



# IndexIQ

*Société d'investissement à capital variable (SICAV)*

an undertaking for collective investment in transferable securities (UCITS)  
in the form of an open-ended investment company with variable share capital

subject to the Luxembourg law of 17 December 2010 relating to  
undertakings for collective investment, as amended

## **Prospectus**

**1<sup>st</sup> July 2022**



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## 1. INTRODUCTION

This Prospectus contains information about **IndexIQ** that a prospective investor should consider before investing in the Fund and should be retained for future reference.

The Fund is a public limited company (*société anonyme*) incorporated on April 6, 2017 under the laws of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time and qualifies as an UCITS.

The Fund has been authorised by the *Commission de Surveillance du Secteur Financier* (CSSF) which is the Luxembourg supervisory authority of the financial sector. However, such authorisation does not require the CSSF to approve or disapprove either the adequacy or accuracy of this Prospectus or the portfolio of assets held by the Fund. Any declaration to the contrary should be considered as unauthorised and illegal.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds. Shares in the Fund are shares in a specific Sub-Fund. The Fund may issue Shares of different Share Classes in each Sub-Fund. Such Share Classes may each have specific characteristics. Certain Share Classes may be reserved to certain categories of investors. Investors should refer to the Supplement for further information on characteristics of Share Classes.

The Fund is registered with the Luxembourg Trade and Companies Register under number B-214117. The Articles of Association were amended for the last time on 1<sup>st</sup> July 2022 and the latest version of the Articles of Association will be published on the *Recueil électronique des sociétés et associations* (RESA), the central electronic platform of the Grand-Duchy of Luxembourg.

This Prospectus is based on information, law and practice at the date hereof. The Fund cannot be bound by an out-of-date prospectus when it has issued a new prospectus, and investors should check with the Management Company or directly on the Management Company's website [www.candriam.com](http://www.candriam.com) that this is the most recently published prospectus. Neither delivery of the Prospectus nor anything stated herein should be taken to imply that any information contained herein is correct as of any time subsequent to the date hereof. The information contained in this Prospectus is supplemented by the financial statements and further information contained in the latest Annual Report and Semi-Annual Report of the Fund, copies of which may be requested free of charge from the registered office of the Fund.

No distributor, agent, salesman or other person has been authorised to give any information or to make any representation other than those contained in the Prospectus and in the documents referred to herein in connection with the offer of Shares and, if given or made, such information or representation must not be relied upon as having been authorised.

The Board of Directors has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Board of Directors accepts responsibility accordingly.

The distribution of the Prospectus and/or the offer and sale of the Shares in certain jurisdictions or to certain investors may be restricted or prohibited by law. The Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful or to any person to whom it is unlawful to make such offer, solicitation or sale. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. No Shares may be acquired or held by, on behalf or for the account or benefit of, Prohibited Persons.

Shares in the Fund are not and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Securities Act") and the Fund is not and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"). The Shares in the Fund may not be offered, sold



or transferred in the United States (including its territories and possessions) or directly or indirectly benefit any U.S. Person (as defined in Regulation S of the U.S. 1933 Securities Act and Rule 4.7 under the U.S. Commodity Exchange Act). Subscribers for Shares in the Fund will be required to certify in writing that they are not U.S. Persons. Shareholders are required to notify the Fund immediately in the event that they become U.S. Persons. Shareholders who become U.S. Persons will be required to dispose of their Shares to non-U.S. Persons. The Fund reserves the right to repurchase any Shares which are or become owned, directly or indirectly, by a U.S. Person or if the holding of the Shares by any person is unlawful or detrimental to the interests of the Fund. However, notwithstanding the foregoing, the Fund reserves the right to make a private placement of its Shares to a limited number of U.S. Persons, to the extent permitted under applicable U.S. law.

The Shares in the Fund may not be offered, sold or transferred to a U.S. employee benefit plan subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or any other U.S. employee benefit plan or U.S. individual retirement account or arrangement (“IRA”) and may not be offered sold or transferred to a fiduciary or any other person or entity acting on behalf of the assets of a U.S. employee benefit plan or IRA (collectively, a “U.S. benefit plan investor”). Subscribers for Shares in the Fund may be required to certify in writing that they are not a U.S. benefit plan investor. Shareholders are required to notify the Fund immediately in the event that they are or become a U.S. benefit plan investor and will be required to dispose of their Shares to non-U.S. benefit plan investors. The Fund reserves the right to repurchase any Shares which are or become owned, directly or indirectly, by a U.S. benefit plan investor. However, notwithstanding the foregoing, the Fund reserves the right to make a private placement of its Shares to a limited number of U.S. benefit plan investors, to the extent permitted under applicable U.S. law.

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into the languages specified by the regulatory authorities of those jurisdictions. In case of inconsistency between the translated and the English version of this Prospectus, the English version shall prevail. All disputes as to the terms thereof shall be governed by, and construed in accordance with the laws of the Grand Duchy of Luxembourg.

The Fund must comply with applicable international and Luxembourg laws and regulations regarding the prevention of money laundering and terrorist financing. In particular, anti-money laundering measures in force in Luxembourg require the Fund or its agent to establish and verify the identity of subscribers for Shares (as well as the identity of any intended beneficial owners of the Shares if they are not the subscribers) and the origin of subscription proceeds and to monitor the relationship on an ongoing basis. Failure to provide information or documentation may result in delays in, or rejection of, any subscription or conversion application and/or delays in any redemption application.

An investment in the Shares is only suitable for investors who have sufficient knowledge, experience and/or access to professional advisers to make their own financial, legal, tax and accounting evaluation of the risks of an investment in the Shares and who have sufficient resources to be able to bear any losses that may result from an investment in the Shares. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser as to possible financial, legal, tax and accounting consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, conversion or disposal of the Shares of the Fund.

Share Classes may be listed on one or more Stock Exchanges to qualify as UCITS-ETF Share Classes. As part of those listings, there is an obligation on one or more members of the relevant Stock Exchanges to act as Market Makers offering prices at which the Shares can be purchased or sold by investors. The spread between those purchase and sale prices may be monitored and regulated by the relevant Stock Exchange authority.

It is contemplated that application will be made to list certain Classes of Shares on Euronext Paris or on any other Stock Exchange.

The approval of any listing particulars pursuant to the listing requirements of the relevant Stock Exchange does not constitute a warranty or representation by such Stock Exchange as to the



competence of the service providers or as to the adequacy of information contained in the listing particulars or the suitability of the Shares for investment or for any other purpose.

**THE VALUE OF THE SHARES MAY FALL AS WELL AS RISE AND AN INVESTOR MAY NOT GET BACK THE AMOUNT INITIALLY INVESTED. INVESTING IN THE FUND INVOLVES RISK INCLUDING THE POSSIBLE LOSS OF CAPITAL.**

**Disclaimer:**

IndexIQ Advisors LLC is an affiliated entity of the Management Company and operates under the branded name “IndexIQ” as a provider of liquid alternative investment solutions focused on absolute return, real asset and international strategies. Investors should be aware that IndexIQ Advisors LLC does not provide any services to the Fund. INDEXIQ® is a registered trademark of New York Life Insurance Company in the European Union, Switzerland, United States of America, and Canada. New York Life Insurance Company also claims rights in the INDEXIQ name and mark in other jurisdictions. Both the Management Company and IndexIQ Advisors LLC have been granted permission to use the INDEXIQ mark by New York Life Insurance Company.



## DIRECTORY

### Registered office of the Fund

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

### Board of Directors

#### Chairman

Mr Tanguy **DE VILLENFAGNE**  
Member of the Group Strategic Committee  
Candriam – Belgian Branch

#### Board members

Mr Koen **VAN DE MAELE**  
Global Head of Investment Solutions  
Candriam – Belgian Branch

Mr Pascal **DEQUENNE**  
Global Head of Operations  
Candriam – Belgian Branch

Mr Bertrand **GIBEAU**  
Independent Director

Mr Jean-Yves **MALDAGUE**  
Member of the Group Strategic Committee  
Candriam

Ms Myriam **VANNESTE**  
Global Head of Product Management  
Candriam – Belgian Branch

Ms Isabelle **CABIE**  
Global Head of Corporate Sustainability  
Candriam – Belgian Branch

### Management Company

Candriam  
19-21, route d'Arlon  
L - 8009 Strassen  
Grand Duchy of Luxembourg

### Members of the Board Management

Mr Jean-Yves **MALDAGUE**  
Managing Director

Mr. Naïm **ABOU-JAOUDE**  
Director

Mr. Pascal **DEQUENNE**  
Director

Mr. Tanguy **DE VILLENFAGNE**  
Director

Mr. Renato **GUERRIERO**  
Director

Mr. Alain **PETERS**  
Director

### Depository

CACEIS Bank, Luxembourg Branch  
5, Allée Scheffer, L-2520 Luxembourg  
Grand Duchy of Luxembourg

### Administrator

CACEIS Bank  
Luxembourg Branch  
5, Allée Scheffer  
L-2520 Luxembourg  
Grand Duchy of Luxembourg

### Investment Managers

Candriam directly and/or one of its branches:

Candriam – Belgian Branch  
Avenue des Arts 58  
B-1000 Brussels  
Belgium

Candriam – Succursale française  
40, rue Washington  
F-75408 Paris Cedex 08  
France

Candriam – UK Establishment  
Aldersgate Street 200, London EC1A 4 HD



**Board of Directors of the  
Management Company**

Ms Yie-Hsin **HUNG (Chairman)**  
Chairman and Chief Executive Officer  
New York Life Investment Management  
Holdings LLC  
Senior Vice President  
New York Life Insurance Company

Mr Jean-Yves **MALDAGUE**  
Managing Director  
Candriam

Mr Naïm **ABOU-JAOUDE**  
Chief Executive Officer  
Candriam

Mr John M. **GRADY**  
Senior Managing Director  
New York Life Investment Management Holdings  
LLC  
Senior Vice President  
New York Life Insurance Company

Mr Anthony **MALLOY**  
Senior Vice President & Chief Investment Officer  
New York Life Insurance Company and  
Chief Executive Officer, NYL Investors LLC

Mr Frank **HARTE**  
Senior Managing Director, Chief Financial Officer  
& Treasurer  
New York Life Investment Management Holdings  
LLC  
Senior Vice President  
New York Life Insurance Company

Mr. Vincent **HAMELINK**  
Director,  
Candriam – Belgian Branch

**Auditor**

PricewaterhouseCoopers  
2 rue Gerhard Mercator, BP1443  
L – 1014 Luxembourg  
Grand Duchy of Luxembourg





### 3. DEFINITIONS

1915 Law	the Luxembourg law of 10 August 1915 on commercial companies, as may be amended from time to time.
1993 Law	the law of 5 April 1993 on the financial sector, as may be amended from time to time.
2004 Law	the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing, as may be amended from time to time.
2010 Law	the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.
Accumulation Shares	Shares with respect to which the Fund does not intend to distribute dividends.
Administration Agreement	the agreement entered into between the Fund the Management Company and the Administrator governing the appointment of the Administrator, as may be amended or supplemented from time to time.
Administrator	the central administration, registrar and transfer, domiciliation and corporate agent appointed by the Management Company in accordance with the provisions of the 2010 Law and the Administration Agreement, as identified in the Directory.
Annual Report	the report issued by the Fund as of the end of the latest financial year in accordance with the 2010 Law.
Articles of Association	the articles of association of the Fund, as may be amended from time to time.
Authorised Participant	an institutional investor, market maker or broker entity authorised by the Fund for the purposes of directly subscribing and/or redeeming Shares in a Sub-Fund with the Fund.
Benchmark	the index of securities or other assets whose performance a Sub-Fund will aim to reflect, pursuant to its investment objective and in accordance with its investment policies, as specified in the relevant Supplement. The "Benchmark" could comprise several indices and references to "Benchmark" shall be read accordingly.
Board of Directors	the board of directors of the Fund.
Brussels I (Recast)	Regulation (EU) No 1215/2015 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast).
Business Day	any full banking business day in Luxembourg. To avoid any confusion, 24 <sup>th</sup> of December is not considered as a Business Day.
Calculation Day	Any Business Day on which the Net Asset Value of the Valuation Day is determined and as detailed in the Supplement.



Cash Component	means the cash component of the Sub-Funds Portfolio Composition File. The Cash Component will be made up of three elements, namely: (i) the accrued dividend attributable to shareholders of the Sub-Fund (generally dividends and interest earned less fees and expenses incurred since the previous distribution); (ii) cash amounts representing amounts arising as a result of rounding down the number of Shares to be delivered, capital cash held by the Sub-Fund or amounts representing differences between the weightings of the Portfolio Composition File and the Sub-Fund, and (iii) any entry/exit charge which may be payable;
Conversion Day	the day or days on which Original Shares may be converted into New Shares, being a day which is a Redemption Day for the Original Shares and, if that day is not a Subscription Day for the New Shares, the day which is the immediately following Subscription Day for the New Shares, provided that the Cut-Off Time for a Conversion Day shall be the earlier of the Cut-Off Time for redemption of the Original Shares on that Redemption Day and the Cut-Off Time for subscription to the New Shares on that Subscription Day. For the avoidance of doubt, the Conversion Day may be a different day for the Original Shares and the New Shares.
Conversion Fee	a fee which the Fund may charge upon conversion of Shares and which is equal to the positive difference, if any, between the Subscription Fee applicable to the New Shares and the Subscription Fee paid on the Original Shares, or such lower amount as specified for each Share Class in the Supplement, where applicable.
CRS	the Common Reporting Standard, within the meaning of the Standard for Automatic Exchange of Financial Account Information in Tax Matters, as set out in the Luxembourg law on the Common Reporting Standard.
CSSF	the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority of the financial sector.
Cut-Off Time	for any Subscription Day, Redemption Day or Conversion Day, the day and time by which an application for subscription, redemption or conversion, as applicable, must in principle be received by the Fund in order for the application to be processed, if accepted, by reference to the Net Asset Value per Share calculated as of that Subscription Day, Redemption Day or Conversion Day, as applicable. The Cut-Off Time is specified for each Sub-Fund or Share Class in the Supplement.
Depositary	the depositary bank appointed by the Fund in accordance with the provisions of the 2010 Law and the Depositary Agreement, as identified in the Directory.
Depositary Agreement	the agreement entered into between the Fund and the Depositary governing the appointment of the Depositary, as may be amended or supplemented from time to time.
Directive 2006/48/EC	Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast), as may be amended from time to time.



Directive 2013/34/EU	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, as may be amended from time to time.
Directive (EU) 2015/849	Directive 2015/849/EU of the European Parliament and of the Council of May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.
Distribution Shares	shares with respect to which the Fund intends to distribute dividends and which confer on their holder the right to receive such dividends, if and when declared by the Fund.
Distributors	intermediaries appointed by the Management Company to distribute the Shares.
Eligible Investor	an investor who satisfies all eligibility requirements for a specific Sub-Fund or Share Class, as specified for the Sub-Fund or Share Class in the Supplement.
EMU	Economic and Monetary Union of the European Union.
ESG	ESG stands for Environmental, Social and Governance and refers to three groups of indicators used to measure the level of sustainability and societal impact of an investment.
ETF	exchange traded fund.
EU	the European Union.
EUR	the lawful currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.
FATCA	the provisions of the United States Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 commonly referred to as the Foreign Account Tax Compliance Act (FATCA).
Fund	IndexIQ
German Investment Tax Act or GITA	the provisions of the German Tax Act aiming at defining the rules for taxation of investment funds.
iNAV	indicative Net Asset Value
Index Provider	the entity described in the relevant Supplement acting as sponsor, calculator and administrator of the Benchmark.
Initial Offer	the first day or period on or during which Shares of a Share Class will be or were available for subscription.



Initial Offer Price	the price at which Shares may be subscribed for on or during the Initial Offer.
Insolvency Event	Occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person's assets or the person becomes subject to an administration order; (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts, (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business; (v) an event occurs in relation to the person in any jurisdiction that has an effect similar to that of any of the events referred to in (i) to (iv) above or (vi) the Fund in good faith believes that any of the above may occur.
Institutional Investor	an institutional investor as defined for the purposes of the 2010 Law and by the administrative practice of the CSSF.
Investment Management Agreement	the agreement entered into between the Management Company and the Investment Manager governing the appointment of the Investment Manager, as may be amended or supplemented from time to time.
Investment Manager	the investment manager appointed by the Management Company in accordance with the provisions of the 2010 Law and the Investment Management Agreement, as identified in the Directory.
Lugano Convention	the Convention of Lugano of 30 October 2007 on jurisdiction and the enforcement of judgments in civil and commercial matters.
Management Company	the management company appointed by the Fund in accordance with the provisions of the 2010 Law and the Management Company Agreement, as identified in the Directory.
Management Company Agreement	the agreement entered into between the Fund and the Management Company governing the appointment of the Management Company, as may be amended or supplemented from time to time.
Market Makers	financial institutions that are members of the Relevant Stock Exchanges and have signed a market making contract with the Fund and the Management Company or that are registered as such with the relevant Stock Exchanges.
Member State	a State that is a contracting party to the Agreement creating the European Union. The States that are contracting parties to the Agreement creating the European Economic Area, other than the Member States of the European Union, within the limits set forth by such Agreement and related acts, are considered as equivalent to Member States of the European Union.
Money Market Instrument	instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time.
Net Asset Value	as the context indicates, the net asset value of the Fund, a Sub-Fund, or a Share Class determined in accordance with the provisions of this Prospectus.



Net Asset Value per Share	the Net Asset Value of a Share Class in a Sub-Fund divided by the total number of Shares of that Share Class which are in issue as of the Valuation Day for which the Net Asset Value per Share is calculated.
New Shares	Shares described in section 7.4.3 (Conversion of Shares) of this Prospectus.
Minimum Redemption Amount	The minimum number of Shares which has to be redeemed as specified in the relevant Supplement.
Minimum Subscription Amount	The minimum number of Shares which has to be subscribed as specified in the relevant Supplement.
Non-Member State	any State, other than a Member State, in Europe, America, Africa, Asia or Oceania.
Non-UCITS ETF Share Class	A Share Class offering Shares other than UCITS ETF Shares.
OECD	the Organisation for Economic Cooperation and Development.
Original Shares	Shares described in section 7.4.3 (Conversion of Shares) of this Prospectus.
PEA	means Equity Savings Plan known as „PEA“ in France
Portfolio Composition File	means the file setting out the Investments and/or Cash Component which may be delivered (a) by Authorised Participants in the case of subscriptions or (b) by the Sub-Fund in the case of redemptions;
Primary Market	the market on which Shares are issued and/or redeemed by the Fund directly, subject to the terms and conditions of the Prospectus.
Prohibited Person	any person considered as a Prohibited Person in the opinion of the Board of Directors according to the criteria set out in the Articles of Association and section 7.7 (Prohibited Persons) of the Prospectus.
Prospectus	this prospectus including all Supplements, as may be amended from time to time.
Redemption Day	a Business Day on which Shares may be redeemed by the Fund at a Redemption Price determined by reference to the Net Asset Value per Share calculated as of the Valuation Day. Certain jurisdictions do not permit redemptions to be processed on local holidays. Investors should refer to the local sales documents for their jurisdiction or consult their local Distributor for further details.
Redemption Fee	An exit charge may be levied by the Fund on investors redeeming shares to take into account the aggregate costs of selling underlying investments related to such redemptions. The rate of the exit charge will be set by the Board of Directors from time to time for each Sub-Fund so as to represent the estimated bidoffer spread of the assets in which the Sub-Fund invests and estimated tax, trading costs, and related expenses that may be incurred by the Sub-Fund as a result of selling underlying investments.



Redemption Price	the price at which the Fund may redeem Shares on a Redemption Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Redemption Day and in accordance with the provisions of this Prospectus.
Redemption Settlement Day	the Business Day on which the Fund will normally pay the Redemption Price (less any Redemption Fee) to redeeming investors, subject to the provisions of this Prospectus.
Reference Currency	as the context indicates, (i) in relation to the Fund, the Euro, or (ii) in relation to a Sub-Fund, the currency in which the assets and liabilities of the Sub-Fund are valued and reported, as specified in each Supplement, or (iii) in relation to a Sub-Fund or Share Class, the currency in which the Shares of that Sub-Fund or Share Class are denominated, as specified in each Supplement.
Regulated Market	a regulated market within the meaning of Directive 2004/39/EC.
Regulation (EU) 2019/2088	The Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosure in the financial services sector
Secondary Market	the market on which the UCITS ETF Shares can be purchased and/or sold directly on the relevant Stock Exchanges.
Semi-Annual Report	the report issued by the Fund as of the first half of the current financial year in accordance with the 2010 Law.
Settlement Day	A Subscription Settlement Day or a Redemption Settlement Day.
SFDR Regulation	The Regulation (EU) No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosure in the financial services sector
Share Class	a class of Shares of a Sub-Fund created by the Board of Directors, as described in section 7.1 (Shares, Sub-Funds and Share Classes) of this Prospectus. For the purposes of this Prospectus, each Sub-Fund shall be deemed to comprise at least one Share Class.
Shares	shares of a Sub-Fund or Share Class issued by the Fund.
Stock Exchange	markets on which the Shares of the Sub-Funds may be listed.
Sub-Fund	a sub-fund of the Fund, as described in section 7.1 (Shares, Sub-Funds and Share Classes) of this Prospectus.
Subscription Day	a Business Day on which investors may subscribe for Shares at a Subscription Price determined by reference to the Net Asset Value per Share calculated as of the Valuation Day. Certain jurisdictions do not permit subscriptions to be processed on local holidays. Investors should refer to the local sales documents for their jurisdiction or consult their local Distributor for further details.



Subscription Fee	An entry charge may be levied by the Fund on investors subscribing shares to take into account the aggregate costs of buying underlying investments related to such subscriptions. The rate of the entry charge will be set by the Board of Directors from time to time for each Sub-Fund so as to represent the estimated bidoffer spread of the assets in which the Sub-Fund invests and estimated tax, trading costs, and related expenses that may be incurred by the Sub-Fund as a result of buying underlying investments.
Subscription Form	the forms and other documents, as issued or accepted by the Fund from time to time, which the Fund requires the investor or the person acting on behalf of the investor to complete, sign, and return to the Fund or its agent, with the supporting documentation, in order to make an initial and/or additional application for subscription to Shares.
Subscription Price	the price at which investors may subscribe for Shares on a Subscription Day, as determined for each Sub-Fund or Share Class on the basis of the Net Asset Value per Share as of that Subscription Day and in accordance with the provisions of this Prospectus.
Subscription Settlement Day	the Business Day on which the subscriber is required to pay the Subscription Price (plus any Subscription Fee) to the Fund.
Supplement	the supplement(s) to this Prospectus for each specific Sub-Fund, which form part of this Prospectus.
Target Sub-Fund	a Sub-Fund into which another Sub-Fund has invested in accordance with the provisions of this Prospectus.
Transferable Security	shares in companies and other securities equivalent to shares in companies, bonds and other forms of securitised debt, and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.
Tracking Error	the volatility of the difference between the return of an Index-Tracking Sub-Fund and the return of the index or indices tracked. The expected Tracking Error of each index-Tracking Sub-Fund will be disclosed in the Supplement.
UCI	undertaking for collective investment within the meaning of Article 1(2)(a) and (b) of the UCITS Directive, being an open-ended undertaking with the sole object of collective investment of capital raised from the public, in accordance with the principle of risk-spreading, in transferable securities and other liquid financial assets.
United Nations Global Compact	The United Nations Global Compact ( <a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a> ) is a shared framework, recognized worldwide and applicable to all industry sectors. It relies on international conventions in the areas of human rights, labour standards, environmental stewardship and anti-corruption
UCITS	undertaking for collective investment in transferable securities



UCITS Directive	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast), as may be amended from time to time.
UCITS ETF Shares	The Sub-Fund's Shares traded on one or several Regulated Markets or multilateral trading facilities with at least one Market Maker.
UCITS ETF Share Class	A Share Class offering UCITS ETF Shares.
US Person	has the meaning provided in section 1 (Introduction).
Valuation Day	any Business Day from which the net asset value is dated and as detailed in the Supplements. The Management Company may consider certain days as not being Valuation Days if the concerned banks, stock exchanges and/or regulated markets (i.e. the markets in which the Sub-Fund is mainly invested), as determined by the Management Company for each Sub-Fund, are closed for means of trading and/or settlement. An up-to-date list of days that are not considered as Valuation Days for the different Sub-Funds is available on the following website <a href="http://www.candriam.com">www.candriam.com</a> .

## 4. INVESTMENT STRATEGY AND RESTRICTIONS

Each Sub-Fund has a specific investment objective and policy described in its Supplement. The investments of each Sub-Fund must comply with the provisions of the 2010 Law. The investment restrictions and policies set out in this section apply to all Sub-Funds, without prejudice to any specific rules adopted for a Sub-Fund, as described in its Supplement where applicable. The Board of Directors may impose additional investment guidelines for each Sub-Fund from time to time, for instance where it is necessary to comply with local laws and regulations in countries where Shares are distributed. Each Sub-Fund should be regarded as a separate UCITS for the purposes of this section.

