only way for the Company to invest in the securities of issuers from said State, and (iii) the investment policy of said company complies with the rules on risk diversification and limits on control set out in section C, points (1), (3), (4), (8), (9), (12), (13), (14), (15) and (16) and section D, point (2);
- shares held in the capital of subsidiaries carrying on management, consulting or marketing activities solely and exclusively on behalf of the Company in the country where the subsidiary is based, when buying back shares at the request of the shareholders.

**D. The Company shall moreover comply with the following investment restrictions for financial instruments:**

- (1) Each sub-fund must make sure that the aggregate risk connected with derivatives does not exceed the total net asset value of its portfolio.

Risk calculations are based upon the market value of the underlying assets, the counterparty risk, the foreseeable trend of the markets and the time required to liquidate the positions.

- (2) The aggregate value of investments in the units of undertakings for collective investment other than UCITSs may not exceed 30% of the Company's net asset value.

**E. The Company shall ensure that the investments of each sub-fund comply with the following rules:**

- (1) The Company may not buy commodities, precious metals or certificates representing the same.
- (2) The Company may not buy real property, unless such purchases are indispensable to the direct exercise of its business activities.
- (3) The Company may not use its assets to guarantee securities.
- (4) The Company may not issue warrants or other instruments granting their holders the right to acquire fund units.
- (5) Without prejudice to the Company's right to buy bonds and other debt instruments and to hold bank deposits, the Company may not grant loans or offer guarantees to third parties. This restriction does not bar the purchase of Transferable Securities, Money Market Instruments or other financial instruments which are not fully paid up.
- (6) The Company may not engage in short sales of transferable securities, money market instruments or other financial instruments mentioned in points A. (5), (7) and (8) of this Appendix.

**F. Notwithstanding the above provisions:**

- (1) The foregoing limits do not apply when exercising subscription rights connected with Transferable Securities or Money Market Instruments included in the portfolio of the sub-fund in question.
- (2) If limits are exceeded for reasons beyond the Company's control or as a result of the exercise of subscription rights, the Company must aim, as a priority objective in its future sales transactions, to remedy that situation, taking due account of the interests of its shareholders.

The Board of Directors has the right to determine other investment restrictions, where these are necessary to comply with the laws and regulations of the countries where the Company's shares are offered or sold.



**APPENDIX III:**  
**TABLES SUMMARISING THE DIFFERENT CATEGORIES/CLASSES OF SHARES, MANAGEMENT AND DISTRIBUTION FEES**  
**PER SUB-FUND**

<b>Sub-fund</b>	<b>Management fees</b>	<b>Performance fees</b>
WORLDSELECT ONE First Selection	1.85 % (*)	Nil
WORLDSELECT ONE Asset Allocation	2.20 % (*)	Yes (**)

(\*) This is a maximum fee per year, payable monthly to BNPP IP Lux. It is calculated on the basis of the average net asset value of the relevant share category of a sub-fund for the past month.

(\*\*) Details relating to the performance fee are included in Appendix IV.

The remuneration of the Management Company, the Manager, the Investment Adviser (if any) and the Principal Distributor is included in the fee paid to BNPP IP Lux.

**APPENDIX IV:**  
**PERFORMANCE FEE: CALCULATION AND SUMMARY**

BNPP IP Lux will receive for the “**Worldselect One Asset Allocation**” sub-fund a performance fee corresponding to 15% of the difference, if positive, between the performance of each category of shares during the financial year and the benchmark index (i.e. Euribor 1M Index). This performance fee will be accrued at each Valuation Day.

The performance fee will be paid at the end of each financial year. It may even be due in the case of a decrease in the Net Asset Value of each category of shares.

A provision will be booked for the performance fee whenever the net asset value of each category of shares is calculated. In the event that the Net Asset Value underperforms the Benchmark Index on any Valuation Day, the provision already recorded for the current financial year will be reduced by an amount corresponding to the underperformance of that day, up to a maximum amount corresponding to the existing provision as at this date. The annual performance fee will correspond to the sum of the provisions allocated during the year. If the total amount allocated for this fee does not exceed zero, no performance fee shall be paid. However, its amount cannot be negative under any circumstances. The provision account will be reset to zero on the first day of each financial year.

If shares of the category are redeemed during the year, the fraction of the accrued performance fee that corresponds to the total amount redeemed for the category will still be charged and paid at the end of the financial year.

BNPP IP Lux shall pay the performance fee to the Investment Adviser.

**APPENDIX V:**  
**ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY**

BNP Paribas Securities Services S.A. , Zweigniederlassung Frankfurt, Europa-Allee 12, D-60327 Frankfurt am Main, Germany, has undertaken the function of Paying and Information Agent in the Federal Republic of Germany (the “German Paying and Information Agent”).

Applications for the redemptions and conversion of shares may be sent to the German Paying and Information Agent.

All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through the German Paying and Information Agent.

The full prospectus, the simplified prospectuses, the articles of association of the company, the annual and semi-annual reports may be obtained, free of charge, in hardcopy form at the office of the German Paying and Information Agent during normal opening hours.

The issue, redemption and conversion prices of the shares, and the shareholders notices, are also available from the German Paying and Information Agent.

The issue, redemption and conversion prices will be published on the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

The shareholders notices will be published in Germany in the electronic version Federal Gazette (“www.eBundesanzeiger.de”).

In addition, communications to investors in the Federal Republic of Germany by means of a durable medium (§ 42a Investment Law) in the following cases:

- suspension of the redemption of the units,
- termination of the management of the fund or its liquidation,
- any amendments to the fund rules which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and
- the change of the fund into a feeder fund or the modification of a master fund.