### 4.1 Authorised investments

4.1.1 The investments of each Sub-Fund must comprise only one or more of the following.

- (A) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market.
- (B) Transferable Securities and Money Market Instruments dealt in on another market in a Member State that is regulated, operates regularly and is recognised and open to the public.
- (C) Transferable Securities and Money Market Instruments admitted to the official listing on a stock exchange in a Non-Member State or dealt in on another market in a Non-Member State which is regulated, operates regularly and is recognised and open to the public.
- (D) Recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or dealing on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section, and that such admission is secured within one year of issue.
- (E) Shares or units of UCITS or other UCI, whether or not established in a Member State, provided that the following conditions are satisfied:





- (1) such other UCI are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - (2) the level of protection for shareholders or unitholders in such other UCI is equivalent to that provided for shareholders or unitholders in a UCITS, and in particular, the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - (3) the business of the other UCI is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period; and
  - (4) no more than 10% of the assets of the UCITS or the other UCI whose acquisition is contemplated can, according to their constitutive documents, be invested in aggregate in shares or units of other UCITS or other UCI.
- (F) Deposits with credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, which are repayable on demand or have the right to be withdrawn and maturing in no more than twelve months.
- (G) Financial derivative instruments, including equivalent cash-settled instruments, listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section, or financial derivative instruments dealt in over-the-counter (OTC) provided that:
- (1) the underlying consists of assets covered by this section 4.1.1 including instruments with one or more characteristics of those assets, and/or financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-Fund may invest according to its investment objective;
  - (2) the counterparties to OTC derivatives are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF; and
  - (3) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Fund.
- (H) Money Market Instruments other than those dealt in on a Regulated Market or on another regulated market referred to in paragraphs (A) to (C) of this section, provided that the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and that such instruments are:
- (1) issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong;
  - (2) issued by an undertaking any securities of which are listed on a stock exchange or dealt in on a Regulated Market or another regulated market referred to in paragraphs (A) to (C) of this section;
  - (3) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or



- (4) issued by other bodies provided that investments in such instruments are subject to investor protection equivalent to that set out in paragraphs (H)(1) to (H)(3) of this section and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with Directive 2013/34/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**4.1.2** Each Sub-Fund may invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those identified in paragraphs (A) to (D) and (H) of section 4.1.1.

**4.1.3** Each Sub-Fund may hold ancillary liquid assets up to 20% of its net assets. Ancillary liquid assets are limited to bank deposits at sight such as cash held in current accounts with a bank accessible at any time. Liquid assets held to cover exposure to financial derivative instruments do not fall under this restriction. Each Sub-Fund may exceptionally and temporarily hold liquid assets on a principal basis if the Board of Directors considers this to be in the best interest of its investors.

**4.1.4** Each Sub-Fund may borrow up to 10% of its net assets on a temporary basis. Collateral arrangements to cover exposure to financial derivative instruments are not considered borrowings for the purposes of this restriction. Each Sub-Fund may also acquire foreign currency by means of a back-to-back loan.

**4.1.5** The Fund may acquire movable and immovable property which is essential for the direct pursuit of its business. Each Sub-Fund may borrow up to 10% of its net assets for this purpose. However, the total amount of borrowing for this purpose and any borrowing on a temporary basis permitted by section 4.1.4 above may not exceed 15% of the net assets of the Sub-Fund.

**4.1.6** Each Sub-Fund may invest into shares issued by other Sub-Funds of the Fund (called Target Sub-Funds) provided that, during the period of investment:

- (A) the Target Sub-Fund does not, in turn, invest in the investing Sub-Fund and no more than 10% of the net assets of the Target Sub-Fund may be invested in other Sub-Funds;
- (B) the voting rights attached to such Shares of the Target Sub-Fund are suspended; and
- (C) the value of such Shares of the Target Sub-Fund will not be taken into consideration for the calculation of the Net Asset Value of the Fund for the purposes of verifying the minimum threshold of net assets imposed by the 2010 Law.

## **4.2 Prohibited investments**

**4.2.1** The Sub-Funds may not acquire commodities or precious metals or certificates representing them or hold any right or interest therein. Investments in financial instruments linked to, or backed by the performance of, commodities or precious metals, or any right or interest therein, do not fall under this restriction.

**4.2.2** Except as set out in section 4.1.5, the Sub-Funds may not invest in real estate or hold any right or interest in real estate. Investments in financial instruments linked to, or backed by the performance of, real estate or any right or interest therein, or shares or debt instruments issued by companies which invest in real estate or interests therein, do not fall under this restriction.

**4.2.3** The Sub-Funds may not grant loans or guarantees in favour of a third party. Such restriction will not prevent any Sub-Fund from investing in Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in section 4.1.1 which are not fully paid-up.



**4.2.4** The Sub-Funds may not enter into uncovered sales of Transferable Securities, Money Market Instruments, shares or units of UCITS or other UCI or financial derivative instruments referenced in section 4.1.1.

### **4.3 Risk diversification limits**

**4.3.1** If an issuer or body is a legal entity with multiple sub-funds or compartments where the assets of each sub-fund or compartment are exclusively reserved to the investors of that sub-fund or compartment and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund or compartment, each sub-fund or compartment is to be considered as a separate issuer or body for the purpose of the application of these risk diversification limits.

#### **Transferable Securities and Money Market Instruments**

**4.3.2** No Sub-Fund may purchase additional Transferable Securities or Money Market Instruments of any single issuer if, upon such purchase:

- (A) more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of such issuer; or
- (B) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of its net assets.

**4.3.3** The limit of 10% set out in section 4.3.2, paragraph (A) is increased to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities ("**Covered Bonds**"). In particular, the proceeds from the issue of Covered Bonds must be invested, in accordance with applicable law, in assets which are capable of covering claims attached to such bonds until their maturity and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of accrued interest. To the extent a Sub-Fund invests more than 5% of its net assets in Covered Bonds, the total value of such investments may not exceed 80% of its net assets. Covered Bonds are not included in the calculation of the limit of 40% set out in section 4.3.2, paragraph (B).

**4.3.4** The limit of 10% set out in section 4.3.2, paragraph (A) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any non-Member State or by a public international body of which one or more Member States are members. Such securities are not included in the calculation of the limit of 40% set out in section 4.3.2, paragraph (B).

**4.3.5** Notwithstanding the limits set out above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by one or more of its local authorities, by a member State of the OECD or the Group of Twenty (G20) such as the United States of America, by the Republic of Singapore, by the Hong Kong Special Administrative Region of the People's Republic of China, or by a public international body of which one or more Member States are members, provided that the Sub-Fund holds in its portfolio securities from at least six different issues and that securities from any issue do not account for more than 30% of the net assets of the Sub-Fund.

#### **Financial derivative instruments and efficient portfolio management techniques**



**4.3.6** The counterparty risk exposure arising from OTC financial derivative instruments and efficient portfolio management techniques (as described below) undertaken with a single body for the benefit of a Sub-Fund may not exceed 10% of the net assets of the Sub-Fund where the counterparty is a credit institution which has its registered office in a Member State or a credit institution located in a third-country which is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, or 5% of its net assets in other cases.

#### **Bank deposits**

**4.3.7** Each Sub-Fund may invest up to 20% of its net assets in deposits made with a single body.

#### **Combined limits**

**4.3.8** Notwithstanding the individual limits set out in sections 4.3.2, 4.3.6 and 4.3.7, a Sub-Fund may not combine, where this would lead to an exposure of more than 20% of its net assets to a single body:

- (A) investments in Transferable Securities or Money Market Instruments issued by that body;
- (B) bank deposits made with that body; and
- (C) counterparty exposure arising from OTC financial derivative instruments and efficient portfolio management techniques (as described below) undertaken with that body.

**4.3.9** The limits set out in sections 4.3.2 to 4.3.8 (with the exception of section 4.3.5) may not be combined: investments in Transferable Securities or Money Market Instruments, bank deposits, counterparty exposure arising from OTC financial derivative instruments and efficient portfolio management techniques, issued by or undertaken with, a single issuer or body, each in accordance with the limits set out in sections 4.3.2 to 4.3.8 (with the exception of section 4.3.5) may not exceed a total of 35% of the net assets of the Sub-Fund.

**4.3.10** For the purposes of the combined limits set out in sections 4.3.8 and 4.3.9, issuers or bodies that are part of the same group of companies are considered as a single issuer or body. A group of companies comprises all companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules.

#### **Sub-Fund replicating the composition of a financial index**

**4.3.11** Without prejudice to the limits laid down in section 4.4 (Control limits) below, the limits set out in section 4.3.2 are raised to 20% for investments in Transferable Securities or Money Market Instruments issued by a single issuer where the investment objective of the Sub-Fund is to replicate the composition of a certain financial index of stock or debt securities which is recognised by the CSSF.

**4.3.12** The limit of 20% set out in the preceding section is raised to 35% where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain Transferable Securities or Money Market Instruments are highly dominant, provided that any investment up to this 35% limit is only permitted for a single issuer.

**4.3.13** A financial index is an index which complies, at all times, with the following conditions: the composition of the index is diversified in accordance with the limits set out in sections 4.3.11 and 4.3.12, the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time.



## **Shares or units of UCITS or other UCI**

**4.3.14** Unless otherwise specified in its Supplement, no Sub-Fund is permitted to invest in aggregate more than 10% of its net assets in shares or units of UCITS or other UCI. If otherwise specified in its Supplement, the following limits will apply:

- (A) investments made in shares or units of a single other UCITS or other UCI may not exceed 20% of the net assets of the Sub-Fund; and
- (B) investments made in shares or units of other UCI may not, in aggregate, exceed 30% of the net assets of the Sub-Fund.

**4.3.15** The underlying assets of the UCITS or other UCI into which a Sub-Fund invests do not have to be combined with any other direct or indirect investment of the Sub-Fund into such assets for the purposes of the limits set out in section 4.3 (Risk diversification limits) above.

**4.3.16** If a Sub-Fund invests in shares or units of UCITS or other UCI that are managed, directly or by delegation, by the Management Company or by any other company which is linked to the Management Company by common management or control, or by a substantial direct or indirect holding, the Management Company or other company may not charge subscription or redemption fees on account of the Sub-Fund's investment in the shares or units of such UCITS or other UCI.

**4.3.17** If a Sub-Fund invests a substantial proportion of its assets in UCITS or other UCI, the Supplement will disclose the maximum level of the management fees that may be charged both to the Sub-Fund itself and to the UCITS or other UCI in which it intends to invest. The Fund will disclose in the Annual Report the maximum proportion of management fees charged to both the Sub-Fund itself and the UCITS or other UCI in which the Sub-Fund invests.

## **Derogation**

**4.3.18** During the first six (6) months following its authorisation, a new Sub-Fund may derogate from the limits set out in this section 4.3 (Risk diversification limits) above, provided that the principle of risk-spreading is complied with.

## **4.4 Control limits**

**4.4.1** The Fund may not acquire such amount of shares carrying voting rights which would enable the Fund to exercise legal or management control or to exercise a significant influence over the management of the issuer.

**4.4.2** No Sub-Fund may acquire more than:

- (A) 10% of the non-voting shares of the same issuer;
- (B) 10% of the debt securities of the same issuer;
- (C) 10% of the Money Market Instruments of any single issuer; or
- (D) 25% of the shares or units of the same UCITS or other UCI.

**4.4.3** The limits set out in section 4.4.2, paragraphs (B) to (D) may be disregarded at the time of acquisition if, at that time, the gross amount of the debt securities or Money Market Instruments or the net amount of the instruments in issue cannot be calculated.



**4.4.4** The limits set out in sections 4.4.1 to 4.4.2 do not apply in respect of:

- (A) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- (B) Transferable Securities and Money Market Instruments issued or guaranteed by any non-Member State;
- (C) Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member States are members;
- (D) shares in the capital of a company which is incorporated under or organised pursuant to the laws of a non-Member State, provided that:
  - (1) such company invests its assets principally in securities issued by issuers having their registered office in that State;
  - (2) pursuant to the laws of that State, a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State; and
  - (3) such company observes in its investments policy the restrictions set out in section 4.3 (Risk diversification limits) above (with the exceptions of sections 4.3.5 and 4.3.11 to 4.3.13) and sections 4.4.1 to 4.4.2;
- (E) shares held by the Fund in the capital of subsidiary companies which carry on the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of shares at the request of shareholders exclusively on its or their behalf.

#### **4.5 Consideration of Environmental, Social and Governance (“ESG”) criteria**

Each Sub-Fund's Technical Sheet will indicate in which category it is classified, within the meaning of EU Regulation 2019/2088 of 27 November 2019 on sustainability disclosures in the financial services sector (the "SFDR Regulation") i.e. :

- Sub-fund with a sustainable investment objective (« Art. 9 of the SFDR Regulation ») ;
- Sub-fund that promotes, among other characteristics, environmental and/or social characteristics (« Art. 8 of the SFDR Regulation ») ;
- Other Sub-fund that does not have a sustainable investment objective and does not specifically promote environmental and/or social characteristics.

#### **4.6 Alignment with the Taxonomy**

The European taxonomy of green activities (the "Taxonomy") – Regulation (EU) 2020/852 is part of the EU's global efforts to meet the objectives of the European Green Deal and to allow Europe to achieve climate-neutrality by 2050.

Specifically, this Regulation sets out six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems.



For directly-managed investments and/or the underlying funds managed by Candriam, the environmental aspects making up these six environmental objectives are placed at the heart of the ESG analysis of issuers.

For the sub-funds which have sustainable investment as their objective and also for the sub-funds which promote, among other characteristics, environmental and/or social characteristics, this work to evaluate the contribution of issuers to the main environmental objectives, in particular the battle against climate change, requires a sector-based appraisal based on a heterogeneous data set and complex realities with multiple interdependencies. Candriam's ESG analysts developed their own analysis framework. This will enable a systematic evaluation of the contribution of a company's activities to various environmental objectives defined by Candriam and in line with the Taxonomy objectives. Following publication of the technical criteria for the two environmental objectives linked to climate change in the Taxonomy by the group of experts created at the European level, Candriam set out to integrate these technical criteria into its existing analysis framework.

Such an analysis covering the entire scope of affected issuers is only possible with effective publication of certain data by these key issuers, allowing a detailed appraisal of their contribution to be made.

At present, only a small number of companies in the world provide the minimum data required for a rigorous evaluation of their alignment with the Taxonomy.

As a consequence, the sub-funds may not yet commit to any minimum of Taxonomy alignment and, therefore, their minimum percentage of alignment should be considered as being 0.

For the sub-funds which promote, among other characteristics, environmental and/or social characteristics, the "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

For the sub-funds which do not have sustainable investment as their objective and which do not specifically promote environmental and/or social characteristics, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities and as such these sub-funds should not publish information on alignment with the Taxonomy.

For more details please see the transparency code on the Management Company's website: <https://www.candriam.com/en/private/market-insights/sri-publications/#transparency>

## **4.7 Financial derivative instruments**

### **4.7.1 General**

Each Sub-Fund may use financial derivative instruments such as options, futures, forwards and swaps or any variation or combination of such instruments, for hedging or investment purposes, in accordance with the conditions set out in this section 4 and the investment objective and policy of the Sub-Fund, as set out in its Supplement. The use of financial derivative instruments may not, under any circumstances, cause a Sub-Fund to deviate from its investment objective.

Financial derivative instruments used by any Sub-Fund may include, without limitation, the following categories of instruments.

- (A) Options: an option is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to buy or sell a specified amount of an underlying asset at an agreed price (the strike or exercise price) on or until the expiration of the contract. A call option is an option to buy, and a put option an option to sell.



- (B) Futures contracts: a futures contract is an agreement to buy or sell a stated amount of a security, currency, index (including an eligible commodity index) or other asset at a specific future date and at a pre-agreed price.
- (C) Forward agreements: a forward agreement is a customised, bilateral agreement to exchange an asset or cash flows at a specified future settlement date at a forward price agreed on the trade date. One party to the forward is the buyer (long), who agrees to pay the forward price on the settlement date; the other is the seller (short), who agrees to receive the forward price.
- (D) Interest rate swaps: an interest rate swap is an agreement to exchange interest rate cash flows, calculated on a notional principal amount, at specified intervals (payment dates) during the life of the agreement.
- (E) Swaptions: a swaption is an agreement that gives the buyer, who pays a fee or premium, the right but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time.
- (F) Credit default swaps: a credit default swap or CDS is a credit derivative agreement that gives the buyer protection, usually the full recovery, in case the reference entity or debt obligation defaults or suffers a credit event. In return the seller of the CDS receives from the buyer a regular fee, called the spread.
- (G) Contracts for differences: a contract for differences or CFD is an agreement between two parties to pay the other the change in the price of an underlying asset. Depending on which way the price moves, one party pays the other the difference from the time the contract was agreed to the point in time where it ends.

Each Sub-Fund must hold at any time sufficient liquid assets to cover its financial obligations arising under financial derivative instruments used.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund, as further described in section 4.10 (Global exposure limits) below.

The exposure of a Sub-Fund to underlying assets referenced by financial derivative instruments, combined with any direct investment in such assets, may not exceed in aggregate the investment limits set out in section 4.3 (Risk diversification limits) above. However, to the extent a Sub-Fund invests in financial derivative instruments referencing financial indices as described in section 4.7.3, the exposure of the Sub-Fund to the underlying assets of the financial indices do not have to be combined with any direct or indirect investment of the Sub-Fund in such assets for the purposes of the limits set out in section 4.3 (Risk diversification limits) above.

Where a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account in complying with the risk diversification rules, global exposure limits and information requirements of this section 4 applicable to financial derivative instruments.

#### **4.7.2 OTC financial derivative instruments**

Each Sub-Fund may invest into financial derivative instruments that are traded 'over-the-counter' or OTC, in accordance with the conditions set out in this section 4 and the investment objective and policy of the Sub-Fund, as set out in its Supplement.

The counterparties to OTC transactions are approved by the risk management of the Management Company and benefit, to the initiation of transactions, a minimum rating of BBB- / Baa3 with at least one recognized rating agency or credit quality deemed equivalent by the Management Company. These counterparties are institutions subject to prudential supervision, belonging to categories approved by the CSSF (credit institutions, investment firms, etc.) and specialized in this type of transaction. The counterparties are located in an OECD country.





The identity of the counterparties will be disclosed in the Annual Report.

The Management Company uses a process for accurate and independent assessment of the value of OTC derivatives in accordance with applicable laws and regulations.

In order to limit the exposure of a Sub-Fund to the risk of default of the counterparty under OTC derivatives, the Sub-Fund may receive cash or other assets as collateral, as further specified in section 4.9 (Collateral policy) below.

#### **4.7.3 Derivatives referencing financial indices**

Each Sub-Fund may use financial derivative instruments to replicate or gain exposure to one or more financial indices in accordance with its investment objective and policy. The underlying assets of financial indices may comprise eligible assets described in section 4.1 (Authorised investments) above and instruments with one or more characteristics of those assets, as well as interest rates, foreign exchange rates or currencies, other financial indices and/or other assets, such as commodities or real estate.

For the purposes of this Prospectus, a 'financial index' is an index which complies, at all times, with the following conditions: the composition of the index is sufficiently diversified (each component of a financial index may represent up to 20% of the index, except that one single component may represent up to 35% of the index where justified by exceptional market conditions), the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. These conditions are further specified in and supplemented by regulations and guidance issued by the CSSF from time to time.

#### **4.8 Efficient portfolio management techniques**

Each Sub-Fund shall not employ techniques and instruments relating to Transferable Securities and Money Market Instruments used for the purposes of efficient portfolio management.

#### **4.9 Collateral policy**

##### **4.9.1 General criteria**

All guarantees to reduce exposure to counterparty risk must at all times satisfy the following criteria:

- (A) Liquidity: must be traded on a Regulated Market or within the framework of a multilateral trading system making use of transparent price setting methods such that it can be quickly sold at a price close to the valuation prior to the sale;
- (B) Valuation: the guarantees received must be valued at least on a daily basis using available market prices and taking into account appropriate discounts as described below and assets with highly volatile prices will only be accepted as collateral if sufficiently prudent security margins are in place;
- (C) Credit quality of issuers: the financial collateral received must be of excellent quality;
- (D) Correlation: the financial guarantee received must be issued by an entity which is independent of the counterparty and does not have a strong correlation with the counterparty's performance;
- (E) Diversification: the guarantee must be sufficiently diversified in terms of the countries, markets and issuers (at Net Asset Value level). As regards issuer diversity, the maximum exposure to an issuer through the guarantees received must not exceed 20% of the net assets of the respective Sub-Fund. However, this limit is raised to 100% for securities issued or guaranteed by a member state of the European Economic Area ("EEA"), by its local authorities, or by public international bodies to which one or more Member States of the European Union belong. These issuers must be highly rated (in other words rated at least BBB-/Baa3 by a recognised rating agency or regarded as such by the Management Company). If the Sub-Fund exercises this latter option, it must hold securities belonging to at least six different issues, with securities belonging to the same issue not exceeding 30% of the total amount of the net assets of the Sub-Funds.



The management risks connected with guarantees, such as operational and legal risks, must be identified, managed and restricted by the risk management process.

In the event of transfer of ownership, the guarantee received must be held by the Depositary.

Other types of agreements giving rise to guarantees may be held by an external custodian subject to prudential supervision which is not connected to the supplier of the guarantees.

The guarantees received may be fully mobilised at any time without reference thereto to the counterparty or the need to obtain its agreement.

#### **4.9.2 Types of authorised guarantees**

The permitted types of financial guarantees are as follows:

- (A) cash denominated in the GBP, EUR or USD,
- (B) highly rated debt securities (rated at least BBB-/Baa3 or equivalent by one of the ratings agencies) issued by public sector issuers from an OECD country governments, supranational bodies, etc. and of a minimum issue size of EUR 250 million;
- (C) highly rated debt securities (rated at least BBB-/Baa3 or equivalent by one of the ratings agencies) issued by private sector issuers from an OECD country and of a minimum issue size of EUR 250 million;
- (D) shares listed or traded on a Regulated Market of a Member State of the European Union or on a Stock Exchange of a state which is a Member of the OECD provided the shares are included in a significant index;
- (E) shares or units in undertakings for collective investment offering adequate liquidity and investing in money market instruments, highly rated bonds or shares that meet the conditions stated above.

The risk management department of the Management Company may impose stricter criteria in terms of the guarantees received and thereby exclude certain types of instruments, certain countries, certain issuers or certain securities.

#### **4.9.3 Level of financial guarantees**

The level of collateral required for OTC financial derivatives transactions and efficient portfolio management techniques will be determined as per the agreements in place with the individual counterparties, taking into account factors including the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions. At all times the counterparty exposure not covered by collateral will remain below the applicable counterparty risk limits set out in this Prospectus.

The Management Company has put in place a policy which requires a level of financial guarantees based respectively on the type of transactions as follows:

OTC derivative financial instruments: during the course of transactions in OTC financial instruments, some Sub-Funds may hedge transactions by making margin calls in cash in the Reference Currency of the Sub-Fund subject to the restrictions stated in the section 4.3.6. as regards to the counterparty risk.

#### **4.9.4 Discounting policy**

The Management Company has put in place a discounting policy suited to each category of assets received as a financial guarantee.

For each of the categories of assets shown below, the Management Company may apply the following discounts:

Asset category Discount



Asset category	Discount
Cash	0%
Debt securities issued by public sector issuer	0-3%
Debt securities issued by private sector issuer	0-5%
Shares, UCI units/shares	1-5%

#### **4.9.5 Reinvestment of cash**

Financial guarantees received in cash can only be placed with those entities stated in point 4.6.1. of the Prospectus, invested in highly rated government loans, and/or invested in money market funds, in accordance with the applicable diversification criteria.

Although invested in assets with a low degree of risk, investments may nevertheless include a limited financial risk.

Non-cash financial guarantees may not be sold or reinvested or pledged.

#### **4.10 Global exposure limits**

##### **4.10.1 General**

In accordance with Luxembourg laws and regulations, the Management Company has adopted and implemented a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Sub-Fund.

The global exposure of a Sub-Fund to financial derivative instruments and efficient portfolio management techniques may not exceed the Net Asset Value of the Sub-Fund. Global exposure is calculated, at least on a daily basis, using either the commitment approach or the value-at-risk or "VaR" approach, as further explained below. Global exposure is a measure designed to limit either the incremental exposure and leverage generated by a Sub-Fund through the use of financial derivative instruments and efficient portfolio management techniques (where the Sub-Fund uses the commitment approach) or the market risk of the Sub-Fund's portfolio (where the Sub-Fund uses the VaR approach). The method used by each Sub-Fund to calculate global exposure is mentioned in its Supplement.

##### **4.10.2 Commitment approach**

Under the commitment approach, all financial derivative positions of the Sub-Fund are converted into the market value of the equivalent position in the underlying assets. Netting and hedging arrangements may be taken into account when calculating global exposure, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure. Under this approach, the global exposure of a Sub-Fund is limited to 100% of its Net Asset Value.

##### **4.10.3 VaR approach**

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

VaR limits are set using an absolute or relative approach. The Management Company and the Board of Directors will decide which VaR approach is the most appropriate methodology given the risk profile and investment strategy of the Sub-Fund. The VaR approach selected for each Sub-Fund using VaR is specified in its Supplement.

The absolute VaR approach is generally appropriate in the absence of an identifiable reference portfolio or benchmark for the Sub-Fund (for instance, where the Sub-Fund has an absolute return target). Under



the absolute VaR approach a limit is set as a percentage of the Net Asset Value of the Sub-Fund. Based on the above calculation parameters, the absolute VaR of each Sub-Fund is limited to 20% of its Net Asset Value. The Management Company may set a lower limit if appropriate.

The relative VaR approach is generally appropriate for Sub-Funds where a leverage-free VaR benchmark or reference portfolio may be defined, reflecting the investment strategy of the Sub-Fund. The relative VaR of a Sub-Fund is expressed as a multiple of the VaR of the defined benchmark or reference portfolio and is limited to no more than twice the VaR on that benchmark or reference portfolio. The VaR benchmark or reference portfolio of the Sub-Fund, which may be different from the benchmark used for other purposes, is specified in its Supplement.

#### **4.11 Breach of investment limits**

The Sub-Funds need not comply with the limits set out above in this section 4.1 when exercising subscription rights attached to Transferable Securities and Money Market Instruments which form part of its assets.

If the limits set out above in this section 4 are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective in its sales transactions the remedying of that situation, taking due account of the interest of investors.

## **5. GENERAL RISK FACTORS**

The performance of the Shares depends on the performance of the investments of the Sub-Fund, which may increase or decrease in value. The past performance of the Shares is not an assurance or guarantee of future performance. The value of the Shares at any time could be significantly lower than the initial investment and investors may lose a portion or even the entire amount originally invested.

Investment objectives express an intended result only. Unless otherwise specified in a Supplement, the Shares do not include any element of capital protection and the Fund gives no assurance or guarantee to any investors as to the performance of the Shares. Depending on market conditions and a variety of other factors outside the control of the Fund, investment objectives may become more difficult or even impossible to achieve. The Fund gives no assurance or guarantee to any investors as to as to the likelihood of achieving the investment objective of a Sub-Fund.

An investment in the Shares is only suitable for investors who have sufficient knowledge, experience and/or access to professional advisors to make their own financial, legal, tax and accounting evaluation of the risks of an investment in the Shares and who have sufficient resources to be able to bear any losses that may result from an investment in the Shares. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser as to possible financial, legal, tax and accounting consequences which they might encounter under the laws of the countries of their citizenship, residence, or domicile and which might be relevant to the subscription, purchase, holding, redemption, conversion or disposal of the Shares of the Fund.

Investors should also carefully consider all of the information set out in this Prospectus and the Supplement of the Sub-Fund before making an investment decision with respect to Shares of any Sub-Fund or Share Class. The following sections are of general nature and describe certain risks that are generally relevant to an investment in Shares of any Sub-Fund or Share Class. Other risks may be described in the Supplement. This section and the Supplements do not purport to be a complete explanation of all risks involved in an investment in the Shares of any Sub-Fund or Share Class and other risks may also be or become relevant from time to time.

### **5.1. Equity risk**

Some Sub-Funds may be exposed to equity market risk through direct investment (through securities and/or derivative products). These investments, which generate long or short exposure, may entail a



risk of substantial losses. A variation in the equities market in the reverse direction to the positions can lead to the risk of losses and may cause the Net Asset Value of the Sub-Fund to fall.

## **5.2. Interest rate risk**

A change in interest rates, resulting notably from inflation, may cause a risk of losses and reduce the Net Asset Value of the Sub-Fund (particularly in the event of a rate increase if the Sub-Fund has a positive rate sensitivity and in the event of a rate decline if the Sub-Fund has a negative rate sensitivity). Long term bonds (and related derivatives) are more sensitive to interest rate variations. Inflation is one of the factors which may have an impact on rates.

## **5.3. Credit risk**

Risk that an issuer or a counterparty will default. This risk includes the risk of changes in credit spreads and default risk. Some Sub-Funds may be exposed to the credit market and/or specific issuers in particular whose prices will change based on the expectations of the market as regards their ability to repay their debt. These Sub-Funds may also be exposed to the risk that a selected issuer will default, i.e. will be unable to honour its debt repayment, in the form of coupons and/or principal. Depending on whether the Sub-Fund is positively or negatively positioned on the credit market and/or some issuers in particular, an upward or downward movement respectively of the credit spreads, or a default, may negatively impact the Net Asset Value.

## **5.4. Foreign exchange risk**

Foreign exchange risk derives from the Sub-Fund's direct investments and its investments in forward financial instruments, resulting in exposure to a currency other than its Reference Currency. Changes in the exchange rate of this currency in relation to that of the Sub-Fund may negatively affect the value of assets in the portfolio.

## **5.5. Concentration risk**

Risk related to a significant concentration of investments in a specific asset class or certain markets. This means that changes in these assets or these markets have a significant impact on the Sub-Fund's portfolio value. The greater the diversification of the Sub-Fund's portfolio, the lesser the concentration risk. This risk is also greater for instance on more specific markets (certain regions, sectors or themes) than on broadly diversified markets (worldwide distribution).

## **5.6. Emerging countries risk**

Market movements can be stronger and faster on these markets than on the developed markets, which could cause the Net Asset Value to fall in the event of adverse movements in relation to the positions taken. Volatility may be caused by a global market risk or may be triggered by the vicissitudes of a single security. Sectoral concentration risks may also be prevalent on some emerging markets. These risks may also heighten the volatility. Emerging countries can experience serious political, legal and fiscal uncertainties or other events that could impact negatively on the Sub-Funds investing in them. In addition, local custody services remain underdeveloped in many non-OECD and emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances, a Sub-Fund may not be able to recover or may encounter delays in the recovery of some of its assets.

## **5.7. Risk associated with derivative financial instruments**

Financial derivatives are instruments whose value depends on (or is derived from) one or more underlying financial assets (equities, interest rates, bonds, currencies, etc.). The use of derivatives therefore involves the risk associated with the underlying instruments. They may be used for purposes of exposure or hedging against the underlying assets. Depending on the strategies employed, the use of derivative financial instruments can also entail leverage risks (amplifying downward market movements). In cases of a hedging strategy, the derivative financial instruments may, under certain market conditions, not be perfectly correlated to the assets to be hedged. For options, due to an



unfavourable fluctuation in price of the underlying assets, the Sub-Fund could lose all of the premiums paid. OTC financial derivatives also entail a counterparty risk (though this may be attenuated by the assets received as collateral) and may involve a valuation risk or a liquidity risk (difficulty to sell or close open positions).

#### **5.8. Liquidity risk**

Liquidity risk is defined as that of a position in the Sub-Fund's portfolio that cannot be sold, liquidated or closed at a limited cost and within a sufficiently short time, thus jeopardizing the Sub-Fund's ability to comply at any time with its obligations to redeem the Shares of investors at their request. On certain markets (in particular emerging and high-yield bonds, equities with low market capitalisation, etc.), the quotation spreads may widen under less favourable market conditions, which could impact on the Net Asset Value when assets are purchased or sold. Furthermore, in the event of a crisis on these markets, the securities could also become difficult to trade.

#### **5.9. Model risk**

The management process of some Sub-Funds relies on establishing a model which is used to identify signals based on past statistical results. There is a risk that the model is inefficient and that the strategies used will produce a poor performance. There is no guarantee that past market situations will be reproduced in the future.

#### **5.10. Risk associated with external factors**

Uncertainty about the sustainability of some external environmental factors (such as tax regime or regulatory changes) that may have an impact on operation of the Sub-Fund.

The Fund may be subject to a number of legal and regulatory risks, including contradictory interpretations or applications of laws, incomplete, unclear and changing laws, restrictions on general public access to regulations, practices and customs, ignorance or breaches of laws on the part of counterparties and other market participants, incomplete or incorrect transaction documents, lack of established or effective avenues for legal redress, inadequate investor protection, or lack of enforcement of existing laws. Difficulties in asserting, protecting and enforcing rights may have a material adverse effect on the Sub-Funds and their operations. In particular, tax regulations may be frequently modified or subject to controversial interpretation resulting in an increase of tax charge borne by the investor or borne by the Fund on its assets, income, capital gain, financial transactions or service fee paid to or received from service providers.

#### **5.11. Counterparty risk**

The Sub-Funds may use OTC derivative products and/or efficient portfolio management techniques. These transactions may cause a counterparty risk, i.e. losses incurred in connection with commitments contracted with a defaulting counterparty.

#### **5.12. Operational risk**

The Fund is exposed to operational risk arising from a number of factors, including but not limited to human error, processing and communication errors, errors of the Fund's service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. The Management Company seeks to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate for those risks that they are intended to address.

#### **5.13. Listing market liquidity risk**

The Sub-Funds Shares' stock exchange market price may deviate from its iNAV. The liquidity of the Sub-Fund's Shares in a stock exchange market may be affected by any suspension that could, in particular, but not only, be due to:

- i) the suspension or halt of the calculation of the Benchmark by the Index Provider,



- ii) the suspension of the market(s) on which are listed the underlyings of the Benchmark,
- iii) a relevant listing market not being able to obtain or to calculate the Sub-Fund's iNAV,
- iv) a violation by a Market Maker of the rules applicable in the relevant listing market,
- v) failure of the systems, in particular of IT or electronic systems in a relevant listing market,
- vi) any other event that prevents the calculation of the Sub-Fund's iNAV or the trading in Sub-Fund Shares.

#### **5.14. Investment Style Risk**

The Benchmark seeks to provide exposure to the equity securities of companies meeting a sustainable investment approach. The Benchmark excludes or limits exposure to securities of certain issuers for nonfinancial reasons, and the Sub-Fund may forgo some market opportunities available to funds that do not use these criteria. The application of sustainable and responsible investing criteria may affect the Sub-Fund's exposure to certain sectors or types of investments and may impact the Sub-Fund's relative investment performance depending on whether such sectors or investments are in or out of favour in the market.

#### **5.15. Management Risk**

The strategy used by the Investment Manager to match the performance of the Benchmark may fail to produce the intended results.

#### **5.16. New Fund Risk**

The Fund is a new fund. As a new fund, there can be no assurance that it will grow to or maintain an economically viable size, in which case it may experience greater tracking error to its Benchmark than it otherwise would at higher asset levels or it could ultimately liquidate.

#### **5.17. Passive Management Risk**

Unlike many investment companies, the Fund is not "actively" managed. Therefore, it would not necessarily sell a security because the security's issuer was in financial trouble unless that security is removed from the Benchmark and does not attempt to take defensive positions under any market conditions, including declining markets.

#### **5.18. Trading Price Risk**

Although it is expected that generally the market price of the Shares will approximate the Sub-Fund's Net Asset Value, there may be times when the market price in the Secondary Market and the Net Asset Value vary significantly.

##### **5.18.1. Changes made to the Benchmark by the Index Provider**

The attention of shareholders is hereby drawn to the complete discretion of the Benchmark Provider to decide upon and so amend the features of the relevant Benchmark for which it acts as sponsor. Depending on the terms of the relevant license agreement, an Index Provider may have no obligation to provide the license holders who use the relevant Benchmark (including the Fund) with adequate prior notice of any changes which are made to such Benchmark. As a consequence, the Fund shall not necessarily be able to inform the shareholders of the Sub-Fund in advance of any such changes made by the relevant Index Provider to the features of the relevant Benchmark.



### **5.18.2. Optimized Index Replication**

Index replication by investing in a Sub-Fund comprising all the Benchmark components might be costly and/or not be always possible or operationally practicable. In some circumstances the Sub-Fund's Investment Manager may use optimized index replication. In doing so, the Sub-Fund's Investment Manager will attempt to replicate the Benchmark by investing in a portfolio of transferable securities or other eligible assets that comprises an optimized sample of the Benchmark constituents.

While the Sub-Fund will seek to track the performance of the Benchmark through an optimized index replication strategy, there is no guarantee that the Sub-Fund will achieve perfect tracking and the Sub-Fund may potentially be subject to an increase of the tracking error risk, which is the risk that Sub-Fund return may not track exactly the return of the index, from time to time.

### **5.19. Risks associated with Index-Tracking for each Sub-Fund**

The main investment objective of an index-tracking Sub-Fund is to track the performance of a certain Benchmark, as specified in its Supplement. The Benchmark methodology used to select the underlying components and the weights allocated to each such component will generally operate formulaically within predetermined rules. There can be no assurance that the Benchmark methodology will have the effect of selecting components with the optimal performance over any period. The Benchmark methodology may result in negative performance and/or deviate materially from historical performance. There will generally be no active management to amend the Benchmark methodology or otherwise attempt to mitigate negative performance.

An index-tracking Sub-Fund will generally seek to achieve a return which reflects the return of a certain Benchmark as published by the Index Provider. While Index Providers do provide descriptions of what each Benchmark is designed to achieve, Index Providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indices, nor any guarantee that the published indices will be in line with their described Benchmark methodologies. Errors in respect of the quality, accuracy and completeness of the data, and/or miscalculations of the levels of an Benchmark, may occur from time to time. Errors and miscalculations may potentially result in a negative or positive performance impact to the Fund. In situations where, subsequent to the initial publication of the Benchmark for any day and subsequent to the release of the Net Asset Value for that day, the Benchmark components or levels are revised, the Net Asset Value of the Fund for that day will not be amended.

Unless otherwise stated in its Supplement, an index-tracking Sub-Fund will not, and should not be expected to, track the performance of the Benchmark with perfect accuracy. The expected Tracking Error of each Index-tracking Sub-Fund will be disclosed in the Supplement. Factors that are likely to affect the ability of the Sub-Fund to track the performance of the Benchmark include, without limitation, costs and fees incurred by the Sub-Fund, including transaction costs incurred in tracking the Benchmark or otherwise managing the portfolio of the Sub-Fund, the existence of uninvested cash in the Sub-Fund, differences in the composition and/or weighting of the portfolio of the Sub-Fund relative to that of the Benchmark, including the presence of small, illiquid components in an Benchmark, which the Sub-Fund may not be able or willing to acquire, timing differences between the rebalancing of the Benchmark and the corresponding adjustment being made to the portfolio, dividend distributions and reinvestments, regulatory constraints such as investment limits and asset eligibility rules, local trading restrictions, tax considerations, and such other factors as may be described in the relevant Supplement.

### **5.20. Delivery risk**

The Sub-Fund may want to liquidate assets which at that time are subject to a transaction with a counterparty. In this case, the Sub-Fund would recall these assets from the counterparty. Delivery risk is the risk that the counterparty, although contractually obliged, may not be able in operational terms to return the assets quickly enough to allow the Sub-Fund to honour the sale of these instruments on the market.





### **5.21. Index provider risk**

The Board of Directors reserves the right, if it considers it in the interests of the Fund or any Sub-Fund to replace a Sub-Fund's index by another index for the relevant Sub-Fund (notably due to index data or index provider issues after CSSF approval and notifications to the investors). The Board of Directors may change the name of any Sub-Fund, particularly if the index is changed.

The Management Company of an index-tracking Sub-Fund may have been granted a licence by the Index Provider to use such Benchmark and to use certain trademarks and copyrights. In such circumstances, the Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement between the Fund and the relevant Index Provider is terminated. The Sub-Fund may also be terminated unexpectedly if the Benchmark ceases to be compiled or published and there is no replacement Benchmark using the same or substantially similar Benchmark methodology. The Index Provider of a Benchmark may add, delete or substitute the components of such Benchmark or make other methodological changes that could change the level of one or more components. The changing of components of any Benchmark may affect the level of such Benchmark, which in turn may affect the value of any Sub-Fund that has invested therein.

### **5.22. Risk of conflicts of interest**

The main source of conflicts of interest risk could be the selection of a counterparty based on reasons other than the sole interest of the Fund and/or unequal treatment in the management of similar portfolios. To mitigate the risk of a conflict of interest, the Management Company has established a process for selecting and monitoring counterparties through committees organised by the risk management department. In addition, the remuneration of these transactions is in line with market practices in order to avoid any conflict of interest.

### **5.23. ESG investment risk**

ESG investment risk refers to the risks arising from the inclusion of ESG factors in the management process, such as the exclusion of activities or issuers and the inclusion of sustainability risks in the selection and/or allocation of issuers in the portfolio.

The greater the consideration given to these factors, the higher the ESG investment risk will be.

The methodology is based on the definition of ESG sector models by Candriam's internal ESG analysts. Limitations to Candriam's research are largely related to the nature, scope and consistency of ESG data currently available.

- Nature: Some ESG dimensions are better suited to qualitative narrative information. This information is subject to interpretation and therefore introduces a degree of uncertainty into the models.
- Scope: Having defined the ESG dimensions that the analysts consider important for each sector, there is no guarantee that the data will be available for all companies in that sector. Wherever possible, Candriam will seek to supplement missing data with its own ESG analysis.
- Homogeneity: the different providers of ESG data have different methodologies. Even within the same supplier, similar ESG dimensions may be treated differently depending on the sector. This makes it more difficult to compare data from different suppliers.

The lack of common or harmonized definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage.

The methodology excludes or limits exposure to securities of certain issuers for ESG reasons. Therefore, potential market circumstances may generate financial opportunities that might not be exploited by the Sub-Fund.

Where applicable, the exclusion or integration measures relating to ESG investment risk are described in the investment policy section of the prospectus and/or in the factsheet of each sub-fund.



## 5.24. Sustainability risk

The sustainability risk refers to any environmental, social or governance event or condition that could affect the performance and / or the reputation of issuers in the portfolio.

The sustainability risks can be divided in the following 3 categories:

- Environmental: environmental events can create physical risks for companies in portfolio. These events could for instance result from the consequences of climate change, loss of biodiversity, change in ocean chemistry, etc. Further to physical risks, companies could also be negatively impacted by mitigation measures adopted in order to address environmental risks. Such mitigation risks will impact companies differently depending on their exposure to aforementioned risks and their adaptation to them.
- Social: refers to risk factors related to human capital, supply chain and the way companies manage their impact on society. Questions around gender equality, remuneration policies, health and safety and risks associated with working conditions in general are addressed under the Social dimension. Risks of human or labour right violations within the supply chain are also part of the Social dimension.
- Governance: Those aspects are linked to governance structures such as, board independence, management structures, employee relations, remuneration and fiscal compliance or practices. Governance related risks have in common that they stem from a failure of company oversight and/or the lack of incentive for company management to uphold high governance standards.

The sustainability risk may be issuer specific, in line with their activities and practices, but may also be due to external factors. If an unexpected event occurs for a specific issuer such as workforce strike, or more globally such as an environmental disaster it may have negative impact on portfolio performance, on the other hand issuers adapting their activities and/or policies might be less exposed to sustainability risk.

In order to manage risk exposure mitigations measures might be the following :

- exclusion of controversial activities or issuers
- exclusion of issuers based on sustainable criteria
- integration of sustainability risks in the issuer selection or issuer weight in the portfolio
- issuer engagement and stewardship. Those mitigation measures, if applicable, are described in the prospectus investment policy section and/or the factsheet of each sub fund.

## 6. MANAGEMENT AND ADMINISTRATION

### 6.1. The Board of Directors

The members of the Board of Directors will be elected by the general meeting of shareholders subject to the approval of the CSSF. The Board of Directors is vested with the broadest powers to act on behalf of the Fund and to take any actions necessary or useful to fulfil the Fund's corporate purpose, subject to the powers expressly assigned by law or the Articles of Association to the general meeting of shareholders.

The Board of Directors is responsible for conducting the overall management and business affairs of the Fund in accordance with the Articles of Association. In particular, the Board of Directors is responsible for defining the investment objective and policy of the Sub-Funds and their risk profile, subject to the principle of risk diversification, and for the overall supervision of the management and administration of the Fund, including the selection and supervision of the Management Company and the general monitoring of the performance and operations of the Fund.

For the current composition of the Board of Directors, please refer to the Directory.



## 6.2. The Management Company

The Fund has appointed the Management Company as its management company in accordance with the provisions of the 2010 Law pursuant to the Management Company Agreement.

The Management Company is a partnership limited by shares established under the laws of Luxembourg on 10 July 1991. The Management Company is authorised and regulated by the CSSF in Luxembourg under Chapter 15 of the 2010 Law. The Management Company is an affiliated company of Candriam Group, a New York Life Insurance Company Group entity. Its main business activity is to provide collective portfolio management services to the Fund and other funds and perform the functions of a UCITS management company in accordance with the 2010 Law.

The relationship between the Fund and the Management Company is subject to the terms of the Management Company Agreement. Under the terms of the Management Company Agreement, the Management Company, either directly and/or through one or more of its branches, is responsible for the investment management and administration of the Fund as well as the marketing of the Shares, subject to the overall supervision of the Board of Directors. The Management Company is in charge of the day-to-day business activities of the Fund. The Management Company has authority to act on behalf of the Fund within its function.

For the purpose of a more efficient conduct of its business, the Management Company may delegate to third parties the power to carry out some of its functions on its behalf, in accordance with applicable laws and regulations of Luxembourg, as applicable. The delegated functions shall remain under the supervision and responsibility of the Management Company and the delegation shall not prevent the Management Company from acting, or the Fund from being managed, in the best interests of the investors. The delegation to third parties is subject to the prior approval of the CSSF.

The Management Company Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than ninety (90) calendar days' prior written notice. The Management Company Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations. The Management Company Agreement contains provisions exempting the Management Company from liability and indemnifying the Management Company in certain circumstances. However, the liability of the Management Company towards the Fund will not be affected by any delegation of functions by the Management Company.

The Management Company has an established remuneration framework and associated policy in place (the "Remuneration Policy") that is in accordance with the requirements of the Law of 2010 and the following statements:

The Remuneration Policy is consistent with and promotes sound and effective risk management including sustainability risks and does not encourage risk taking which is inconsistent with the risk profiles and with the SICAV's Articles ; Candriam has designed appropriate policies to promote responsible staff behaviour which duly considers sustainability impacts.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, of the SICAV and of the investors in the SICAV, and includes measures to avoid conflicts of interest.

Candriam's structure of remuneration is linked to risk-adjusted performance. The assessment of performance is set in a multi-year framework appropriate to the minimum holding period recommended to the investors of the SICAV in order to ensure that the assessment process is based on the longer-term performance of the SICAV and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

Candriam aims to ensure that employees are not incentivized to take inappropriate and/or excessive risks including sustainability risks which are inconsistent with the risk profile of Candriam and, where appropriate, the managed funds". Moreover, when taken into account by the fund, Candriam ensures that staff duly consider sustainable impacts.



Therefore, the Remuneration Policy ensures an appropriate balance between fixed and variable components of total remuneration. The fixed component always represents a sufficiently high proportion of the total remuneration. The policy regarding variable remuneration components is a fully flexible policy and provides for the possibility to pay no variable remuneration component.

Details of the up-to-date Remuneration Policy, including the composition of the Remuneration Committee, a description of how remuneration and benefits are determined and of how this policy is consistent with the consideration of sustainability risks and impacts, are available on the website of the Management Company via the following link:

[https://www.candriam.com/siteassets/legal-and-disclaimer/external\\_disclosure\\_remuneration\\_policy.pdf](https://www.candriam.com/siteassets/legal-and-disclaimer/external_disclosure_remuneration_policy.pdf)

Upon request, a paper copy of the Remuneration Policy can be obtained from the Management Company free of charge.

### 6.3. Marketing

Marketing duties consist in coordinating the distribution of the Fund's shares through intermediaries designated by the Management Company (hereinafter "Distributors").

Distributor agreements may be entered into by the Management Company and the various Distributors. Under these agreements, the Distributor will be entered in the register of shareholders, when acting in the capacity of nominee, instead of the customers who have invested in the Fund.

These agreements stipulate, among other things, that an investor who has invested in the Fund through the Distributor may at any time request the transfer of the Shares purchased via the Distributor into his or her own name in the register of shareholders upon receipt of the transfer instructions from the Distributor.

Shareholders may subscribe for Shares in the Fund directly without needing to subscribe through a Distributor.

Any Distributor appointed must apply the procedures to combat money laundering as defined in the Prospectus. The appointed Distributor must be a professional of the financial sector situated in a country subject to obligations to combat money laundering and the financing of terrorism equivalent to those of the Luxembourg law or Directive (EU) 2015/849.

### 6.4. The Depositary

CACEIS Bank, Luxembourg Branch acts as the depositary of the SICAV ("**Depositary**") in accordance with a depositary bank agreement for an unlimited term as amended from time to time ("**Depositary Bank Agreement**") and with the relevant provisions of the Law and applicable regulations.

CACEIS Bank, Luxembourg Branch operates as the Luxembourg branch of CACEIS Bank, a société anonyme under French law whose registered office is at sis 1-3, place Valhubert, 75013 Paris, France, Trade Register number RCS Paris 692 024 722. It is a credit institution approved and supervised by the European Central Bank (ECB) and the French Prudential Supervision and Resolution Authority (ACPR). The institution is also authorized to perform banking activities and central administration activities in Luxembourg through its Luxembourg branch.

The Depositary is responsible for the safekeeping and/or, as applicable, the registration and verification of ownership of the assets of the Sub-Fund, and it discharges the obligations and responsibilities set out in Part I of the Law and the applicable regulations. In particular, the Depositary performs appropriate and effective monitoring of the cash flows of the SICAV.

In accordance with the applicable regulations, the Depositary:



- (i) ensures that any sale, issue, redemption, repayment and cancellation of the shares of the SICAV take place in accordance with the Law and applicable regulations and the articles of incorporation of the SICAV,
- (ii) ensures that the net asset value of the shares is calculated in accordance with the applicable regulations, the articles of incorporation of the SICAV, and the procedures set out in Directive 2009/65/EC,
- (iii) carries out the instructions of the SICAV unless they conflict with the applicable regulations or the articles of incorporation of the SICAV,
- (iv) ensures that for transactions involving the SICAV's assets, the consideration is paid to the SICAV within the usual time limits,
- (v) ensures that the SICAV's income is allocated in accordance with the applicable regulations and the articles of incorporation of the SICAV.

The Depositary may not delegate any of the obligations and responsibilities in parts (i) to (v) above.

In accordance with Directive 2009/65/EC, the Depositary may, under certain conditions, entrust all or some of the assets for which it performs safekeeping or registration functions to correspondents or to third-party depositaries appointed from time to time ("Delegation"). The Depositary's responsibilities will not be affected by such Delegation, unless otherwise provided but solely within the limits allowed by the Law.

A list of these correspondents/third-party depositaries is available on the Depositary's web site ([www.caceis.com](http://www.caceis.com), in the regulatory oversight section). This list may be updated from time to time. The complete list of correspondents/third-party depositaries may be obtained free of charge from the Depositary.

Up-to-date information about the identity of the Depositary, a description of its responsibilities and potential conflicts of interest, the safekeeping functions delegated by the Depositary and the potential conflicts of interest that may arise from such Delegation are also available on request free of charge on the Depositary's web site (above).

There are many situations in which a conflict of interest may arise, in particular when the Depositary delegates its safekeeping functions, or when the Depositary provides other services on behalf of the SICAV such as the central administration function or the registrar function. These situations and the potential conflicts of interest arising from them have been identified by the Depositary. In order to protect the interests of the SICAV and its investors, and to comply with the applicable regulations, the Depositary has put in place and guarantees application of a conflicts of interest policy, as well as procedures intended to prevent and to manage any potential or actual conflict of interest, principally aiming to do the following:

- (a) identify and analyse potential conflicts of interest,
- (b) record, manage and monitor conflicts of interest, either:
  - by relying on permanent measures established to manage conflicts of interest such keeping separate legal entities, segregating functions, separating hierarchical structures, insider lists of staff members, or
  - by setting up case-by-case management with a view to (i) taking appropriate preventive measures such as preparing a new watch list, establishing new "Walls of China", ensuring that transactions take place under market conditions and/or informing the SICAV's relevant investors, or (ii) refusing to carry out the activity creating the conflict of interest.

The Depositary has established a functional, hierarchical and/or contractual separation between the performance of its depositary bank functions and the performance of other tasks on behalf of the SICAV, in particular its administrative agent and registrar services.

The SICAV and the Depositary may terminate the Depositary Bank Agreement at any time with written notice of ninety (90) days. The SICAV may only dismiss the Depositary, however, if a new depositary



bank is appointed within two months to perform the functions and responsibilities of the depositary bank. Once dismissed, the Depositary may continue to discharge its functions and responsibilities until all the assets of the Sub-Fund have been transferred to the new depositary bank.

#### **6.5. The Domiciliary Agent**

The SICAV and CACEIS Bank, Luxembourg Branch, have concluded a domiciliation agreement for an unlimited term.

Under this agreement, CACEIS Bank, Luxembourg Branch, provides the registered office and address to the SICAV in addition to other services relating to domiciliation.

The SICAV may terminate the domiciliary agent functions of CACEIS Bank, Luxembourg Branch with three months' written notice, and the latter may terminate its own functions with the same notice.

#### **6.6. The Administrator**

Under the terms of a Central Administration Agreement (the "Central Administration Agreement"), the Management Company has appointed, at its own expense and under its control and responsibility, CACEIS Bank, Luxembourg Branch, with its registered office at 5, Allée Scheffer, L-2520 Luxembourg as registrar and transfer agent ("Transfer Agent") and administrative agent ("Administrative Agent"). The Central Administration Agreement is concluded for an indefinite period of time and may be terminated by either party with three months' written notice.

In particular, the Administrative Agent functions comprise the calculation of the NAV per share of each Sub-Fund and/or each share class as applicable, the management of accounts, the preparation of annual and semi-annual reports, and the performance of tasks in its capacity as the Administrative Agent.

In particular, the Transfer Agent functions comprise the processing of subscription, redemption and conversion orders and the keeping of the register of shareholders.

In this capacity, the Transfer Agent is also responsible for supervising measures to combat money laundering in accordance with the applicable regulations in Luxembourg on money laundering and financing of terrorism and preventing the financial sector from being used for the purposes of money laundering and financing of terrorism. CACEIS Bank, Luxembourg Branch is authorized to request the documents necessary in order to identify the investors

#### **6.7. The Auditor**

The Fund has appointed PricewaterhouseCoopers, as its independent auditor (*réviseur d'entreprises agréé*) within the meaning of the 2010 Law. The Auditor is elected by the general meeting of shareholders. The Auditor will inspect the accounting information contained in the Annual Report and fulfil other duties prescribed by the 2010 Law.

#### **6.8. Conflicts of interest**

The Board of Directors, the Management Company, the Investment Manager, the Depositary, the Administrator and the other service providers of the Fund, and/or their respective affiliates, members, employees or any person connected with them may be subject to various conflicts of interest in their relationships with the Fund.

As further described in the Articles of Association, any director of the Fund who has, directly or indirectly, an interest in a transaction submitted to the approval of the Board of Directors which conflicts with the Fund's interest, must inform the Board of Directors. The director may not take part in the discussions on and may not vote on the transaction. Where, by reason of a conflicting interest, the number of directors required in order to validly deliberate is not met, the board of directors may submit the decision on this specific item to the general meeting of shareholders.



The Management Company has adopted and implemented a conflicts of interest policy and has made appropriate organisational and administrative arrangements to identify and manage conflicts of interests so as to minimise the risk of the Fund's interests being prejudiced, and if they cannot be avoided, ensure that the Fund is treated fairly.

## **7. SHARES**

### **7.1. Shares, Sub-Funds and Share Classes**

#### **7.1.1. Shares**

The share capital of the Fund is represented by fully paid up Shares of no par value. The share capital of the Fund is at all times equal to the Net Asset Value of the Fund, which is the total Net Asset Value of all Sub-Funds expressed in the Reference Currency of the Fund. The share capital of the Fund must at all times be at least equal to the minimum required by the 2010 Law, which is currently 1,250,000 EUR.

The Shares will be issued in registered form.

Where issued in registered form, written confirmation of registration will be issued upon request and at the expense of the requesting shareholder. The registration of a shareholder in the register of shareholders of the Fund evidences the shareholder's ownership right towards the Fund.

The UCITS ETF Shares may however be represented by a global share certificate. Such global share certificates will be issued and deposited with a recognised clearing and settlement system. Global share certificates will be transferable in accordance with applicable laws and any rules and procedures issued by any recognised clearing settlement system concerned with such transfer. Such UCITS ETF Shares represented by a global share certificate are freely transferable subject to and in accordance with the rules of the relevant recognised clearing and settlement system. Shareholders who are not participants in such systems will only be able to transfer such UCITS ETF Shares represented by a global share certificate through a financial intermediary who is a participant in the settlement system of the relevant recognised clearing and settlement system.

The Fund will recognise only one single shareholder per Share. In case a Share is owned by several persons, they must appoint a single representative who will represent them towards the Fund. The Fund has the right to suspend the exercise of all rights attached to that Share until such representative has been appointed.

The Shares carry no preferential or pre-emptive rights: the Fund is authorised without limitation to issue an unlimited number of fully paid up Shares on any Valuation Day without reserving to existing investors a preferential or pre-emptive right to subscribe for the Shares to be issued.

Shares are each entitled to participate in the net assets allocated to the relevant Sub-Fund or Share Class in accordance with their terms, as set out in the Supplements. Shares will be issued on each Subscription Day immediately after the time of valuation and entitled to participate in the net assets of the Sub-Fund or Share Class as of that point, as described in more detail in section 7.4.1.(Subscription for Shares) below. Shares will be redeemed on each Redemption Day at the time of valuation and entitled to participate in the net assets of the Sub-Fund or Share Class until and including that point, as described in more detail in section 7.4.2 (Redemption of Shares) below.

Shares redeemed will generally be cancelled unless the Fund decides otherwise.

#### **7.1.2. Sub-Funds**

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds.

Each Share issued by the Fund is a share in a specific Sub-Fund. Under Luxembourg law, there is no legal segregation of assets and liabilities between Share Classes of the same Sub-Fund. In the event



that, for any reason, assets allocated to a Share Class become insufficient to pay for the liabilities allocated to that Share Class, the assets allocated to other Share Classes of the Sub-Fund will be used to pay for those liabilities. As a result, the Net Asset Value of the other Share Classes may also be reduced.

Each Sub-Fund has a specific investment objective and policy as further described in its Supplement. A separate portfolio of assets is maintained for each Sub-Fund and invested for its exclusive benefit in accordance with its investment objective and policy.

With regard to third parties, in particular towards the Fund's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it. As a consequence, the assets of each Sub-Fund may only be used to meet the debts, liabilities and obligations attributable to that Sub-Fund. In the event that, for any reason, the liabilities arising in respect of the creation, operation and liquidation of a Sub-Fund exceed the assets allocated to it, creditors will have no recourse against the assets of any other Sub-Fund to satisfy such deficit. Assets and liabilities are allocated to each Sub-Fund in accordance with the provisions of the Articles of Association, as set out in section 8.2 (Valuation procedure) below. However, while these provisions are binding in a Luxembourg court, these provisions have not been tested in other jurisdictions, and a creditor or counterparty might seek to attach or seize assets of a Sub-Fund in satisfaction of an obligation owed in relation to another Sub-Fund in a jurisdiction which would not recognise the principle of segregation of liability between Sub-Funds.

Unless otherwise mentioned in its Supplement, each Sub-Fund is established for an unlimited duration. For Sub-Funds established for a limited duration, upon expiry of the term, the Fund may extend the duration of the Sub-Fund once or several times. Investors will be notified at each extension. At the expiry of the duration of a Sub-Fund, the Fund will redeem all the Shares in that Sub-Fund. The Supplement will indicate the duration of each Sub-Fund and its extension, where applicable.

Additional Sub-Funds may be established by the Board of Directors from time to time without the consent of investors in other Sub-Funds. A new Supplement will be added to this Prospectus for each new Sub-Fund established.

### **7.1.3. Share Classes**

The Sub-Funds may offer several Share Classes, as set out in the Supplements. Each Share Class within a Sub-Fund may have different features such as the fee structure, listing on one or several Stock Exchanges, minimum subscription or holding amounts, currency, different hedging techniques or distribution policy or other distinctive features, or be offered or reserved to different types of investors. Investors will be able to choose the Share Class with the features most suitable to their individual circumstances.

Unless otherwise mentioned in its Supplement, each Share Class is created for an unlimited duration, as specified in the Supplement. For Share Classes created for a limited duration upon expiry of the term, the Fund may extend the duration of the Share Class once or several times. Investors will be notified at each extension. At the expiry of the duration of a Share Class, the Fund will redeem all the Shares in that Share Class. The Supplement will indicate the duration of each Share Class and its extension, where applicable.

Additional Share Classes may be established in any Sub-Fund from time to time without the approval of investors. New Share Classes will be added to the relevant Supplement. Such new Share Classes may be issued on terms and conditions that differ from the existing Share Classes. The list and details of the Share Classes established within each Sub-Fund, if any, are set out in the Supplements. For each Sub-Fund launched, the list of active Share Classes currently available for subscription may be obtained from the Management Company upon request.

### **7.1.4. Changes to Sub-Funds and Share Classes**

The rights and restrictions attached to Shares may be modified from time to time, subject to the provisions of the Articles of Association. Any changes to the Articles of Association will require a





resolution of the general meeting of shareholders, as further described in section 10.2 (Meetings of shareholders) below.

Subject to the above, the Board of Directors may change the characteristics of any existing Sub-Fund, including its objective and policy, or any existing Share Class, without the consent of investors. In accordance with applicable laws and regulations, investors in the Sub-Fund or Share Class will be informed about the changes and, where required, will be given prior notice of any proposed material changes in order for them to request the redemption of their Shares should they disagree. This Prospectus will be updated as appropriate.

## **7.2. Dividend distribution policy**

Each Sub-Fund may offer distributing Shares and non-distributing Shares. The Supplement shall indicate whether Shares confer the right to dividend distributions (Distribution Shares) or do not confer this right (Accumulation Shares). Distribution Shares and Accumulation Shares issued within the same Sub-Fund will be represented by different Share Classes.

Accumulation Shares capitalise their entire earnings whereas Distribution Shares pay dividends. Whenever dividends are distributed to holders of Distribution Shares, their Net Asset Value per Share will be reduced by an amount equal to the amount of the dividend per Share distributed, whereas the Net Asset Value per Share of Accumulation Shares will remain unaffected by the distribution made to holders of Distribution Shares.

For tax and accounting purpose, and to avoid any dilution in respect of Distribution Shares, the Fund uses an accounting practice known as equalisation, by which a portion of the Subscription Price or Redemption Price, equivalent on a per Share basis to the amount of undistributed earnings of the Share Class on the Subscription Day or Redemption Day, is credited or charged to undistributed earnings of such Share Class. As a result, undistributed earnings per Share are unaffected by subscriptions or redemptions of Shares on any Subscription Day or Redemption Day.

The Fund shall determine how the earnings of Distribution Shares shall be distributed and may declare distributions from time to time, at such time and in relation to such periods as the Fund shall determine, in the form of cash or Shares, in accordance with the dividend distribution policy adopted for such Distribution Shares as described in the Supplement. The dividend distribution policy may vary between Distribution Shares within the same or different Sub-Funds. Dividend distributions are not guaranteed with respect to any Share Class. In any event, no distribution may be made if, as a result, the total Net Asset Value of the Fund would fall below the minimum share capital required by the 2010 Law which is currently EUR 1,250,000.

Registered shareholders, if any, will be paid by bank transfer in accordance with their instructions. Dividends payable with respect to a global share certificate will be paid in accordance with the rules of the relevant Stock Exchange and/or the rules of the relevant clearing agent.

No interest shall be paid on dividend distributions declared by the Fund which have not been claimed. Dividends not claimed within five years of their declaration date will lapse and revert to the relevant Share Class.

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

Distributions of dividends and other payments with respect to Shares held through settlement systems will be credited, to the extent received by the Depository as depository, to the cash accounts of such settlements systems' participants in accordance with the relevant system's rules and procedures. Any information to the investors will likewise be transmitted via the settlement systems.



### **7.3. Eligible Investors**

Shares may only be acquired or held by investors who satisfy all eligibility requirements for a specific Sub-Fund or Share Class, if any, as specified for the Sub-Fund or Share Class in the Supplement (an Eligible Investor). Certain Sub-Funds or Shares Classes may indeed be reserved to specified categories of investors such as Institutional Investors, investors investing through a specified distribution channel or investors who are residents of or domiciled in specific jurisdictions.

The Board of Directors has decided that any investor not qualifying as an Eligible Investor will be considered as a Prohibited Person, in addition to those persons described in section 7.7 (Prohibited Persons) below. The Fund may decline to issue any Shares and to accept any transfer of Shares, where it appears that such issue or transfer would or might result in Shares being acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons in accordance with the procedure set out in this Prospectus (see section 7.7 (Prohibited Persons) below).

### **7.4. The Primary Market for the Shares of the Fund**

#### **7.4.1. Subscription for Shares**

Applications for subscriptions can be submitted for each Subscription Day provided that a complete application is submitted by the Cut-Off Time for that Subscription Day. Applications will be processed, if accepted, at the Subscription Price applicable to that Subscription Day.

The Subscription Price (plus any Subscription Fee) must be settled by the end of the Subscription Settlement Day. The subscription procedure is further described below. Shares will be issued on the Subscription Day and entitled to participate in the Net Asset Value of the Share Class from their issue. The Cut-Off Time and Settlement Day for each Sub-Fund or Share Class are specified in the Supplement.

##### **7.4.1.1. Subscription application**

Shares in any new Sub-Fund or Share Class may be available for subscription during an Initial Offer and will be issued on the first Subscription Day following the Initial Offer at the Initial Offer Price. Information on the Initial Offer and the Initial Offer Price of any new Sub-Fund or Share Class will be set out in the Supplement. The Fund may reschedule the Initial Offer and/or amend the Initial Offer Price.

Shares will be available for subscription on each Subscription Day at a Subscription Price equal to the Net Asset Value per Share for that Subscription Day. The Net Asset Value per Share for the Subscription Day at which an application will be processed is unknown to the investors when they place their subscription applications.

The Fund may charge a Subscription Fee on subscriptions for Shares, as set out in section 9.1 (Subscription Fee, Conversion Fee, Redemption Fee) below, which will be added to the Subscription Price. The Subscription Fee is equal to a percentage of the Subscription Price or such other amount specified for each Sub-Fund or Share Class in the Supplement, where applicable.

The Fund will only process subscription applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. The Fund may delay the acceptance of unclear or incomplete applications until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications. No interest will be paid to investors on subscription proceeds received by the Fund prior to receiving clear and complete applications.

Applications must be submitted to the Administrator by the Cut-Off Time for the Subscription Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at the Subscription Price applicable to that Subscription Day. Different Cut-Off Times may apply for



applications submitted to certain Distributors and/or by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction or contact their local Distributor to find out which Cut-Off Time is applicable to them.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Subscription Day. However, the Fund may accept subscription applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.6 (Late trading, market timing and other prohibited practices) below.

The Fund reserves the right to accept or refuse any application in whole or in part at its discretion. Without limitation, the Fund may refuse an application for subscription where the Fund determines that the Shares would or might be held by, on behalf or for the account or benefit of, Prohibited Persons. In such event, subscription proceeds received by the Fund will be returned to the applicant as soon as practicable, at the risks and costs of the applicant, without interest.

The issue of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in section 8.4 (Temporary suspension of the Net Asset Value calculation) below. The issue of Shares of a Share Class may also be suspended at the discretion of the Board of Directors, in the best interest of the Fund, notably under other exceptional circumstances.

#### **7.4.1.2. Settlement of subscription**

The Subscription Price (plus any Subscription Fee) must be paid in the Reference Currency of the Share Class.

Cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) must be received by the Fund by the end of the Settlement Day specified in the Supplement.

If the payment of the Subscription Price (plus any Subscription Fee) has not been received by the end of the Settlement Day, any pending application for Shares may be rejected or, if the application had previously been accepted by the Fund, any allocation of Shares made on the basis of the application may be cancelled by a compulsory redemption of the Shares at the applicable Redemption Price (less any Redemption Fee). The Administrator will inform the applicant that the application has been rejected or the subscription cancelled, as applicable, and the money received after the end of the Settlement Day, if any, will be returned to the applicant at its risks and costs, without interest.

The Fund reserves the right to require indemnification from the applicant against any losses, costs or expenses arising as a result of any failure to settle the Subscription Price (plus any Subscription Fee) by the end of the Subscription Settlement Day. The Fund may pay such losses, costs or expenses out of the proceeds of any compulsory redemption described above and/or redeem all or part of the investor's other Shares, if any, in order to pay for such losses, costs or expenses.

#### **7.4.1.3. Subscription in kind**

The Fund may agree to issue Shares as consideration for a "contribution in kind" of assets with an aggregate value equal to the Subscription Price (plus any Subscription Fee), provided that such assets comply with the investment objective and policy of the Sub-Fund and any restrictions and conditions imposed by applicable laws and regulations. In accepting or rejecting such a contribution at any given time, the Fund shall take into account the interest of other investors of the Sub-Fund and the principle of fair treatment. All contributions in kind will be subject to regular controls by the Fund's Auditor or any other independent auditor (*réviseur d'entreprises agréé*) agreed by the Fund, which will be laid down in a written report. The Fund and the contributing investor will agree on specific settlement procedures. Any costs incurred in connection with a contribution in kind, including the costs of issuing a valuation report, shall be borne by the contributing investor or by such other third party as agreed by the Fund or in any other way which the Board of Directors considers fair to all investors of the Sub-Fund.



## **7.4.2. Redemption of Shares**

Applications for redemptions can be submitted by investors for each Redemption Day provided that a complete application is submitted by the Cut-Off Time for that Redemption Day. Applications will be processed, if accepted, at the Redemption Price applicable to that Redemption Day. The Redemption Price (less any Redemption Fee) will normally be paid by the end of the Redemption Settlement Day. The redemption procedure is further described below. Shares will be redeemed on the Redemption Day and entitled to participate in the net assets of the Sub-Fund or Share Class until their redemption. The Cut-Off Time and Settlement Day for each Sub-Fund or Share Class are specified in the Supplement.

### **7.4.2.1. Redemption application**

Investors may apply for redemption of all or any of their Shares on each Redemption Day at a Redemption Price equal to the Net Asset Value per Share for that Redemption Day. The Net Asset Value per Share for the Redemption Day at which an application will be processed is unknown to the investors when they place their redemption applications.

The Fund may charge a Redemption Fee on redemptions of Shares, as set out in section 9.1 (Subscription Fee, Conversion Fee, Redemption Fee below, which will be deducted from the payment of the Redemption Price. The Redemption Fee is equal to a maximum percentage of the Redemption Price or such other amount as specified for each Sub-Fund or Share Class in the Supplement, where applicable.

The Fund will only process redemption applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications.

Applications must be submitted to the Administrator by the Cut-Off Time for the Redemption Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at the Redemption Price applicable to that Redemption Day. Different Cut-Off Times may apply for applications submitted to certain Distributors and/or by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction or contact their local Distributor to find out which Cut-Off Time is applicable to them.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Redemption Day. However, the Fund may accept redemption applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.6 (Late trading, market timing and other prohibited practices) below.

The redemption of Shares of a Sub-Fund or Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund or Share Class is suspended by the Fund, as described in section 8.4 (Temporary suspension of the Net Asset Value calculation) below. The redemption of Shares of a Sub-Fund or Share Class may also be suspended in other exceptional cases where the circumstances and the best interest of the investors so require.

### **7.4.2.2. Settlement of redemption**

Redemption proceeds equal to the full amount of the Redemption Price (less any Redemption Fee) will normally be paid by the end of the Settlement Day specified in the Supplement. Different settlement procedures may apply in certain jurisdictions in which Shares are distributed due to constraints under local laws and regulations. Investors should refer to the local sales documents for their jurisdiction or contact their local paying agent for further information. The Fund will not accept responsibility for any delays or charges incurred at any receiving bank or clearing system.



Payment of redemption proceeds will be made by wire transfer on the bank account of the redeeming investor and at its risks and costs. Redemption proceeds will be paid in the Reference Currency of the Sub-Fund or the Share Class.

The Fund reserves the right to postpone the payment of redemption proceeds after the end of the normal Redemption Settlement Day when there is insufficient liquidity or in other exceptional circumstances. If redemption proceeds cannot be paid by the end of the Redemption Settlement Day, the payment will be made as soon as reasonably practicable thereafter. The Fund may also delay the settlement of redemptions until reception of all information and supporting documentation deemed necessary to process the application, as described above. In any event, no redemption proceeds will be paid unless and until cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) due but not yet paid for the Shares to be redeemed has been received by the Fund. No interest will be paid to investors on redemption proceeds paid after the end of the Redemption Settlement Day.

#### **7.4.2.3. Redemption in kind**

The Fund may, in order to facilitate the settlement of substantial redemption applications or in other exceptional circumstances, propose to an investor a “redemption in kind” whereby the investor receives a portfolio of assets of the Sub-Fund of equivalent value to the Redemption Price (less any Redemption Fee). In such circumstances the investor must specifically consent to the redemption in kind and may always request a cash redemption payment instead. In proposing or accepting a request for redemption in kind at any given time, the Fund shall take into account the interest of other investors of the Sub-Fund and the principle of fair treatment. Where the investor accepts a redemption in kind, he will receive a selection of assets of the Sub-Fund. All redemptions in kind will be subject to regular controls by the Fund’s Auditor or any other independent auditor (*réviseur d’entreprises agréé*) agreed by the Fund to the extent required by applicable laws and regulations. The Fund and the redeeming investor will agree on specific settlement procedures. Any costs incurred in connection with a redemption in kind, including the costs of issuing a valuation report, shall be borne by the redeeming investor or by such other third party as agreed by the Fund or in any other way which the Board of Directors considers fair to all investors of the Sub-Fund.

Redemption requests for shares represented by a global share certificate will be processed in accordance with the rules of the relevant Stock Exchange and/or the rules of the relevant clearing agent.

#### **7.4.3. Conversion of Shares**

Unless otherwise mentioned in the Supplements, conversions of Shares between Sub-Funds and between Classes of Shares are possible as detailed hereunder.

Applications for conversions of Shares of any Share Class (called the Original Shares) into Shares of another Share Class of the same or another Sub-Fund (called the New Shares) can be submitted for each Conversion Day provided that a complete application is submitted by the Cut-Off Time for that Conversion Day. The number of New Shares issued upon a conversion will be based on the respective Net Asset Values per Share of the Original Shares and the New Shares for the Conversion Day (which, for the avoidance of doubt, may be a different day for the Original Shares and the New Shares). The Original Shares will be redeemed and the New Shares will be issued on the Conversion Day. The conversion procedure is further described below.

##### **7.4.3.1. Conversion application**

Unless set out otherwise in the Supplement, investors may apply for conversion of Original Shares into New Shares on each Conversion Day. However, the right to convert the Original Shares is subject to compliance with any investor eligibility requirements applicable to the New Shares. In addition, conversion applications are subject to the provisions on the minimum initial or additional subscription amounts applicable to the New Shares and the minimum holding amount applicable to the Original Shares.



The number of New Shares issued upon a conversion will be based upon the respective Net Asset Values of the Original Shares and the New Shares for the Conversion Day. These Net Asset Values are unknown to the investors when they place their conversion application.

The Fund may charge a Conversion Fee on conversions of Shares, as set out in section 9.1 (Subscription Fee, Conversion Fee, Redemption Fee) below and specified in the Supplement. For the avoidance of doubt, no Subscription Fee or Redemption Fee will apply on conversions in addition to the Conversion Fee, if any.

The Fund will only process conversion applications that it considers clear and complete. Applications will be considered complete only if the Fund has received all information and supporting documentation it deems necessary to process the application. The Fund may delay the acceptance of unclear or incomplete applications until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete applications may lead to delays in their execution. The Fund will not accept liability for any loss suffered by applicants as a result of unclear or incomplete applications.

Applications must be submitted to the Administrator or a Distributor by the Cut-Off Time for the Conversion Day, as specified in the Supplement, in order for such applications to be processed, if accepted, at a conversion rate based on the respective Net Asset Values of the Original Shares and the New Shares on the Conversion Day. Different Cut-Off Times may apply for applications submitted to certain Distributors and/or by investors in different time zones, provided that the applicable Cut-Off Time must always be earlier than the time when the applicable Net Asset Value is calculated. Investors should refer to the local sales documents for their jurisdiction or contact their local Distributor to find out which Cut-Off Time is applicable to them.

Applications received after the Cut-Off Time will be treated as deemed applications received by the Cut-Off Time for the next Conversion Day. However, the Fund may accept conversion applications received after the Cut-Off Time subject to certain conditions, as set out in section 7.6 (Late trading, market timing and other prohibited practices) below.

The Fund reserves the right to reject any application for conversion of Shares into New Shares, in whole or in part, including, without limitation, where the Fund decides to close the Sub-Fund or Share Class to new subscriptions or new investors. In any event, no conversion application will be processed unless and until cleared funds equal to the full amount of the Subscription Price (plus any Subscription Fee) for the Original Shares has been received by the Fund.

The conversion of Shares shall be suspended whenever the determination of the Net Asset Value per Share of the Original Shares or the New Shares is suspended by the Fund in accordance with section 8.4 (Temporary suspension of the Net Asset Value calculation) below, or when the redemption of Original Shares or the subscription for New Shares is suspended in accordance with the Articles of Association and this Prospectus.

#### **7.4.3.2. Conversion rate**

The rate at which the Original Shares are converted into New Shares is determined on the basis of the following formula:

$$A = (B \times C \times D) / E$$

where:

- A is the number of New Shares to be allocated;
- B is the number of Original Shares to be converted into New Shares;
- C is the Net Asset Value per Share of the Original Shares for the Conversion Day;



D is the exchange rate, as determined by the Fund, between the Reference Currency of the Original Shares and that of the New Shares. Where the Reference Currencies are the same, D equals one (1); and

E is the Net Asset Value per Share of the New Shares for the Conversion Day.

A Conversion Fee may be applied, if and to the extent set out in the Supplement. The Conversion Fee is equal to the positive difference, if any, between the Subscription Fee applicable to the New Shares and the Subscription Fee paid on the Original Shares, or such lower amount as specified for each Share Class in the Supplement, where applicable.

No fractional Shares will be issued upon the conversion of Shares of the Fund. The fraction which is the result of the application of the formula shall be redeemed by a cash payment.

#### **7.4.4. Transfer of Shares**

Shares are freely transferable subject to the restrictions set out in the Articles of Association and this Prospectus. In particular, the Fund may deny giving effect to any transfer of Shares if it determines that such transfer would result in the Shares being held by, on behalf or for the account or benefit of, Prohibited Persons.

Subject to the above, the transfer of Shares will normally be given effect by the Fund by way of declaration of transfer entered in the register of shareholders of the Fund following the delivery to the Administrator of an instrument of transfer duly completed and executed by the transferor and the transferee, in a form accepted by the Fund.

The Fund will only give effect to Share transfers that it considers clear and complete. The Administrator may require from the transferor and/or the transferee all of the information and supporting documentation it deems necessary to give effect to the transfer. Investors are advised to contact the Administrator prior to requesting a transfer to ensure that they have all the correct documentation for the transaction. The Fund may delay the acceptance of unclear or incomplete transfer orders until reception of all necessary information and supporting documentation in a form satisfactory to the Fund. Unclear or incomplete transfer orders may lead to delays in their execution. The Fund will not accept liability for any loss suffered by transferors and/or transferees as a result of unclear or incomplete transfer orders.

Shares represented by a global share certificate will be transferable in accordance with applicable laws and any rules and procedures issued by any clearing agent concerned with such transfer.

#### **7.4.5. Special considerations**

##### **7.4.5.1. Minimum subscription and holding amounts**

The subscription for Shares may be subject to a minimum initial subscription amount and/or additional subscription amount, as specified for each Share Class in the Supplement. The Fund may reject any application for subscription for or conversion into Shares of a Share Class which does not meet the applicable minimum initial subscription amount or additional subscription amount for that Share Class, if any.

In addition, the holding of Shares may be subject to a minimum holding amount, as specified for each Share Class in the Supplement. The Fund may treat any application for redemption or conversion of part of a holding of Shares in a Share Class as a deemed application for redemption or conversion of the entire holding of the redeeming investor in that Share Class if, as a result of such application, the Net Asset Value of the Shares retained by the investor in that Share Class would fall below the applicable minimum holding amount. Alternatively, the Fund may grant a grace period to the investor so as to allow him to increase his holding to at least the minimum holding amount.



The Fund may further deny giving effect to any transfer of Shares if, as a result of such transfer, the Net Asset Value of the Shares retained by the transferor in a Share Class would fall below the minimum holding amount for that Share Class, or if the Net Asset Value of the Shares acquired by the transferee in a Share Class would be less than the minimum initial or additional subscription amounts, as applicable. In such cases, the Fund will notify the transferor that it will not give effect to the transfer of the Shares.

Alternatively, the Fund has the discretion, from time to time, to waive any applicable minimum initial subscription amount, minimum additional subscription amount and/or minimum holding amount provided that investors are treated fairly. In particular, the Fund may waive all or part of such requirements for investments made by certain nominees and other professional intermediaries.

#### **7.4.5.2. Minimum or maximum level of assets under management**

The Fund may decide to cancel the launch of a Sub-Fund or Share Class before the end of the Initial Offer where that Sub-Fund or Share Class has not reached the minimum or expected level of assets under management for such Sub-Fund or Share Class to be operated in an economically efficient manner. In such event, applications for subscription will be refused and subscription proceeds previously received by the Fund will be returned to the applicant.

Where applications for redemptions or conversions out of a Sub-Fund or Share Class on a particular Redemption Day or Conversion Day represent the total number of Shares in issue in that Sub-Fund or Share Class, or the remaining number of Shares in issue after such redemptions or conversions would represent a total Net Asset Value below the minimum level of assets under management required for such Sub-Fund or Share Class to be operated in an efficient manner, the Fund may decide to terminate and liquidate the Sub-Fund or Share Class in accordance with the procedure set out in section 10.9 (Liquidation) below. In such a case, all remaining Shares of the Sub-Fund or Share Class will be redeemed.

The Fund may also decide to close a Sub-Fund or Share Class to new subscriptions or new investors where that Sub-Fund or Share Class has reached or is about to reach its maximum or expected level of assets under management, where accepting new subscriptions or investors would be detrimental to the performance of the Sub-Fund or Share Class, or in other circumstances determined by the Board of Directors. In such events, applications for subscription will be refused, in whole or in part, and subscription proceeds previously received by the Fund will be returned to the applicant.

#### **7.4.5.3. Suspension of issue, redemption or conversion of Shares**

The issue, redemption or conversion of Shares in a Share Class shall be suspended whenever the determination of the Net Asset Value per Share of such Share Class is suspended by the Fund in accordance with section 8.4 (Temporary suspension of the Net Asset Value calculation) below and in other circumstances specified in the Articles of Association and this Prospectus.

Suspended subscriptions, redemptions and conversions will be treated as deemed applications for subscriptions, redemptions or conversions in respect of the first Subscription Day, Redemption Day or Conversion Day following the end of the suspension period unless the investors have withdrawn their applications for subscription, redemption or conversion by written notification received by the Fund before the end of the suspension period.

#### **7.4.5.4. Deferral of redemption or conversion of Shares**

If redemption requests received, on any one Sub-Fund, on any Valuation Day exceed ten percent (10%) of the total net assets of the relevant Sub-Fund, the Board of Directors or the Management Company on behalf of the Fund, may decide to defer part or all of such requests for such period as the Board of Directors or the Management Company considers to be in the best interests of the Sub-Fund provided that any such deferral period would not normally exceed ten (10) Business Days for each non-proceeded redemption. On the next Valuation Day following such period of deferral, redemption requests so deferred will be given priority over requests subsequently received. The price at which the deferred redemptions will be applied will be the Net Asset Value per Share of the





Sub-Fund on the Valuation Day on which such requests can be met (meaning the net asset value calculated after the deferral period).

Conversion requests from the relevant Sub-Fund to another Sub-Fund follow the same process as for redemptions.

The Fund also reserves the right to postpone the payment of redemption proceeds after the end of the normal Redemption Settlement Day in accordance with the provisions set out in section 7.4.2 (Redemption of Shares) above.

As an alternative to deferring applications for redemptions, the Fund may propose to an investor, who accepts, to settle a redemption application, in whole or in part, by a distribution in kind of certain assets of the Sub-Fund or Share Class in lieu of cash, subject to the conditions set out in section 7.4.2 (Redemption in kind) above.

#### **7.4.6. Specificities of subscriptions and redemptions of UCITS ETF Shares on the Primary Market by Authorised Participants**

The Primary Market for UCITS ETF Shares is the market on which shares are issued by the Fund to Authorised Participants and/or redeemed by the Fund from Authorised Participants.

If Shares are held in the Primary Market settlement systems represented by a Global Share Certificate, investors in Shares who purchase or who are transferred Shares and who are not themselves participants in a Primary Market settlement system or a linking settlement system will have their interests in the Shares credited by book-entry in the internal accounts of a financial intermediary (who may also be an Authorised Participant) as the investor's nominee. The financial intermediary will be a participant itself in such a system or will have indirect access to such settlement systems through another financial intermediary (which may also be an Authorised Participant), such as a bank, a depository, a broker, a dealer or a trust company which clears through or maintains a custodial relationship with participants in such settlement systems.

The Primary Market regarding Sub-Funds or Share Classes denominated as "UCITS ETF" is essentially relevant for the Authorized Participants. Applicants wishing to deal on the Primary Market in respect of these Sub-Funds or Share Classes have to satisfy certain eligibility criteria, and be registered with the Fund, to become Authorised Participants.

The Fund also has absolute discretion (but shall not be obliged) to reject or cancel in whole or in part any subscription for Shares prior to the issue of Shares to an applicant (notwithstanding the application having been accepted) in the event that any of the following occurs to the Authorised Participant (or its parent company or ultimate parent company): an Insolvency Event or where the Fund (or its Management Company or Investment Manager) has reasonable grounds to conclude that the relevant Authorised Participant may be unable to honour its settlement obligations or that the Authorised Participant poses a credit risk to the Sub-Funds or Share Classes.

The Fund may accept subscriptions and pay redemptions either in kind or in cash or in a combination of both. The Fund may determine whether to accept subscriptions and redemptions in kind and/or in cash at its absolute discretion.

Shares may be subscribed for on each Subscription Day at the Net Asset Value thereof together with associated Subscription Fees which may be varied to reflect the cost of execution. Shares may be redeemed on each Redemption Day at the Net Asset Value thereof less any associated Redemption Fee which may be varied to reflect the cost of execution.

The level and basis of calculating Subscription Fee and Redemption Fee may also be varied depending on the size of the relevant dealing request and the costs relating to, or associated with, the primary market transactions.

Subscription (in kind or in cash) and redemption (in kind or in cash) orders will normally be accepted in multiples of the Minimum Subscription Amount or Minimum Redemption Amount mentioned in the



relevant Supplement. Such minimums may be reduced in any case at the discretion of the Board of Directors or the Management Company. Authorised Participants should refer to the Administrator for details of Minimum Subscription Amounts and Minimum Redemption Amounts.

For the purposes of in kind dealings, the Fund will make available the Portfolio Composition File for the Sub-Funds setting out the form of investments and/or the Cash Component to be delivered (a) by Authorised Participants in the case of subscriptions; or, (b) by the Fund in the case of redemptions, in return for Shares. The Fund's current intention is that the Portfolio Composition File will normally stipulate that investments must be in the form of the constituents of the relevant Benchmark. Only investments which form part of the investment objective and policy of a Sub-Fund will be included in the Portfolio Composition File.

The Portfolio Composition File for the Sub-Funds for each Subscription or Redemption Day will be available upon request from the Administrator.

#### Failure to Deliver

In the event an Authorised Participant fails to deliver to a cash subscription in the stated settlement times for the Sub-Funds (as set out in the relevant Supplement) the Fund reserves the right to cancel the relevant subscription order and the Authorised Participant shall indemnify the Fund for any loss suffered by the Fund as a result of a failure by the Shareholder to deliver the required cash in a timely manner. The Fund reserves the right to cancel the provisional allotment of the relevant Shares in those circumstances.

The Directors may, in their sole discretion where they believe it is in the best interests of a Sub-Fund, decide not to cancel a subscription and provisional allotment of Shares where an Authorised Participant has failed to deliver the cash within the stated settlement times. In this event, the Fund may temporarily borrow an amount equal to the subscription and invest the amount borrowed in accordance with the investment objective and policies of the relevant Sub-Fund. Once cash, have been received, the Fund will use this to repay the borrowings. The Fund reserves the right to charge the relevant Authorised Participant for any interest or other costs incurred by the Fund as a result of this borrowing. If the Authorised Participant fails to reimburse the Fund for those charges, the Fund, the Management Company and/or the Investment Manager will have the right to sell all or part of the applicant's holdings of Shares in the Sub-Fund or any other Sub-Fund of the Fund in order to meet those charges.

In the event that an Authorised Participant fails to deliver, or delays in delivering, one or more of the specified underlying securities by the relevant settlement date, the Fund may (but shall not be obliged to) require the Authorised Participant to pay to it a sum equal to the value of such underlying securities plus any Subscription Fee associated with the purchase by the Fund of such underlying securities, including any foreign exchange costs and other fees, and/or costs incurred as a result of the delay.

In the event an Authorised Participant fails to deliver the required investments and Cash Component in relation to an in kind subscription in the stated settlement times for the Sub-Funds (as set out in the relevant Supplement) the Fund reserves the right to cancel the relevant subscription order and the Authorised Participant shall indemnify the Fund for any loss suffered by the Fund as a result of a failure by the Shareholder to deliver the required Investments and Cash Component in a timely manner. The Fund reserves the right to cancel the provisional allotment of the relevant Shares in those circumstances.

#### **7.5. The Secondary Market for UCITS ETF Shares**

The intention of each Sub-Fund for each of its Shares Classes denominated as "UCITS ETF" to have such Shares traded on at least one Regulated Market or multilateral trading facility with at least one Market Maker offering prices at which the Shares can be purchased or sold by investors. The spread between those purchase and sale prices may be monitored and regulated by the relevant Stock Exchange authority.

For so long as the Shares of any Sub-Fund are listed on any relevant Stock Exchange, the Sub-Fund shall endeavour to comply with the requirements of the relevant Stock Exchange relating to those Shares.



The Board of Directors may at any time decide to list the UCITS ETF Shares on several Stock Exchanges pursuant to an application made by the Fund. It is contemplated that application will be filed to list certain Share Classes on Euronext Paris. A full list of these Stock Exchanges where the UCITS ETF Shares can be bought and sold can be obtained from the registered office of the Fund.

#### **7.5.1. Purchase and sale procedure on the Secondary Market**

For all purchases and/or sales of UCITS ETF Shares made on the Secondary Market, no minimum purchase and/or sale is required other than the minimum that may be required by the relevant Stock Exchange.

The Fund will not charge directly any purchase or sale fee in relation to the purchase or sale of the UCITS ETF Shares on any Stock Exchange where they are listed. However, market intermediaries charge broker fees or other kind of fees. The Fund does not receive these fees.

Investors should be aware that when one or more markets are trading Shares but the underlying market(s) on which the Benchmark of the Sub-Fund are traded are closed, the spread between the quoted bid and offer prices in the Shares may widen and the difference between the market price of a UCITS ETF Share and the last calculated Net Asset Value per Share may, after currency conversion, increase.

The UCITS ETF Shares purchased on the Secondary Market are generally not redeemable from the Fund. Investors must buy and sell the Shares on the Secondary Market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current Net Asset Value when buying shares and may receive less than the current Net Asset Value when selling them.

In the event of a suspension of the Secondary Market, not based on an Benchmark liquidity event, the Fund may allow shareholders which are not Authorised Participant to redeem their UCITS ETF Shares on the Primary Market at a price based at the applicable Net Asset Value per share less Redemption fees as specified in the Supplement, provided that the Net Asset Value per shares is not itself suspended under the applicable regulations and/or the Prospectus and/or the Articles of Association.

The suspension of the Secondary Market means any situation where it is impossible for shareholders to sell their UCITS ETF Shares on all the Stock Exchanges where the considered share is listed for a period of at least of 3 Business Days since the occurrence of (i) the suspension of quotation by the market operator or (ii) the impossibility to trade observed by all shareholders on the considered Stock Exchange, and which is based on either:

- The significant variation of the Stock Exchange value of the considered listed Shares in comparison with its indicative Net Asset Value;
- The lack of Authorized Participants, or the inability by the Authorized Participants to meet their commitment to conduct their business by means of a permanent presence on the market, thus making it impossible to trade the considered shares on the considered place of quotation to which the Share Class is admitted;
- The Benchmark liquidity event means any market disruption event and/or any liquidity issue affecting part or all the components of the Benchmark, which leads to a suspension of their market appreciation.

In such exceptional Primary Market opening cases, information shall be communicated to the relevant stock market operators that list the UCITS ETF Shares indicating that a direct redemption procedure is available to investors on the secondary market. Applications for redemption shall be made in accordance with the procedure described in section 7.4. (The Primary Market for the Shares of the Fund). Depending on the arrangements in place between the relevant intermediary and the other investment firms involved in the redemption chain, additional constraints, delays or intermediary fees could be applicable, and the shareholders will be invited to contact their relevant intermediary in order to obtain additional information about those eventual constraints and/or fees.



Redemption orders dealt with in these circumstances in accordance of the terms of the redemption procedure will not be subject to the potentially applicable minimum redemption thresholds and the redemption costs should only consist in the exit charge as described for each Sub-Fund in the Supplement.

### **7.5.2. iNAV**

The Fund may at its discretion make available, or may designate other persons to make available on its behalf, on each business day, an indicative net asset value (the "iNAV") for UCITS ETF Shares. If the Fund or its designee makes such information available on any business day, the iNAV will be calculated based upon information available during the trading day or any portion of the trading day, and will ordinarily be based upon the current value of the assets/exposures, adjusted by the relevant foreign exchange rate, as the case may be, of the Sub-Fund and/or the considered Benchmark in effect on such Business Day, together with any cash amount in the Sub-Fund as at the previous business day. The Fund or its designee will make available an iNAV if this is required by any relevant Stock Exchange.

An iNAV is not, and should not be taken to be or relied on as being, the value of a Share or the price at which shares may be subscribed for or redeemed or purchased or sold on any relevant Stock Exchange. In particular, any iNAV provided for any Sub-Fund where the constituents of the concerned Benchmark are not actively traded during the time of publication of such iNAV may not reflect the true value of a Share, may be misleading and should not be relied on.

Investors should be aware that the calculation and reporting of any iNAV may reflect time delays in the receipt of the prices of the relevant constituent securities in comparison to other calculated values based upon the same constituent securities including, for example, the relevant Benchmark or the iNAV of other ETF based on the same Benchmark. Investors interested in buying or selling UCITS ETF Shares on a relevant stock exchange should not rely solely on any iNAV which is made available in making investment decisions, but should also consider other market information and relevant economic and other factors (including, where relevant, information regarding the relevant Benchmark, the relevant constituent securities and financial instruments based on the Benchmark corresponding to the relevant Sub-Fund).

### **7.6. Late trading, market timing and other prohibited practices**

The Fund does not permit late trading practices as such practices may adversely affect the interests of investors. In general, late trading is to be understood as the acceptance of a subscription, redemption or conversion order for Shares after the Cut-Off Time for a Subscription Day, Redemption Day or Conversion Day and the execution of such order at a price based on the Net Asset Value applicable to such same day. However, as mentioned above, the Fund may accept subscription, conversion or redemption applications received after the Cut-Off Time, in circumstances where the subscription, redemption or conversion applications are dealt with on an unknown Net Asset Value basis, provided that it is in the interest of the Sub-Fund and that investors are fairly treated. In particular, the Fund may waive the Cut-Off Time where a Distributor and/or another intermediary submits the application to the Administrator after the Cut-Off Time provided that such application has been received by the Distributor or the intermediary from the investor in advance of the Cut-Off Time.

Subscriptions and conversions of Shares should be made for investment purposes only. The Fund does not permit market timing or other excessive trading practices. Market timing is to be understood as an arbitrage method by which an investor systematically subscribes and redeems or converts Shares of the same Sub-Fund or Share Class within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value. Excessive, short-term (market timing) trading practices may disrupt portfolio management strategies and harm fund performance. To minimise harm to the Fund and other investors, the Fund has the right to reject any subscription or conversion order, or levy in addition to any Subscription Fee, Redemption Fee or Conversion Fee which may be charged according to the Supplement, a fee of up to five percent (5%) of the value of the order for the benefit of the Sub-Fund or Share Class, from any investor who is engaging or is suspected of engaging in excessive trading, or has a history of excessive trading, or if an investor's trading, in the opinion of the Board of Directors, has been or may be disruptive to the Fund. In making



this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control.

The Fund also has the power to compulsorily redeem all Shares held by, on behalf or for the account or benefit of, an investor who is or has been engaged in, or is suspected of being engaged in, late trading, market timing or other excessive trading, in accordance with the procedure set out in this Prospectus. The Board of Directors considers such persons as Prohibited Persons.

The Fund will not be held liable for any loss resulting from rejected orders or compulsory redemptions.

## **7.7. Prohibited Persons**

The Articles of Association give powers to the Board of Directors to restrict or prevent the legal or beneficial ownership of Shares or prohibit certain practices such as late trading and market timing by any person (individual, corporation, partnership or other entity), if in the opinion of the Board of Directors such ownership or practices may (i) result in a breach of any provisions of the Articles of Association, the Prospectus or the laws or regulations of any jurisdiction, or (ii) require the Fund, the Management Company or the Investment Manager to be registered under any laws or regulations whether as an investment fund or otherwise, or cause the Fund to be required to comply with any registration requirements in respect of any of its Shares, whether in the United States of America or in any other jurisdiction, or (iii) may cause the Fund, the Management Company or the Investment Manager or the investors any legal, regulatory, taxation, administrative or financial disadvantages which they would not have otherwise incurred (a Prohibited Person).

The Board of Directors has also decided that any person not qualifying as an Eligible Investor will be considered as a Prohibited Person.

Furthermore, the Board of Directors has decided that any person who is or has been engaged in, or is suspected of being engaged in, late trading, market timing or other excessive trading, directly or indirectly, as described in section 7.6 (Late trading, market timing and other prohibited practices) above, will be considered as a Prohibited Person.

The Fund may decline to issue any Shares and to accept any transfer of Shares, where it appears that such issue or transfer would or might result in Shares being acquired or held by, on behalf or for the account or benefit of, Prohibited Persons. The Fund may require at any time any investor or prospective investor to provide the Fund with any representations, warranties, or information, together with supporting documentation, which the Fund may consider necessary for the purpose of determining whether the issue or transfer would result in Shares being held by, on behalf or for the account or benefit of, a Prohibited Person.

The Fund may compulsorily redeem all Shares held by, on behalf or for the account or benefit of, Prohibited Persons or investors who are found to be in breach of, or have failed to provide, the abovementioned representations, warranties or information in a timely manner. In such cases, the Fund will notify the investor of the reasons which justify the compulsory redemption of Shares, the number of Shares to be redeemed and the indicative Redemption Day on which the compulsory redemption will occur. The Redemption Price shall be determined in accordance with section 7.4.2. (Redemption of Shares) above.

The Fund may also grant a grace period to the investor for remedying the situation causing the compulsory redemption, for instance by transferring the Shares to one or more investors who are not Prohibited Persons and do not act on behalf or for the account or benefit of, Prohibited Persons, and/or propose to convert the Shares held by any investor who fails to satisfy the investor eligibility requirements for a Shares Class into Shares of another Share Class available for such investor.

The Fund reserves the right to require the investor to indemnify the Fund against any losses, costs or expenses arising as a result of any Shares being held by, on behalf or for the account or benefit of, a Prohibited Person or investors who are found to be in breach of, or have failed to provide, the abovementioned representations, warranties or information in a timely manner. The Fund may pay such losses, costs or expenses out of the proceeds of any compulsory redemption described above and/or



redeem all or part of the investor's other Shares, if any, in order to pay for such losses, costs or expenses.

## **7.8. Prevention of money laundering and terrorist financing**

### **Identification of subscribers**

The SICAV, the Management Company, the Transfer Agent, and the selling agents must at all times comply with the rules in Luxembourg relating to the combating of money-laundering and financing of terrorism and the prevention of the use of the financial sector for these purposes. With regard to the combating of money-laundering and financing of terrorism, the SICAV, the Management Company and the Transfer Agent will ensure that the applicable Luxembourg legislation in this area is respected, and will satisfy themselves that subscribers are identified in Luxembourg in accordance with the legislation which is in force, including but not limited to Directive (EU) 2015/849, the Law of 12 November 2004 and CSSF Regulation No 12-02 of 14 December 2012, as amended from time to time.

The Transfer Agent has a duty to comply with rules in Luxembourg when it receives subscription applications. As such, when a shareholder or future shareholder submits a request, the Transfer Agent is required to identify the customer and the effective beneficiaries, and to verify their identity on the basis of documents, data or information from reliable and independent sources, applying a risk-based approach.

When the shares are subscribed by an intermediary acting on behalf of others, the Transfer Agent must put in place extra vigilance measures specifically seeking to analyse the robustness of the monitoring structures in the combating of money-laundering and financing of terrorism.

If there are any doubts as to the identity of a person making a subscription or redemption application due to a lack, irregularity or insufficiency of proof regarding that person's identity, it is the responsibility of the Transfer Agent to suspend or even reject the subscription application.

### **Identification of the risk level of the investment**

In addition, when performing investment transactions, the SICAV, the Management Company and, if applicable, the entity to which the implementation of the portfolio management duties is delegated, must carry out an analysis of the risk of money-laundering and financing of terrorism associated with the investment and put in place vigilance measures which are appropriate for the evaluated and documented risk.

## **8. VALUATION AND NET ASSET VALUE CALCULATION**

The Net Asset Value of each Sub-Fund and Share Class is determined by performing a valuation of the assets and liabilities of the Fund and allocating them to the Sub-Funds and Share Classes, in order to calculate the Net Asset Value per Share of each Share Class of each Sub-Fund. The method for the valuation of the assets and liabilities, the allocation to the Sub-Funds and Share Classes, and the calculation of the Net Asset Value is set out in the Articles of Association and is also described in this section of the Prospectus.

### **8.1. Calculation of the Net Asset Value**

The Net Asset Value per Share shall be determined by the Administrator as of each Valuation Day (as specified for each Sub-Fund in the Supplement) and at least twice a month. It shall be calculated by dividing the Net Asset Value of the Share Class of a Sub-Fund by the total number of Shares of such Share Class in issue as of that Valuation Day. The Net Asset Value per Share shall be expressed in the Reference Currency of the Share Class and may be rounded up or down to four (4) decimal places.

The Net Asset Value of a Share Class is equal to the value of the assets allocated to such Share Class within a Sub-Fund less the value of the liabilities allocated to such Share Class, both being calculated as of each Valuation Day according to the valuation procedure described below.



The Net Asset Value of a Sub-Fund is equal to the value of the assets allocated to such Sub-Fund less the value of the liabilities allocated to such Sub-Fund, both calculated as of each Valuation Day in the Reference Currency of the Sub-Fund according to the valuation procedure described below.

The Net Asset Value of the Fund will at all times be equal to the sum of the Net Asset Values of all Sub-Funds expressed in the Reference Currency of the Fund. The Net Asset Value of the Fund must at all times be at least equal to the minimum share capital required by the 2010 Law which is currently EUR 1,250,000, except during the first six (6) months after the approval of the Fund by the CSSF.

## **8.2. Valuation procedure**

### **8.2.1. General**

The assets and liabilities of the Fund will be valued in accordance with the Articles of Association and the provisions outlined below.

The Board of Directors may apply other valuation principles or alternative methods of valuation that it considers appropriate in order to determine the probable realisation value of any asset if applying the rules described below appears inappropriate or impracticable.

The Board of Directors may adjust the value of any asset if the Board of Directors determines that such adjustment is required to reflect its fair value taking into account its denomination, maturity, liquidity, applicable or anticipated interest rates or dividend distributions or any other relevant considerations.

If, after the time of determination of the Net Asset Value but before publication of the Net Asset Value for a Valuation Day, there has been a material change affecting the exchanges or markets on which a substantial portion of the investments of a Sub-Fund are quoted, listed or traded, the Board of Directors may cancel the first valuation and carry out a second valuation in order to safeguard the interest of investors. In such a case, the Net Asset Value used for processing subscription, redemption and conversion applications for that Valuation Day will be based on the second calculation.

For the purpose of calculating the Net Asset Value in accordance with the valuation principles set out below, the Board of Directors has authorised the Administrator to rely in whole or in part upon valuations provided by available pricing sources for the relevant asset, including data vendors and pricing agencies (such as Bloomberg or Reuters), fund administrators, brokers, dealers and valuation specialists, provided that such pricing sources are considered reliable and appropriate and provided that there is no manifest error or negligence in such valuations. In the event that valuations are not available or valuations may not correctly be assessed using such pricing sources, the Administrator will rely upon valuation methods and determinations provided by the Board of Directors.

The Board of Directors and the Administrator may consult with and seek the advice of the Investment Manager in valuing the Fund's assets. Where the Board of Directors considers it necessary, it may seek the assistance of a valuation committee whose task will be the prudent estimation of certain assets' values in good faith.

In the absence of fraud, bad faith, negligence or manifest error, any decision taken in accordance with the Articles of Association and the Prospectus by the Board of Directors or any agent appointed by the Board of Directors in connection with the valuation of the Fund's assets and the calculation of the Net Asset Value of the Fund, a Sub-Fund or a Share Class, the Net Asset Value per Share will be final and binding on the Fund and on all investors, and neither the Board of Directors nor any agent appointed by the Board of Directors shall accept any individual liability or responsibility for any determination made or other action taken or omitted by them in this connection.

### **8.2.2. Assets of the Fund**

Subject to the rules on the allocation to Sub-Funds and Share Classes below, the assets of the Fund shall include the following:



- 1) all cash on hand or on deposit, including any outstanding accrued interest;
- 2) all bills and any types of notes or accounts receivable, including outstanding proceeds of any disposal of financial instruments;
- 3) all securities and financial instruments, including shares, bonds, notes, certificates of deposit, debenture stocks, options or subscription rights, warrants, money market instruments and all other investments belonging to the Fund;
- 4) all dividends and distributions payable to the Fund either in cash or in the form of stocks and shares (which will normally be recorded in the Fund's books as of the ex-dividend date, provided that the Fund may adjust the value of the security accordingly);
- 5) all outstanding accrued interest on any interest-bearing instruments belonging to the Fund, unless this interest is included in the principal amount of such instruments;
- 6) the formation expenses of the Fund or a Sub-Fund, to the extent that such expenses have not already been written off; and
- 7) all other assets of any kind and nature including expenses paid in advance.

### **8.2.3. Liabilities of the Fund**

Subject to the rules on the allocation to Sub-Funds and Share Classes below, the liabilities of the Fund shall include the following:

- 1) all loans, bills or accounts payable, accrued interest on loans (including accrued fees for commitment for such loans);
- 2) all known liabilities, whether or not already due, including all contractual obligations that have reached their term, involving payments made either in cash or in the form of assets, including the amount of any dividends declared by the Fund but not yet paid;
- 3) a provision for any tax accrued to the Valuation Day and any other provisions authorised or approved by the Fund; and
- 4) all other liabilities of the Fund of any kind recorded in accordance with applicable accounting rules, except liabilities represented by Shares. In determining the amount of such liabilities, the Fund will take into account all expenses, fees, costs and charges payable by the Fund as set out in section 9 (Fees and expenses) below.

Adequate provisions shall be made for unpaid administrative and other expenses of a regular or recurring nature based on an estimated amount accrued for the applicable period. Any off-balance sheet liabilities shall duly be taken into account in accordance with fair and prudent criteria.

### **8.2.4. Valuation principles**

In accordance with the Articles of Association, the valuation of the assets of the Fund will be conducted as follows:

#### **Equities, warrants and rights**

Equities are valued at the closing (or alternatively last available) price on the various stock exchanges on the reference date or in the absence thereof the preceding date.

#### **Exchange Traded Fund ("ETF") and UCI**

ETF and UCI are valued at the net asset value (or alternatively based on the method applied for equities for quoted, listed or traded funds) representative of the markets on the reference date or in the absence thereof the preceding date.





### **Bonds**

Bonds are valued at the closing price on the basis of contributor prices on the reference date or in the absence thereof the preceding date.

### **Negotiable debt securities and other money market instruments**

Negotiable debt securities are valued at the closing price on the basis of contributor prices on the reference date (or in the absence thereof the preceding date) or according to the straight-line method.

### **Futures and options on organised markets**

These financial instruments are valued at the closing prices on the various futures markets on the reference date or in the absence thereof the preceding date.

### **Spot exchange rates**

The spot exchange rates are valued from the market data available from specialised data providers on the reference date or in the absence thereof the preceding date.

### **Forward foreign exchange**

Foreign exchange futures are valued on the basis of the market data available such as the spot price, interest rate curve etc, from specialized data providers on the reference date or in the absence thereof the preceding date..

**Others derivatives** are valued based on counterparties prices, market prices or are calculated based on validated models validated on the reference date or in the absence thereof the preceding date.

### **Exceptional treatment**

Any asset in which there are not significant amounts of transactions or for which the price is not available or clearly not representative of the market, will be valued based on the probable realisation value estimated with care and in good faith by the Management Company using any valuation method approved by the Board of Directors.

## **8.2.5. Allocation of assets and liabilities to Sub-Funds and Share Classes**

Assets and liabilities of the Fund will be allocated to each Sub-Fund and Share Class in accordance with the provisions of the Articles of Association, as set out below, and the Supplement of the Sub-Fund.

- 1) The proceeds from the issue of Shares of a Sub-Fund or Share Class, all assets in which such proceeds are invested or reinvested and all income, earnings, profits or assets attributable to or deriving from such investments, as well as all increase or decrease in the value thereof, will be allocated to that Sub-Fund or Share Class and recorded in its books. The assets allocated to each Share Class of the same Sub-Fund will be invested together in accordance with the investment objective, policy, and strategy of that Sub-Fund, subject to the specific features and terms of issue of each Share Class of that Sub-Fund, as specified in its Supplement (see section 7.1 (Shares, Sub-Funds and Share Classes) above).
- 2) All liabilities of the Fund attributable to the assets allocated to a Sub-Fund or Share Class or incurred in connection with the creation, operation or liquidation of a Sub-Fund or Share Class will be charged to that Sub-Fund or Share Class and, together with any increase or decrease in the value thereof, will be allocated to that Sub-Fund or Share Class and recorded in its books. In particular and without limitation, the costs and any benefit of any Share Class specific feature will be allocated solely to the Share Class to which the specific feature relates.
- 3) Any assets not attributable to a particular Sub-Fund or Share Class will normally be allocated to all Sub-Funds or Share Classes pro rata to their Net Asset Value, except otherwise decided by the Board of Directors.
- 4) Any expenses and costs not directly attributable to a specific sub-fund will be charged equally among the various Sub-Funds or, where the amount of expenses and costs so requires, will be allocated among the Sub-Funds proportionate to their respective Net Asset Value.



Subject to the above, the Board of Directors may at any time vary the allocation of assets and liabilities previously allocated to a Sub-Fund or Share Class.

#### **8.2.6. Additional rules for assets and liabilities of the Fund**

In calculating the Net Asset Value of each Sub-Fund or Share Class the following principles will apply.

- 1) Each Share agreed to be issued by the Fund on each Subscription Day will be deemed to be in issue and existing immediately after the time of valuation on the Subscription Day. From such time and until the Subscription Price is received by the Fund, the assets of the Sub-Fund or Share Class concerned will be deemed to include a claim of that Sub-Fund or Share Class for the amount of any cash or other property to be received in respect of the issue of such Shares. The Net Asset Value of the Sub-Fund or Share Class will be increased by such amount immediately after the time of valuation on the Subscription Day.
- 2) Each Share agreed to be redeemed by the Fund on each Redemption Day will be deemed to be in issue and existing until and including the time of valuation on the Redemption Day. Immediately after the time of valuation and until the Redemption Price is paid by the Fund, the liabilities of the Sub-Fund or Share Class concerned will be deemed to include a debt of that Sub-Fund or Share Class for the amount of any cash or other property to be paid in respect of the redemption of such Shares. The Net Asset Value of the Sub-Fund or Share Class will be decreased by such amount immediately after the time of valuation on the Redemption Day.
- 3) Following a declaration of dividends for Distribution Shares on a Valuation Day determined by the Fund to be the distribution accounting date, the Net Asset Value of the Sub-Fund or Share Class will be decreased by such amount as of the time of valuation on that Valuation Day.
- 4) Where assets have been agreed to be purchased or sold but such purchase or sale has not been completed at the time of valuation on a given Valuation Day, such assets will be included in or excluded from the assets of the Fund, and the gross purchase price payable or net sale price receivable will be excluded from or included in the assets of the Fund, as if such purchase or sale had been duly completed at the time of valuation on that Valuation Day, unless the Fund has reason to believe that such purchase or sale will not be completed in accordance with its terms. If the exact value or nature of such assets or price is not known at the time of valuation on the Valuation Day, its value will be estimated by the Fund in accordance with the valuation principles described above.
- 5) The value of any asset or liability denominated or expressed in a currency other than the Reference Currency of the Fund, Sub-Fund or Share Class will be converted, as applicable, into the Reference Currency of the Fund, Sub-Fund or Share Class at the prevailing foreign exchange rate at the time of valuation on the Valuation Day concerned which the Board of Directors considers appropriate.

#### **8.3. Publication of the Net Asset Value**

The Net Asset Value per Share of each Share Class within each Sub-Fund will be available from the Management Company during normal business hours and is published on [www.candriam.com](http://www.candriam.com).

The Net Asset Value per Share of any Share Class or Sub-Fund which is listed on a Stock Exchange will be notified to such exchange upon calculation.

#### **8.4. Temporary suspension of the Net Asset Value calculation**

The Board of Directors may temporarily suspend the calculation and publication of the Net Asset Value per Share of any Share Class in any Sub-Fund and/or where applicable, the issue, redemption and conversion of Shares of any Share Class in any Sub-Fund in the following cases:



- 1) during any period in which any of the principal stock exchanges or other markets on which a substantial portion of the constituents of the Invested Assets and/or the Benchmark from time to time are quoted or traded is closed otherwise than for ordinary holidays, or during which transactions therein are restricted, limited or suspended, provided that such restriction, limitation or suspension affects the valuation of the Invested Assets or the Benchmark;
- 2) when the information or calculation sources normally used to determine the value of the assets of a Sub-Fund are unavailable;
- 3) during any period when any breakdown or malfunction occurs in the means of communication network or IT media normally employed in determining the price or value of the assets of a Sub-Fund, or which is required to calculate the Net Asset Value per Share;
- 4) when exchange, capital transfer or other restrictions prevent the execution of transactions of a Sub-Fund or prevent the execution of transactions at normal rates of exchange and conditions for such transactions;
- 5) when exchange, capital transfer or other restrictions or other market circumstances prevent the sales or the repatriation of assets of a Sub-Fund for the purpose of making payments on the redemption of Shares or prevent the execution of such sales or repatriation at normal rates of exchange and conditions for such sales or repatriation;
- 6) when the legal, political, economic, military or monetary environment, or an event of force majeure, prevent the Fund from being able to manage the assets of a Sub-Fund in a normal manner and/or prevent the determination of their value in a reasonable manner;
- 7) when there is a suspension of the net asset value calculation or of the issue, redemption or conversion rights by the investment fund(s) in which a Sub-Fund is invested;
- 8) following the suspension of the net asset value calculation and/or the issue, redemption and conversion at the level of a Master Fund in which a Sub-Fund invests as a Feeder Fund;
- 9) when, for any other reason, the prices or values of the assets of a Sub-Fund cannot be promptly or accurately ascertained or when it is otherwise impossible to dispose of the assets of the Sub-Fund in the usual way and/or without materially prejudicing the interests of investors;
- 10) in the event of a notice to shareholders of the Fund convening an extraordinary general meeting of shareholders for the purpose of dissolving and liquidating the Fund or informing them about the termination and liquidation of a Sub-Fund or Share Class, and more generally, during the process of liquidation of the Fund, a Sub-Fund or Share Class;
- 11) during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction;
- 12) during any period when the dealing of the Shares of a Sub-Fund or Share Class on any relevant stock exchange where such Shares are listed is suspended or restricted or closed; and
- 13) in exceptional circumstances, whenever the Board of Directors considers it necessary in order to avoid irreversible negative effects on the Fund, a Sub-Fund or Share Class, in compliance with the principle of fair treatment of investors in their best interests.

In the event of exceptional circumstances which could adversely affect the interest of investors or where significant requests for subscription, redemption or conversion of Shares are received for a Sub-Fund or Share Class, the Board of Directors reserves the right to determine the Net Asset Value per Share for that Sub-Fund or Share Class only after the Fund has completed the necessary investments or divestments in securities or other assets for the Sub-Fund or Share Class concerned.



The issue, redemption and conversion of Shares in the any Share Class will also be suspended during any such period when the Net Asset Value of such Share Class is not calculated and published.

Any decision to suspend the calculation and publication of the Net Asset Value per Share and/or where applicable, the issue, redemption and conversion of Shares of a Share Class, will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed and may be published on [www.candriam.com](http://www.candriam.com) where appropriate.

The suspension of the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares in any Sub-Fund or Share Class will have no effect on the calculation of the Net Asset Value and/or, where applicable, of the subscription, redemption and/or conversion of Shares in any other Sub-Fund or Share Class.

Suspended subscription, redemption, and conversion applications will be treated as deemed applications for subscriptions, redemptions or conversions in respect of the first Subscription Day, Redemption Day or Conversion Day following the end of the suspension period unless the investors have withdrawn their applications for subscription, redemption or conversion by written notification received by the Administrator before the end of the suspension period.

## **9. FEES AND EXPENSES**

### **9.1. Subscription Fee, Conversion Fee, Redemption Fee**

Subscriptions for Shares may be subject to a Subscription Fee and redemptions of Shares may be subject to a Redemption Fee both calculated as specified in the Supplement, where applicable. Conversions of Shares may be subject to a Conversion Fee calculated as specified in the Supplement, where applicable. For the avoidance of doubt, no Subscription Fee or Redemption Fee will apply on conversions in addition to the Conversion Fee, if any.

Where applicable, an identical Subscription Fee, Redemption Fee, or Conversion Fee will apply, respectively, to all subscriptions, redemptions and conversions of Shares in each Share Class processed on the same Subscription Day, Redemption Day or Conversion Day.

The Subscription Fee, Redemption Fee and Conversion Fee will be paid to the Fund. The Fund may in its discretion waive all or part of the Subscription Fee, Redemption Fee or Conversion Fee.

Banks and other financial intermediaries appointed by or acting on behalf of the investors, where applicable, may charge administration and/or other fees or commissions to the investors pursuant to arrangements between those banks or other financial intermediaries and the investors. The Fund has no control over such arrangements.

### **9.2. Portfolio Management Fee**

The portfolio management fee is expressed as an annual percentage of the average Net Asset Value of each Sub-Fund or share class and is payable monthly. The portfolio management fee is included in the maximum rate of the Total Expense level specified in Schedule 1.

### **9.3. Operating and Administrative Charges**

The Fund will bear the day-to-day operational and administrative charges incurred to cover all the overhead, variable costs, charges, fees and other expenses, as described below (the "Operational and Administrative Charges").

The Operational and Administrative Charges cover the following costs, although this list is not exhaustive:



- (a) expenses incurred directly by the Fund, including, among others, fees and charges owing to the Depository, to the principal paying agent, commissions and fees for certified auditors, share class hedging fees, including those charged by the Management Company, the fees paid to Directors and the reasonable costs and expenses incurred by or for the Directors;
- (b) a "service fee" which includes the remaining amount of Operational and Administrative Charges after deducting the costs indicated in section (a) above, being, among others, the fees and costs of the domiciliary agent, the Administrator the costs associated with registration and for maintaining this registration in all jurisdictions (such as fees levied by the supervisory authorities concerned, translation costs and payment for representatives abroad and local paying agents), stock exchange listing and maintenance fees, share price publication costs, postal and communication costs, the costs for preparing, printing, translating and distributing prospectuses, key investor information documents, notices to the shareholders, financial reports or any other documents for shareholders, legal fees and expenses, the costs and fees associated with the subscription for any account or license or any other use of paid information or data, the fees associated with analysis services, the fees incurred for using a trademark registered by the Fund and the fees and expenses for the Management Company and/or its delegates and/or any other agent appointed by the Fund itself and/or independent experts.

Operational and Administrative Charges are expressed as an annual percentage of the average Net Asset Value of each Sub-Fund or Share Class and are payable monthly. The Operational and Administrative Charges are included in the maximum rate of the Total Expense level specified in Schedule 1.

At the end of a given period, if the charges and expenses were to exceed the percentage of the Operational or Administrative Charges set for a share class then the Management Company would pay the difference. Conversely if the actual charges and expenses were to be less than the percentage of the Operational and Administrative Charges set for a class of shares, then the Management Company would retain the difference.

The Management Company may instruct the Fund to settle all or part of the expenses as stated above directly on its assets. In such case, the amount of Operational and Administrative Charges will be reduced accordingly.

The Operational and Administrative Charges do not cover:

- The duties, taxes, contributions, rights or costs of taxation imposed on the Fund and its assets, including Luxembourg subscription duty.
- Fees linked to transactions: each Sub-Fund incurs the fees and expenses for buying and selling transferable securities, financial instruments and derivative products, brokerage fees and expenses, interest, (among others the interest on swaps and loans, etc.) or tax and other expenses linked to transactions.
- Fees generated by the anti-dilution mechanism;
- Bank fees such as, but not limited to, interest on overdrafts;
- Fees associated to credit facilities;
- In order to safeguard the interests of the Fund and its investors, non-recurring expenses, some of which may not be reasonably expected in the ordinary course of the Fund's activities, including but not limited to :
  - the cost of exceptional and/or ad hoc measures and fees for tax advisers, legal advice, expert assessment, introduction fees or fees for legal procedures to protect the interests of shareholders;
  - any expenses associated with one-off agreements entered into by any third party in the interests of the shareholders;
  - costs and expenses related to litigation and regulatory investigations (including penalties, fines, damages and indemnifications) and the full amount of any tax, levy, duty or similar charge imposed on the Fund or Sub-Fund that would not be considered as ordinary Operating and Administrative Expenses;



Under the conditions set down in the 2010 Law, the legal, advisory or administrative costs associated with preparing and carrying out the merger of one or more Sub-Funds of the Fund may not be charged to the respective Sub-Funds and will be borne by the Management Company.

## 10. GENERAL INFORMATION

### 10.1. Reports and financial statements

The financial year of the Fund will begin on 1 January of each year and end on 31 December of the same year. Each year, the Fund will issue an Annual Report as of the end of the previous financial year comprising, *inter alia*, the audited financial statements of the Fund and each Sub-Fund and a report of the Board of Directors on the activities of the Fund. The Fund will also issue a Semi-Annual Report as of **30 June** of the current financial year. The first Semi-Annual Report will be issued as of 30 June 2017. The first financial year will end on 31 December 2017 and the first Annual Report will be issued as of 31 December 2017.

The financial statements of the SICAV are prepared in compliance with the generally accepted accounting principles in Luxembourg, known as "Luxembourg GAAP"

Investors may obtain, upon request, a copy of the latest financial reports from the Management Company free of charge.

The Reference Currency of the Fund is the Euro. The Annual Report will comprise consolidated accounts of the Fund expressed in Euro as well as individual information on each Sub-Fund expressed in the Reference Currency of such Sub-Fund.

### 10.2. Meetings of shareholders

The annual general meeting of shareholders will be held within six (6) months of the end of each financial year in Luxembourg in order to approve the financial statements of the Fund for the previous financial year. The annual general meeting of shareholders will be held at the registered office of the Fund, or at such alternative location in Luxembourg as may be specified in the convening notice of such meeting.

Other general meetings of shareholders may be held at such place and time as indicated in the convening notice in order to decide on any other matters relating to the Fund. General meetings of shareholders of any Sub-Fund or any Share Class within a Sub-Fund may be held at such time and place as indicated in the convening notice in order to decide on any matters which relate exclusively to such Sub-Fund or Share Class.

Notices of all general meetings may be made through announcements filed with the Luxembourg Trade and Companies Register and be published at least fifteen (15) days before the meeting in *the Recueil électronique des sociétés et associations* (RESA) and a Luxembourg newspaper and sent to all registered shareholders by ordinary mail (*lettre missive*); alternatively, convening notices may be sent to registered shareholders by registered letter at least eight (8) calendar days prior to the meeting. The meeting notices may be exclusively made by any other means of communication ensuring access to the information upon the condition that the addressees have individually agreed to such means of communication. If all the shareholders are present or represented and if they declare that they have been duly convened and had prior knowledge of the agenda, the general meeting of shareholders may take place without a meeting notice. Convening notices will also be published and/or communicated to investors as required by applicable laws and regulations in other jurisdictions where the Shares are. Notices will include the agenda and will specify the time and place of the meeting, the conditions of admission, and the quorum and voting requirements.

The requirements as to attendance, quorum, and majorities at all general meetings will be those laid down in the Articles of Association and in the 1915 Law. All shareholders may attend general meetings in person or by appointing another person as his proxy in writing or by facsimile, electronic mail or any other similar means of communication accepted by the Fund. A single person may represent several or even all shareholders of the Fund, a Sub-Fund or Share Class. Each Share entitles the shareholder to



one (1) vote at all general meetings of shareholders of the Fund, and at all meetings of the Sub-Fund or Share Class concerned to the extent that such Share is a Share of such Sub-Fund or Share Class.

Shareholders holding together at least ten percent (10%) of the share capital or the voting rights may submit questions in writing to the board of directors relating to transactions in connection with the management of the Fund as well as companies controlled by the Fund, with respect to the latter.

The Board of Directors may suspend the voting rights of any shareholder in breach of his obligations as described in this Offering Document, the Subscription Form or the Articles of Association.

### **10.3. Investors' rights**

Upon the issue of the Shares, the person whose name appears on the register of Shares will become a shareholder of the Fund in relation to the relevant Sub-Fund and Share Class. The Fund draws the investors' attention to the fact that, where an investor invests in the Fund through an intermediary acting in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights, such as the right to participate in general meetings of shareholders, directly against the Fund. Investors are advised to seek advice in relation to their rights.

The Articles of Association are governed by, and construed in accordance with, the laws currently into force in Luxembourg.

Absent a direct contractual relationship between the investors and the service providers mentioned in section 6 (Management and Administration) above, the investors will generally have no direct rights against service providers and there are only limited circumstances in which an investor can potentially bring a claim against a service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by a service provider is, *prima facie*, the Fund itself.

### **10.4. Changes to this Prospectus**

The Board of Directors, in close cooperation with the Management Company, may from time to time amend this Prospectus to reflect various changes it deems necessary and in the best interest of the Fund, such as implementing changes to laws and regulations, changes to a Sub-Fund's objective and policy or changes to fees and costs charged to a Sub-Fund or Share Class. Any amendment of this Prospectus will require approval by the CSSF. In accordance with and when required by applicable laws and regulations, investors in the Sub-Fund or Share Class will be informed about the changes and will be given prior notice of any proposed material changes in order for them to request the redemption of their Shares should they disagree.

### **10.5. Documents available**

Investors may, upon request, obtain a copy of the Articles of Association, this Prospectus, the applicable KIID as well as of the latest Annual Report or Semi-Annual Report at the registered office of the **Management Company** free of charge during business hours on any full bank business day in Luxembourg.

### **10.6. Complaints**

Any investor having a complaint to make about the operations of the Fund may file a complaint by writing to the Management Company. Details on the complaints handling procedure may be obtained from the Management Company upon request.

### **10.7. Data protection**

In accordance with the provisions of the Luxembourg law on the protection of persons with regard to the processing of personal data, and all applicable local laws and regulations, in each case, as amended, revised or replaced (including by operation of EU Regulation 2016/679) (the "GDPR"), the Management



Company, as data controller, collects, stores and processes, by electronic or other means, the personal data of investors for the purpose of fulfilling the services required by the investors and complying with its legal and regulatory obligations. The personal data processed by the Management Company includes, in particular, the name, contact details (including postal or email address), TIN, banking details, invested amount and holdings in the Fund of investors (“Personal Data”). The investor may at his/her discretion refuse to communicate Personal Data to the Management Company. In this case, however, the Management Company may reject a request for Shares. Each investor has a right to: (i) access his/her Personal Data (including in certain cases in a commonly used, machine readable format); (ii) to have their Personal Data rectified (where it is inaccurate or incomplete), (iii) to have their Personal Data erased where the Management Company/or the Fund no longer has any legitimate reasons to process it; ; (iv) to have their Personal Data restricted; (v) to object to the processing of their Personal Data by the Management Company in certain circumstances; and (vi) to lodge a complaint with the applicable supervisory authority, by writing to the Management Company at its registered office. Personal Data is processed, in particular, for the purposes of processing subscriptions, redemptions and conversions of Shares and payments of dividends to investors, account administration, client relationship management, performing controls on excessive trading and market timing practices, tax identification as may be required under Luxembourg or foreign laws and regulations (including laws and regulations relating to FATCA or CRS) and compliance with applicable anti-money laundering rules. Personal Data supplied by shareholders is also processed for the purpose of maintaining the register of shareholders of the Fund. In addition, Personal Data may be processed for the purposes of marketing. Each investor has the right to object to the use of its Personal Data for marketing purposes by writing to the Fund. The Management Company may ask investors for their consent to collect or process his/ her Personal Data on certain occasions, for example, for the purposes of marketing. The Investors can withdraw this consent at any time. The Management Company also processes investors' Personal Data where necessary to fulfil its contract with the investor, or when required by law, such as if the Fund receives a request from law enforcement or other government officials. The Management Company also processes investors' Personal Data when it is in the Management Company's or Fund's legitimate interests to do this and when these interests are not overridden by investors' data protection rights. For example, the Fund has a legitimate interest in ensuring the effective operation of the Fund. Personal Data may be transferred to affiliates and third-party entities supporting the activities of the Fund which include, in particular, the Management Company Administrator, Custodian, Transfer agent and Distributors that are located in the European Union. Personal Data may also be transferred to entities which are located in countries outside of the European Union and whose data protection laws may not offer an adequate level of protection. In subscribing for Shares, each investor expressly consents and agrees to the transfer and processing of his/her Personal Data to the entities referred to above, including entities located outside the European Union and in particular in countries which may not offer an adequate level of protection. The Management Company or the Fund may also transfer Personal Data to third-parties such as governmental or regulatory agencies, including tax authorities, in or outside the European Union, in accordance with applicable laws and regulations. In particular, such Personal Data may be disclosed to the Luxembourg tax authorities, which in turn may acting as data controller, disclose the same to foreign tax authorities. Investors can request further information about how the Fund ensures that transfers of Personal Data comply with the GDPR by contacting the Fund at the registered office of the Management Company. Personal Data will not be retained for a period longer than necessary for the purpose of the data processing, subject to applicable legal minimum retention periods.

## **10.8. Merger and reorganisation**

### **10.8.1. Merger of the Fund or a Sub-Fund with other UCITS**

The Board of Directors may decide to proceed with a merger (within the meaning of the 2010 Law) of the Fund, where the Fund is the receiving entity, with one or several other Luxembourg or foreign UCITS or sub-funds thereof. The Board of Directors may also decide to proceed with a merger (within the meaning of the 2010 Law) of one or several Sub-Funds, which may be the receiving or the merging Sub-Funds, with one or several other Sub-Funds within the Fund or with one or several other Luxembourg or foreign UCITS or sub-funds thereof. Such mergers do not require the prior consent of the shareholders.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the shareholders of the Fund or any Sub-Fund, as applicable, may also decide on any of the mergers described above as well as on the effective date thereof by resolution taken by the general meeting of





shareholders of the Fund or Sub-Fund(s) concerned, as applicable. The convening notice will explain the reasons for and the process of the proposed merger.

The Fund may be merged (within the meaning of the 2010 Law) into one or several other Luxembourg or foreign UCITS, or sub-fund thereof, where the Fund is the merging entity, which thus ceases to exist as a result of the merger. In such case, the general meeting of shareholders of the Fund must decide on the merger and its effective date. The general meeting will decide by resolution taken with no quorum requirement and adopted by a simple majority of the votes validly cast.

In all cases described in the preceding paragraphs, a merger of the Fund or one or several Sub-Fund(s) will be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the common draft terms of the merger to be established by the Board of Directors and the information to be provided to investors.

#### **10.8.2. Absorption of another UCI by the Fund or a Sub-Fund**

The Fund may absorb another Luxembourg or foreign UCI (other than a UCITS) incorporated under a corporate form in compliance with the 1915 Law and any other applicable laws and regulations.

The Board of Directors may also decide to proceed, in accordance with applicable laws and regulations, with the absorption by the Fund or one or several Sub-Funds, including by way of merger or by acceptance of a contribution in kind, of a Luxembourg or foreign UCI (other than a UCITS) constituted under a non-corporate form, or one or several sub-funds of another Luxembourg or a foreign UCI (other than a UCITS) irrespective of its legal form.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the investors of the Fund or any Sub-Fund, as applicable, may also decide on any of the absorptions described above as well as on the effective date thereof by resolution taken by the general meeting of shareholders of the Fund or Sub-Fund. The convening notice will explain the reasons for and the process of the proposed absorption.

#### **10.8.3. Reorganisation of Share Classes**

The Board of Directors may decide to reorganise Share Classes, as further described below, in the event that, for any reason, the Board of Directors determines that:

- (i) the Net Asset Value of a Share Class has decreased to, or has not reached, the minimum level for that Share Class to be operated in an efficient manner;
- (ii) changes in the legal, economic or political environment would justify such reorganisation; or
- (iii) a product rationalisation would justify such reorganisation.

In such a case, the Board of Directors may decide to re-allocate the assets and liabilities of any Share Class to those of one or several other Share Classes, and to re-designate the Shares of the Share Class concerned as Shares of such other Share Class or Share Classes (following a split or consolidation of Shares, if necessary, and the payment to investors of the amount corresponding to any fractional entitlement).

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, investors may also decide on such reorganisation by resolution taken by the general meeting of shareholders of the Share Classes. The convening notice will explain the reasons for and the process of the proposed reorganisation.

Investors will be informed of the reorganisation by way of a notice. The notice will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed. The notice will explain the reasons for and the process of the reorganisation.



## 10.9. Liquidation

### 10.9.1. Termination and liquidation of Sub-Funds or Share Classes

The Board of Directors may decide to compulsorily redeem all the Shares of any Sub-Fund or Share Class and thereby terminate and liquidate any Sub-Fund or Share Class in the event that, for any reason, the Board of Directors determines that:

- (i) the Net Asset Value of a Sub-Fund or Share Class has decreased to, or has not reached, the minimum level for that Sub-Fund or Share Class to be operated in an efficient manner;
- (ii) changes in the legal, economic or political environment would justify such liquidation; or
- (iii) a product rationalisation would justify such liquidation.

Investors will be informed of the decision to terminate a Sub-Fund or Share Class by way of a notice. The notice will be published and/or communicated to investors as required by applicable laws and regulations in Luxembourg and other jurisdictions where the Shares are distributed. The notice will explain the reasons for and the process of the termination and liquidation.

Notwithstanding the powers conferred on the Board of Directors by the preceding paragraph, the investors of any Sub-Fund or Share Class, as applicable, may also decide on such termination by resolution taken by the general meeting of shareholders of the Sub-Fund or Share Class and have the Fund redeem compulsorily all the Shares of the Sub-Fund or Share Class at the Net Asset Value per Share for the applicable Valuation Day. The convening notice will explain the reasons for and the process of the proposed termination and liquidation.

Sub-Funds or Share Classes with a defined term will be automatically terminated and liquidated upon the occurrence of their term, as set out in the Supplement where applicable, unless terminated earlier in accordance with the provisions of this section.

Actual realisation prices of investments, realisation expenses and liquidation costs will be taken into account in calculating the Net Asset Value applicable to the compulsory redemption. Investors in the Sub-Fund or Share Class concerned will generally be authorised to continue requesting the redemption or conversion of their Shares prior to the effective date of the compulsory redemption, unless the Board of Directors determines that it would not be in the best interest of investors in that Sub-Fund or Share Class or could jeopardise the fair treatment of investors.

All Shares redeemed will generally be cancelled. Redemption proceeds which have not been claimed by investors upon the compulsory redemption will be deposited in escrow at the *Caisse de Consignation* in Luxembourg in accordance with applicable laws and regulations. Proceeds not claimed within the statutory period will be forfeited in accordance with applicable laws and regulations.

The termination and liquidation of a Sub-Fund or Share Class will have no influence on the existence of any other Sub-Fund or Share Class. The decision to terminate and liquidate the last Sub-Fund existing in the Fund will result in the dissolution and liquidation of the Fund as described in section 10.9.2 (Dissolution and liquidation of the Fund) below.

### 10.9.2. Dissolution and liquidation of the Fund

The Fund is incorporated for an unlimited period. It may be dissolved at any time with or without cause by a resolution of the general meeting of shareholders adopted in compliance with applicable laws.

The compulsory dissolution of the Fund may be ordered by Luxembourg competent courts in circumstances provided by the 2010 Law and the 1915 Law.

As soon as a decision to dissolve the Fund is taken, the issue, redemption or conversion of Shares in all Sub-Funds will be prohibited. The liquidation will be carried out in accordance with the provisions of



the 2010 Law and 1915 Law. Liquidation proceeds which have not been claimed by investors at the time of the closure of the liquidation will be deposited in escrow at the *Caisse de Consignation* in Luxembourg. Proceeds not claimed within the statutory period will be forfeited in accordance with applicable laws and regulations.

## 11. TAXATION

The information set forth below is based on law and administrative practice in Luxembourg as at the date of this Prospectus and may be subject to modification thereof.

The Fund, the Management Company and their affiliates do not provide tax advice. The tax treatment of investments will depend on an individual's circumstances. If investors are in any doubt as to their tax position, they must consult with an appropriate professional tax adviser.

### The Fund

The Fund is normally subject to a subscription tax ("taxe d'abonnement"). For the Sub-Funds whose securities are listed on a Stock Exchange and whose exclusive object is to replicate the performance of one or more indices, the Fund is exempted from the "taxe d'abonnement" pursuant to article 175 (e) of the 2010 Law.

The Fund is not currently subject to any other Luxembourg taxes on income or capital gains (except on dividends from asset source in Luxembourg which are normally paid to the Fund after deduction of a 15% withholding tax). Distributions paid by the Fund are not subject to any form of Luxembourg withholding tax.

Certain revenues of the Fund in terms of dividends and interest, or capital gain, from asset sources outside Luxembourg may, however, be liable to taxes at variable rates, which are generally deducted at source. Generally speaking, these taxes or deductions at source are not fully or partly recoverable. Within this context, the relief on these taxes and deductions at source provided for by the international double taxation prevention treaties entered into by the Grand Duchy of Luxembourg and the respective countries is not always applicable. Moreover, some transaction taxes or stamp duties may be applied on subscription, purchase, sale, exchange, transfer, or conversion of assets sources outside Luxembourg.

While the above tax information is accurate to the best of the Board of Directors' knowledge, it is possible that a tax authority may impose new taxes (including retroactive taxes).

### Shareholders

Shareholders whom Luxembourg considers to be residents or otherwise to have permanent establishment there, currently or in the past, may be subject to Luxembourg taxes.

An investment in a Sub-Fund may have tax implications in any jurisdiction that considers the shareholder to be a taxpayer. Shareholders should consult with a tax professional for information about the potential tax effects of an investment in the Fund.

### FATCA

The US Foreign Account Tax Compliance Act (FATCA) imposes a 30% withholding tax on certain payments to foreign entities that originate in the US, unless an exception applies. Starting 1 January 2017, any shareholders who do not provide all FATCA-related information requested, or whom the Fund believes are US investors, may be subject to this withholding tax on all or a portion of any redemption or dividend payments paid by any Sub-Fund. To avoid the potential issue that could arise from the "Foreign Passthru payment" mechanism as from 1 January 2019 and prevent having to deduct the withholding tax, the Fund may prohibit the sale of shares to any Non-Participating FFI (NPFFI) or any other investor the Fund believes to be subject to the tax.



Candriam and the Fund are each considered an Investment entity that qualifies as Deemed-Compliant FFI in accordance with section IV Annexe II Luxembourg IGA agreement or reporting model 1 FFI under FATCA, and each intends to comply with the Model I Intergovernmental Agreement between Luxembourg and the United States (IGA). Neither the Fund nor any Sub-Fund expects to be subject to any FATCA withholding tax.

FATCA requires the Fund and the Sub-Funds to gather certain account information (including ownership details, holdings and distribution information) about certain US investors, US-controlled investors and non-US investors that do not comply with applicable FATCA rules or do not provide all required information under the IGA. In this regard, each shareholder agrees in the application form to provide any required information upon request from the Fund, a Sub-Fund, or its agent.

Under the IGA, this information must be reported to the Luxembourg tax authorities, who in turn may share it with the US Internal Revenue Service or other tax authorities.

Notwithstanding any other provision of this Prospectus, to the extent permitted by Luxembourg law, the Fund shall have the right to: (i) withhold on any payment to investors an amount equal to any taxes or similar charges required by applicable laws and regulations to be withheld in respect of any shareholding in the Fund, (ii) require any investor or beneficial owner of Shares to promptly provide such personal data as may be required by the Fund in its discretion in order to comply with applicable laws and regulations and/or determine the amount to be withheld; (iii) divulge any such personal data to any tax authority, as may be required by applicable laws and regulations or requested by such authority; (iv) delay payments to any investor, including any dividend or redemption proceeds, until the Fund holds sufficient information to comply with applicable laws and regulations and/or determine the amount to be withheld.

FATCA is comparatively new and its implementation is still developing. While the above information summarises the Board of Directors' current understanding, that understanding could be incorrect, or the way FATCA is implemented could change in a way that would make some or all investors in the Sub-Funds subject to the 30% withholding tax. Moreover, 30% withholding tax could be applied on certain US source income (including dividends, interests, and substitute payments classified by US regulation as US sourced) and gross proceeds from the sale or other disposal of property that can produce US source revenue.

### **Common Reporting Standard**

The Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax Matters and its Common Reporting Standard ("CRS") as set out in the Luxembourg law on the Common Reporting Standard (the "CRS Law").

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report to the Luxembourg tax authorities personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) investors that are reportable persons under the CRS Law, and (ii) Controlling Persons (as defined below) of certain non-financial entities which are themselves reportable persons. This information, as exhaustively set out in the CRS Law, will include personal data related to the reportable persons (the "CRS Information").

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Fund with the required CRS Information, as explained above, along with the required supporting documentary evidence. In this context, the investors are hereby informed that, as data controller, the Fund will process such CRS Information for the purposes as set out in the CRS Law. The investors undertake to inform their controlling persons, if applicable, of the processing of their CRS Information by the Fund.

For the purposes of this section, "Controlling Person" means the natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate



effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Persons" must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

Investors are further informed that the CRS Information related to reportable persons within the meaning of the CRS Law will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. In particular, reportable persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities. Similarly, investors undertake to inform the Fund within thirty (30) days of receipt of these statements should any personal data not be accurate. The investors further undertake to immediately inform the Fund of and provide the Fund with all supporting documentary evidence of any changes related to the CRS Information after occurrence of such changes. Any investor that fails to comply with the Fund's CRS Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such investor's failure to provide the Information or subject to disclosure of the CRS Information by the Fund to the Luxembourg tax authorities.

### **Notice on taxation in Germany and its impact on investment policy**

The German Investment Tax Act Reform ("GITA") came into force on January 1<sup>st</sup>, 2018.

One of the provisions of GITA provides, where appropriate, for the application of progressive tax relief rates for the tax resident investor in Germany on taxable income from his investment in German or foreign investment funds ( "Partial tax exemption").

The scope of these tax reliefs varies according to the type of investor (eg natural person or legal person) and the type of fund (eg "Equity Funds" or "Mixed Funds" as defined in GITA).

To be qualified as an Equity Fund or a Mixed Fund, and thus allow the investor to benefit from tax relief, a Sub-Fund must permanently respect certain minimum investment thresholds, within the meaning of GITA ( "Equity Participations"), namely:

- To qualify for Equity Fund status, an investment fund or one of its sub-Funds must permanently invest at least 51% of its net assets in Equity Participations;
- To qualify for the mixed fund status, an investment fund or one of its sub-funds must permanently invest at least 25% of its net assets in Equity Participations.

Equity Participations is to be understood as, without this list being exhaustive:

- (1) Shares of a company admitted to official listing on a stock exchange or traded on an organized market (meeting the criteria of a regulated market) and / or
- (2) The shares of a company, other than a real estate company, which (i) is a resident of the European Union or the European Economic Area and is subject, without being exempt, to the tax on income; or (ii) is a resident of a third country (not a member of the European Union) and is subject to an income tax of at least 15% and / or
- (3) Units of Equity Funds or Mixed Funds declared in accordance with GITA in the investment guidelines of the relevant fund, for their respective percentage of permanent physical investment in Equity Participations in accordance with GITA.

The Fact Sheet for each Sub-Fund will indicate, if applicable, whether the Sub-Fund qualifies as an Equity Fund or a Mixed Fund, complying with the Equity Participations ratios when implementing its investment policy.

### **Information about taxation in France and its impact on the investment policy**

Certain Sub-Funds of the SICAV are eligible for the Equity Savings Scheme (PEA) in France.



At least 75% of the net assets of the Sub-Fund are continuously invested in equities of companies having their registered office in a Member State of the European Union and/or of the European Economic Area that has entered into a tax treaty with France making it eligible for PEA in France. Where applicable, the Fact Sheet of each Sub-Fund will state whether the Sub-Fund is eligible for PEA.

## 12. INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

Facilities referred to in Article 92(1) of Directive 2009/65/EC as amended by Directive (EU) 2019/1160

Marcard, Stein & Co AG, Ballindamm 36, D-20095 Hamburg:

- Applications for the issue, redemption and conversion of shares may be submitted to this facility.
- All payments to a shareholder, including redemption proceeds and distributions, if any, may be remitted through this facility at the request of the shareholder.
- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports – upon request in paper form – as well as other documents and information are available free of charge at this facility.
- The net asset value per share and the issue, redemption and conversion prices are available free of charge at this facility.
- This facility acts as a contact point for communicating with the Bundesanstalt für Finanzdienstleistungsaufsicht.

The website [www.indexiq.eu](http://www.indexiq.eu):

- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports as well as other documents and information are published at this website and are available there free of charge.
- The net asset value per share and the issue, redemption and conversion prices are published at this website and are available there free of charge.

The registered office of the SICAV:

- The prospectus, Key Investor Information Documents, the SICAV's Articles of Incorporation, the latest annual and semi-annual reports – upon request in paper form – as well as other documents and information are available free of charge at the registered office of the SICAV.
- The net asset value per share and the issue, redemption and conversion prices are available free of charge at the registered office of the SICAV.

Any notices to shareholders are published at [www.indexiq.eu](http://www.indexiq.eu) and are sent to all shareholders at their address registered in the register of shareholders. In the following cases, a notice to shareholders will be published by means of a durable medium: suspension of the redemption of the shares; termination of the management of the fund or the winding-up of the fund; amendments to the fund rules which are inconsistent with existing investment principles, amendments to material investor rights to the detriment of investors, or amendments to the detriment of investors relating to remuneration or the reimbursement of expenses that may be taken out of the fund (including the reasons for the amendments and the rights of investors); the merger of the fund or a sub-fund; and the conversion of the fund or a sub-fund into a feeder fund.

## 13. ADDITIONAL INFORMATION FOR AUSTRIAN INVESTORS

### Facility in Austria

Facility in Austria according to EU directive 2019/1160 article 92:

Erste Bank der oesterreichischen Sparkassen AG

Am Belvedere 1,

A-1100 Vienna/Austria

E-Mail: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)



## SUPPLEMENT 1 – INDEXIQ FACTORS SUSTAINABLE CORPORATE EURO BOND

This Sub-Fund is classified under Art 8. of the SFDR Regulation, i.e. it promotes, among other characteristics, environmental and/or social characteristics.

### 1. Launch date

June 28, 2017 (Valuation Day)

### 2. Reference Currency

The Reference Currency of the Sub-Fund is Euro.

### 3. Investment objective

The objective of the Sub-Fund is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable Corporate Euro Bond Index (the “Benchmark”). The Benchmark and the Sub-Fund are constructed by selecting the best corporate issuers based on Candriam’s proprietary ESG analysis. This analysis assesses the exposure of each corporate issuer to key sustainable challenges including, but not limited to, climate change and resources & waste as well as the management of its stakeholders (employees, clients, society, environment, suppliers, investors).

The portfolio of the Sub-Fund is highly diversified and will usually contain more than 100 bonds.

There can be no assurance that the Sub-Fund will achieve its investment objective.

### 4. Investment policy and specific restrictions

The Sub-Fund is passively managed meaning that it will seek to track the performance of the Benchmark mainly by making direct investments in Transferable Securities representing an optimized sample of the underlying components of the Benchmark (physical replication).

For a maximum of 10% of its assets, the Sub-Fund may invest in other transferable securities and/or other eligible assets.

The Sub-Fund may use optimisation techniques to track the performance of the Benchmark, which techniques may include the strategic selection of some, rather than all, of the securities that make up the Benchmark, holding securities in proportions that differ from the proportions of the Benchmark and/or the use of financial derivative instruments to track the performance of certain securities that make up the Benchmark. The Sub-Fund may also hold securities which are not underlying components of the relevant Benchmark where such securities approximate securities comprised in the Benchmark in terms of risk and reward profile and other relevant characteristics (such as industry weights, country weights, market capitalization, dividend yield and other financial parameters).

It is expected that the Tracking Error of the Sub-Fund under normal market conditions will remain below 0.50% per annum. However, there is no guarantee that this level of Tracking Error will be realised. The actual level of Tracking Error is likely to be affected by a number of factors as described in section 5.19 (Risks Associated with Index-Tracking for each Sub-Fund) of the Prospectus. Any discrepancy between the expected Tracking Error and the actual Tracking Error will be explained in the Annual Report for the period concerned. The Fund and the Investment Manager will not accept liability for any difference between the expected Tracking Error and the actual level of Tracking Error.

The maximum exposure to a single security shall not exceed 10% of the current value of the Benchmark.

Candriam’s sustainable and responsible investment (SRI) philosophy used to construct the Benchmark is built on our strong belief that companies embracing sustainability-related opportunities and challenges alongside financial opportunities and challenges are the most likely to generate long term value for investors and other stakeholders. By evaluating ESG issues through a methodology developed in-



house, Candriam analyzes and assesses the sustainability risks and opportunities that affect corporate issuers. This will lead to a better informed investment decision from a risk-return perspective.

The Benchmark and the Sub-Fund are constructed based on Candriam's ESG proprietary approach that aims to select the best corporate issuers .

Issuers are analysed from two distinct, but related, angles:

- the business activities analysis: a strategic assessment of how companies' activities address the key sustainable challenges including, but not limited to, climate change and resources & waste; and
- the stakeholder analysis: evaluation of how companies manage material stakeholder issues including employees, clients, society, environment, suppliers, investors.

With the purpose of reducing ESG associated risks and in order to take account of far-reaching societal changes, the sub-fund aims to exclude companies that:

- do not meet the criteria of a normative exclusion filter that takes account of compliance with international standards concerning social, human and environmental rights and the fight against corruption, such as set out in the United Nations Global Compact and the 'OECD's Guidelines for Multinational Enterprises'. This filter aims at excluding companies that are repeatedly and materially in breach of any of these principles. Furthermore, companies that present both material and severe structural risks in terms of environmental, social and governance factors are excluded from the fund; and/or
- are significantly exposed to controversial activities linked in particular to tobacco, steam coal, weapons and the production of non-conventional oil & gas. The strategy does not allow investment in companies that manufacture, use or hold anti-personnel mines, cluster bombs or chemical, biological, white phosphorus and depleted uranium and nuclear weapons; and/or
- Are exposed to countries considered as highly oppressive regimes.

Based on the various elements of analysis listed (ESG analysis, violations of the United Nations Global Compact, controversial activities exclusions), the initial universe leading to the construction of the Benchmark is reduced by at least 20%.

The analysis and selection process of corporate issuers is accompanied by company stewardship activities (e.g. active direct dialogue with companies and participation to collaborative engagement initiatives) as described within Candriam's Stewardship Policy.

Details of Candriam's SRI Exclusion Policy and Stewardship Policy are available on the website of the Management Company via the following links:

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf>

[https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam\\_engagement\\_policy.pdf](https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf)

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/proxy-voting-policy.pdf>

For information on the ESG analysis and controversial activities thresholds used to construct the Benchmark, please refer to the Transparency Code on our website:

<https://www.candriam.com/en/private/market-insights/sri-publications/#transparency>

All of the securities of the Sub-Fund and Benchmark have undergone the ESG analysis described above (excluding cash and derivatives).





For derivatives, specific rules are applied. Details can be found in the Transparency Code mentioned above.

The weighting of securities in the Benchmark is then determined on basis of a methodology taking into account financial criteria (as average sales, average net earnings, etc.) value factors (as earnings yield, operating cash flow yield, and sales-to-enterprise value, etc.), quality factors (as operating cash flow, operating margin, and return on equity), and volatility factors.

The Sub-Fund has not filed for the French SRI Label.

## 5. Investor profile

Investment in this sub-fund may be suitable for investors who seek to benefit from the evolution of the investment grade corporate bonds market, while being aware of the level of risk generally associated therewith. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## 6. Benchmark

Solactive Candriam Factors Sustainable Corporate Euro Bond Index.

This Benchmark is provided by Solactive AG which is an entity authorised with the ESMA in accordance with article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

The Benchmark measures the performance of investment grade EUR-denominated corporate bonds using a non-conventional weighting scheme and applying a sustainable investment approach developed by Candriam.

The Benchmark is rebalanced quarterly. After each rebalancing, Benchmark constituents and weightings will be published and available at [www.solactive.com](http://www.solactive.com).

The level or value of the Benchmark will be published at [www.solactive.com](http://www.solactive.com).

Additional information on the Benchmark, including information on the underlying components of the Benchmark, the Benchmark calculation and rebalancing methodology, is available at [www.solactive.com](http://www.solactive.com).

The Management Company has adopted robust written plans to cover the cases where the publication of the Benchmark has been stopped or where major changes in that Benchmark have occurred. The Board of Directors of the Fund, based on these plans, may choose another Benchmark, if appropriate. Any such change of Benchmark will be reflected in an updated Prospectus. Such plans are available, upon request, at the registered office of the Management Company.

## 7. Specific risks

Investors should carefully read section 5 (General Risk Factors) of the Prospectus before investing in the Sub-Fund. Investors should also consider the following additional risks which are specific to the Sub-Fund.

- **Physical replication:** The exposure of the Sub-Fund to the Benchmark is mainly physical. This means that the Sub-Fund seeks to replicate the performance of the Benchmark by directly holding underlying components comprised in the Benchmark. There is a risk that the Sub-Fund will not be able to acquire and hold certain underlying components comprised in the Benchmark, due to legal, regulatory, tax or other considerations relevant to the Sub-Fund or the Investment Manager.



Moreover, it may not be practical or cost efficient for the Sub-Fund to track the Benchmark following a full replication model. To the extent the Sub-Fund uses sampling or optimisation techniques to track the performance of the Benchmark, as described above, there is a risk that the securities selected for the Sub-Fund, in the aggregate, will not provide investment performance tracking that of the Benchmark.

- **Sustainability risk**
- **ESG investment risk**

## **8. Global exposure**

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## **9. Applicable Cut-Off Times for subscription, redemption and conversion of Shares**

D	Valuation Day 14:00 (Luxembourg time) is the Cut-Off Time.	Provided this date is a Business Day In the case D is not a Business Day, orders will be taken into account in the cut-off of the next Business Day.
D+1	Calculation Day	Provided this date is a Business Day otherwise the next Business Day.
D+2	Settlement Day	According to applicable Business Days.

In the case that a Significant Market is closed for trading or settlement on any Business Day during the period between the relevant Cut-Off Time and the expected Settlement Day (inclusive), and/or settlement in the base currency of the Sub-Fund is not available on the expected Settlement Day, there may be corresponding delays to the settlement times indicated in this Supplement. Earlier or later times may be determined by the Management Company at their discretion.

## **10. Conversion of Shares**

Conversions are possible:

- between UCITS ETF Share Classes in this particular Sub-Fund;
- between non-UCITS ETF Share Classes of the same or another Sub-Fund.

## **11. Share Classes**

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription may be obtained from the Management Company.

## **12. Listing**

The Sub-Fund contains UCITS ETF Shares. As a consequence the UCITS ETF Shares shall be traded throughout the day on one or several Regulated Market or multilateral trading facilities with at least one Market Maker which takes action to ensure that the Stock Exchange value of the Shares does not significantly vary from its iNAV.



A list of these Stock Exchanges and/or multilateral trading facilities can be obtained from the registered office of the Fund.

**13. Eligible Investors for the Primary Market**

Share Classes S are reserved for limited Institutional Investors designated by the Management Company.

Share Classes UCITS-ETF are reserved for Authorised Participants designated by the Fund.



**Table : Share Classes of IndexIQ Factors Sustainable Corporate Euro Bond**

Share Class name	UCITS ETF Acc	UCITS ETF Dis	S Acc
Share Class Reference Currency	EUR	EUR	EUR
Distribution (D) or Accumulation (A)	A	D (yearly)	A
Valuation Day	Every Business Day	Every Business Day	Every Business Day
Minimum Subscription Amount in cash	Equivalent amount of 20.000 Shares	Equivalent amount of 20.000 Shares	N/A
Minimum Subscription Amount in kind	20.000 Shares	20.000 Shares	N/A
Minimum Redemption Amount in cash	Equivalent amount of 20.000 Shares	Equivalent amount of 20.000 Shares	N/A
Minimum Redemption Amount in kind	20.000 Shares	20.000 Shares	N/A
Listing on Stock Exchange	Yes	Yes	No
ISIN Code	LU1603787190	LU1603790731	LU1603777555

## DISCLAIMER

The Sub-Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the Sub-Fund. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the Sub-Fund constitutes a recommendation by Solactive AG to invest capital in said Sub-Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this Sub-Fund.



## SUPPLEMENT 2 – INDEXIQ FACTORS SUSTAINABLE SOVEREIGN EURO BOND

This Sub-Fund is classified under Art 8. of the SFDR Regulation, i.e. it promotes, among other characteristics, environmental and/or social characteristics.

### 1. Launch date

June 28, 2017 (Valuation Day)

### 2. Reference Currency

The Reference Currency of the Sub-Fund is Euro.

### 3. Investment objective

The objective of the Sub-Fund is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable Sovereign Euro Bond Index (the “Benchmark”). The Benchmark and the Sub-Fund are constructed by selecting the best sovereign issuers based on Candriam’s proprietary ESG analysis.

Candriam’s sustainable investing selection process retains countries which are well equipped to manage their human, natural and social capital and provide economic stability, and which are not considered as highly oppressive regimes

The portfolio of the Sub-Fund is highly diversified and will usually contain more than 40 bonds issued by more than 8 different countries.

There can be no assurance that the Sub-Fund will achieve its investment objective.

### 4. Investment policy and specific restrictions

The Sub-Fund is passively managed meaning that it will seek to track the performance of the Benchmark mainly by making direct investments in Transferable Securities representing an optimized sample of the underlying components of the Benchmark (physical replication).

For a maximum of 10% of its assets, the Sub-Fund may invest in other transferable securities and/or other eligible assets.

The Sub-Fund may use optimisation techniques to track the performance of the Benchmark, which techniques may include the strategic selection of some, rather than all, of the securities that make up the Benchmark, holding securities in proportions that differ from the proportions of the Benchmark and/or the use of financial derivative instruments to track the performance of certain securities that make up the Benchmark. The Sub-Fund may also hold securities which are not underlying components of the relevant Benchmark where such securities approximate securities comprised in the Benchmark in terms of risk and reward profile and other relevant characteristics (such as industry weights, country weights, market capitalization, dividend yield and other financial parameters).

It is expected that the Tracking Error of the Sub-Fund under normal market conditions will remain below 0.30% per annum. However, there is no guarantee that this level of Tracking Error will be realised. The actual level of Tracking Error is likely to be affected by a number of factors as described in section 5.19 (Risks Associated with Index-Tracking for each Sub-Fund) of the Prospectus. Any discrepancy between the expected Tracking Error and the actual Tracking Error will be explained in the Annual Report for the period concerned. The Fund and the Investment Manager will not accept liability for any difference between the expected Tracking Error and the actual level of Tracking Error.

The maximum exposure to a single security shall not exceed 10% of the current value of the Benchmark.



Candriam's sustainable and responsible investment (SRI) philosophy used to construct the Benchmark is built on our strong belief that countries embracing sustainability-related opportunities and challenges in concert with their economic opportunities and challenges are most likely to generate long term value for debt holders and all other stakeholders. By evaluating ESG issues through a methodology developed in-house, Candriam analyzes and assesses the sustainability risks and opportunities that affect sovereign issuers leading to a better informed investment decision from a risk-return perspective.

Candriam's ESG Country analysis assesses countries on the basis of a analytical framework integrating the interrelated ESG factors underpinning economies and their impact on sustainable development, growth and debt sustainability.

The ESG country analysis considers that a country's total capital consists of four types of stocks or resources; namely, human capital, natural capital and social capital in addition to economic capital. Each of these must meet the needs of the present generation but must also be preserved for future generations. Our approach analyzes and rates countries according to how they manage these four types of capital. As debt sustainability is influenced by both financial and non-financial risks and opportunities, the investment strategy involves selecting the best performing countries according to Candriam's dynamic capital-based methodology.

In addition, the investment strategy excludes countries whose regimes are considered highly oppressive and/or are at risk from the perspective of terrorism financing and/or money laundering.

For information on the ESG analysis used to construct the Benchmark, please refer to the Transparency Code on our website:

<https://www.candriam.com/en/private/market-insights/sri-publications/#transparency>

All of the securities of the Sub-Fund and Benchmark have undergone the ESG analysis described above (excluding cash and derivatives).

For derivatives, specific rules are applied. Details can be found in the Transparency Code mentioned above.

The weighting of securities in the Benchmark is then determined on basis of a methodology using a scoring system based on a combination of fundamental, sustainability, valuation, liquidity, quality, and volatility factors, rather than amount of debt/bonds outstanding, a common approach of traditional bond indices.

The Sub-Fund has not filed for the French SRI Label.

## **5. Investor profile**

Investment in this sub-fund may be suitable for investors who seek to benefit from the evolution of the government bonds market (EMU and non-EMU countries), while being aware of the level of risk generally associated therewith. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Benchmark**

Solactive Candriam Factors Sustainable Sovereign Euro Bond Index.

This Benchmark is provided by Solactive AG which is an entity authorised with the ESMA in accordance with article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.



The Benchmark measures the performance of investment grade EUR-denominated sovereign bonds of members of the European Economic Area (EEA) using a non-conventional weighting scheme and applying a sustainable investment approach developed by Candriam.

The Benchmark is rebalanced quarterly. After each rebalancing, Benchmark constituents and weightings will be published and available at [www.solactive.com](http://www.solactive.com).

The level or value of the Benchmark will be published at [www.solactive.com](http://www.solactive.com).

Additional information on the Benchmark, including information on the underlying components of the Benchmark, the Benchmark calculation and rebalancing methodology, is available at [www.solactive.com](http://www.solactive.com).

The Management Company has adopted robust written plans to cover the cases where the publication of the Benchmark has been stopped or where major changes in that Benchmark have occurred. The Board of Directors of the Fund, based on these plans, may choose another Benchmark, if appropriate. Any such change of Benchmark will be reflected in an updated Prospectus. Such plans are available, upon request, at the registered office of the Management Company.

## 7. Specific risks

Investors should carefully read section 5 (General Risk Factors) of the Prospectus before investing in the Sub-Fund. Investors should also consider the following additional risks which are specific to the Sub-Fund.

- **Physical replication:** The exposure of the Sub-Fund to the Benchmark is mainly physical. This means that the Sub-Fund seeks to replicate the performance of the Benchmark by directly holding underlying components comprised in the Benchmark. There is a risk that the Sub-Fund will not be able to acquire and hold certain underlying components comprised in the Benchmark, due to legal, regulatory, tax or other considerations relevant to the Sub-Fund or the Investment Manager. Moreover, it may not be practical or cost efficient for the Sub-Fund to track the Benchmark following a full replication model. To the extent the Sub-Fund uses sampling or optimisation techniques to track the performance of the Benchmark, as described above, there is a risk that the securities selected for the Sub-Fund, in the aggregate, will not provide investment performance tracking that of the Benchmark.
  
- **Sustainability risk**
  
- **ESG investment risk**

## 8. Global exposure

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## 9. Applicable Cut-Off Times for subscription, redemption and conversion of Shares

D	Valuation Day 14:00 (Luxembourg time) is the Cut-Off Time.	Provided this date is a Business Day In the case D is not a Business Day, orders will be taken into account in the cut-off of the next Business Day.
D+1	Calculation Day	Provided this date is a Business Day otherwise the next Business Day.
D+2	Settlement Day	According to applicable Business Days



In the case that a Significant Market is closed for trading or settlement on any Business Day during the period between the relevant Cut-Off Time and the expected Settlement Day (inclusive), and/or settlement in the base currency of the Sub-Fund is not available on the expected Settlement Day, there may be corresponding delays to the settlement times indicated in this Supplement. Earlier or later times may be determined by the Management Company at their discretion.

## **10. Conversion of Shares**

Conversions are possible:

- between UCITS ETF Share Classes in this particular Sub-Fund;
- between non-UCITS ETF Share Classes of the same or another Sub-Fund.

## **11. Share Classes**

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription may be obtained from the Management Company.

## **12. Listing**

The Sub-Fund contains UCITS ETF Shares. As a consequence the UCITS ETF Shares shall be traded throughout the day on one or several Regulated Market or multilateral trading facilities with at least one Market Maker which takes action to ensure that the Stock Exchange value of the Shares does not significantly vary from its iNAV.

A list of these Stock Exchanges and/or multilateral trading facilities can be obtained from the registered office of the Fund.

## **13. Eligible Investors for the Primary Market**

Share Classes S are reserved for limited Institutional Investors designated by the Management Company.

Share Classes UCITS-ETF are reserved for Authorised Participants designated by the Fund.





**Table: Share Classes of IndexIQ Factors Sustainable Sovereign Euro Bond**

<b>Share Class name</b>	<b>UCITS ETF Acc</b>	<b>UCITS ETF Dis</b>	<b>S Acc</b>
Share Class Reference Currency	EUR	EUR	EUR
Distribution (D) or Accumulation (A)	A	D (yearly)	A
Valuation Day	Every Business Day	Every Business Day	Every Business Day
Minimum Subscription Amount in cash	Equivalent amount of 20.000 Shares	Equivalent amount of 20.000 Shares	N/A
Minimum Subscription Amount in kind	20.000 Shares	20.000 Shares	N/A
Minimum Redemption Amount in cash	Equivalent amount of 20.000 Shares	Equivalent amount of 20.000 Shares	N/A
Minimum Redemption Amount in kind	20.000 Shares	20.000 Shares	N/A
Listing on Stock Exchange	Yes	Yes	No
ISIN Code	LU1603794212	LU1603795292	LU1603777985

**DISCLAIMER**

The Sub-Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the Sub-Fund. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the Sub-Fund constitutes a recommendation by Solactive AG to invest capital in said Sub-Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this Sub-Fund.



## SUPPLEMENT 3 – INDEXIQ FACTORS SUSTAINABLE EUROPE EQUITY

This Sub-Fund is classified under Art 8. of the SFDR Regulation, i.e. it promotes, among other characteristics, environmental and/or social characteristics.

### 1. Launch date

June 28, 2017 (Valuation Day)

### 2. Reference Currency

The Reference Currency of the Sub-Fund is Euro.

### 3. Investment objective

The objective of the Sub-Fund is to track, before the Sub-Fund fees and expenses, of the performance Solactive Candriam Factors Sustainable Europe Equity Index (the “Benchmark”). The Benchmark and the Sub-Fund are constructed by selecting the best corporate issuers based on Candriam’s proprietary ESG analysis. This analysis assesses the exposure of each corporate issuer to key sustainable challenges including, but not limited to, climate change and resources & waste as well as the management of its stakeholders (employees, clients, society, environment, suppliers, investors).

The portfolio of the Sub-Fund is highly diversified and will usually contain more than 100 stocks.

There can be no assurance that the Sub-Fund will achieve its investment objective.

### 4. Investment policy and specific restrictions

The Sub-Fund is passively managed meaning that it will seek to track the performance of the Benchmark mainly by making direct investments in Transferable Securities representing most of the underlying components of the Benchmark (physical replication). For a maximum of 10% of its assets, the Sub-Fund may invest in other transferable securities and/or other eligible assets.

The Sub-Fund may use optimisation techniques to track the performance of the Benchmark, which techniques may include the strategic selection of some, rather than all, of the securities that make up the Benchmark, holding securities in proportions that differ from the proportions of the Benchmark and/or the use of financial derivative instruments to track the performance of certain securities that make up the Benchmark. The Sub-fund may also hold securities which are not underlying components of the relevant Benchmark where such securities approximate securities comprised in the Benchmark in terms of risk and reward profile and other relevant characteristics (such as industry weights, country weights, market capitalization, dividend yield and other financial parameters).

It is expected that the Tracking Error of the Sub-Fund under normal market conditions will remain below 0.30% per annum. However, there is no guarantee that this level of Tracking Error will be realised. The actual level of Tracking Error is likely to be affected by a number of factors as described in section 5.19 (Risks Associated with Index-Tracking for each Sub-Fund) of the Prospectus. Any discrepancy between the expected Tracking Error and the actual Tracking Error will be explained in the Annual Report for the period concerned. The Fund and the Investment Manager will not accept liability for any difference between the expected Tracking Error and the actual level of Tracking Error.

The maximum exposure to a single security shall not exceed 10% of the current value of the Benchmark.

Candriam’s sustainable and responsible investment (SRI) philosophy used to construct the Benchmark is built on our strong belief that companies embracing sustainability-related opportunities and challenges alongside financial opportunities and challenges are the most likely to generate long term value for investors and other stakeholders. By evaluating ESG issues through a methodology developed in-house, Candriam analyzes and assesses the sustainability risks and opportunities that affect corporate issuers. This will lead to a better informed investment decision from a risk-return perspective.



The Benchmark and the Sub-Fund are constructed based on Candriam's ESG proprietary approach that aims to select the best corporate issuers .

Issuers are analysed from two distinct, but related, angles:

- the business activities analysis: a strategic assessment of how companies' activities address the key sustainable challenges including, but not limited to, climate change and resources & waste; and
- the stakeholder analysis: evaluation of how companies manage material stakeholder issues including employees, clients , society, environment, suppliers, investors.

With the purpose of reducing ESG associated risks and in order to take account of far-reaching societal changes, the sub-fund aims to exclude companies that:

- do not meet the criteria of a normative exclusion filter that takes account of compliance with international standards concerning social, human and environmental rights and the fight against corruption, such as set out in the United Nations Global Compact and the 'OECD's Guidelines for Multinational Enterprises'. This filter aims at excluding companies that are repeatedly and materially in breach of any of these principles. Furthermore, companies that present both material and severe structural risks in terms of environmental, social and governance factors are excluded from the fund; and/or;
- are significantly exposed to controversial activities linked in particular to tobacco, steam coal, weapons and the production of non-conventional oil & gas. The strategy does not allow investment in companies that manufacture, use or hold anti-personnel mines, cluster bombs or chemical, biological, white phosphorus and depleted uranium and nuclear weapons; and/or
- Are exposed to countries considered as highly oppressive regimes.

Based on the various elements of analysis listed (ESG analysis, violations of the United Nations Global Compact, controversial activities exclusions), the initial universe leading to the construction of the Benchmark is reduced by at least 20%.

The analysis and selection process of corporate issuers is accompanied by company stewardship activities (e.g. active direct dialogue with companies, voting at general meetings, participation to collaborative engagement initiatives) as described within Candriam's Stewardship Policy.

Details of Candriam's SRI Exclusion Policy and Stewardship Policy are available on the website of the Management Company via the following links:

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf>

[https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam\\_engagement\\_policy.pdf](https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf)

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/proxy-voting-policy.pdf>

For information on the ESG analysis and controversial activities thresholds used to construct the Benchmark, please refer to the Transparency Code on our website:

<https://www.candriam.com/en/private/market-insights/sri-publications/#transparency>

All of the securities of the Sub-Fund and Benchmark have undergone the ESG analysis described above (excluding cash and derivatives).



For derivatives, specific rules are applied. Details can be found in the Transparency Code mentioned above.

The weighting of securities in the Benchmark is then determined on basis of a methodology taking into account financial criteria (as average sales, average net earnings, etc.) value factors (as earnings yield, operating cash flow yield, and sales-to-enterprise value, etc.), quality factors (as operating cash flow, operating margin, and return on equity), and volatility factors.

The Sub-Fund has not filed for the French SRI Label.

## **5. Investor profile**

Investment in this sub-fund may be suitable for investors who are prepared to accept the risks of participating in European equity market developments, together with the level of volatility generally associated therewith. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Benchmark**

Solactive Candriam Factors Sustainable Europe Equity Index.

This Benchmark is provided by Solactive AG which is an entity authorised with the ESMA in accordance with article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

The Benchmark measures the performance of equities of a selection of large and medium capitalized European companies meeting sustainable investment approach developed by Candriam and weighted using a non-market capitalization methodology.

The securities eligible to be included in the Benchmark consist of approximately 85% of the market capitalisation of equity securities listed in the following 15 European developed market countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

The Benchmark is rebalanced quarterly. After each rebalancing, Benchmark constituents and weightings will be published and available at [www.solactive.com](http://www.solactive.com).

The level or value of the Benchmark will be published at [www.solactive.com](http://www.solactive.com).

Additional information on the Benchmark, including information on the underlying components of the Benchmark, the Benchmark calculation and rebalancing methodology, is available at [www.solactive.com](http://www.solactive.com).

The Management Company has adopted robust written plans to cover the cases where the publication of the Benchmark has been stopped or where major changes in that Benchmark have occurred. The Board of Directors of the Fund, based on these plans, may choose another Benchmark, if appropriate. Any such change of Benchmark will be reflected in an updated Prospectus. Such plans are available, upon request, at the registered office of the Management Company.

## **7. Eligibility of the sub-fund**

The Sub-Fund qualifies as a GITA Equity Fund as detailed in the section *Taxation* of the Prospectus.

## **8. Specific risks**



Investors should carefully read section 5 (General Risk Factors) of the Prospectus before investing in the Sub-Fund. Investors should also consider the following additional risks which are specific to the Sub-Fund.

- **Physical replication:** The exposure of the Sub-Fund to the Benchmark is mainly physical. This means that the Sub-Fund seeks to replicate the performance of the Benchmark by directly holding underlying components comprised in the Benchmark. There is a risk that the Sub-Fund will not be able to acquire and hold certain underlying components comprised in the Benchmark, due to legal, regulatory, tax or other considerations relevant to the Sub-Fund or the Investment Manager. Moreover, it may not be practical or cost efficient for the Sub-Fund to track the Benchmark following a full replication model. To the extent the Sub-Fund uses sampling or optimisation techniques to track the performance of the Benchmark, as described above, there is a risk that the securities selected for the Sub-Fund, in the aggregate, will not provide investment performance tracking that of the Benchmark.
- **Sustainability risk**
- **ESG investment risk**

## 9. Global exposure

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## 10. Applicable Cut-Off Times for subscription, redemption and conversion of Shares

D	Valuation Day 14:30 (Luxembourg time) is the Cut-Off Time.	Provided this date is a Business Day In the case D is not a Business Day, orders will be taken into account in the cut-off of the next banking Day.
D+1	Calculation Day	Provided this date is a Business Day otherwise the next Business Day.
D+2	Settlement Day	According to applicable Business Days

In the case that a Significant Market is closed for trading or settlement on any Business Day during the period between the relevant Cut-Off Time and the expected Settlement Day (inclusive), and/or settlement in the base currency of the Sub-Fund is not available on the expected Settlement Day, there may be corresponding delays to the settlement times indicated in this Supplement. Earlier or later times may be determined by the Management Company at their discretion.

## 11. Conversion of Shares

Conversions are possible:

- between UCITS ETF Share Classes in this particular Sub-Fund;
- between non-UCITS ETF Share Classes of the same or another Sub-Fund.

## 12. Share Classes

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription may be obtained from the Management Company.

## 13. Listing



The Sub-Fund contains UCITS ETF Shares. As a consequence the UCITS ETF Shares shall be traded throughout the day on one or several Regulated Market or multilateral trading facilities with at least one Market Maker which takes action to ensure that the Stock Exchange value of the Shares does not significantly vary from its iNAV.

A list of these Stock Exchanges and/or multilateral trading facilities can be obtained from the registered office of the Fund.

#### **14. Eligible Investors for the Primary Market**

Share Classes S are reserved for limited Institutional Investors designated by the Management Company.

Share Classes UCITS-ETF are reserved for Authorised Participants designated by the Fund.



**Table: Share Classes of IndexIQ Factors Sustainable Europe Equity**

Share Class name	UCITS ETF Acc	UCITS ETF Dis	S Acc
Share Class Reference Currency	EUR	EUR	EUR
Distribution (D) or Accumulation (A)	A	D (yearly)	A
Valuation Day	Every Business Day	Every Business Day	Every Business Day
Minimum Subscription Amount in cash	Equivalent amount of 100.000 Shares	Equivalent amount of 100.000 Shares	N/A
Minimum Subscription Amount in kind	100.000 Shares	100.000 Shares	N/A
Minimum Redemption Amount in cash	Equivalent amount of 100.000 Shares	Equivalent amount of 100.000 Shares	N/A
Minimum Redemption Amount in kind	100.000 Shares	100.000 Shares	N/A
Listing on Stock Exchange	Yes	Yes	No
ISIN Code	LU1603795458	LU1603795706	LU1603778108

## DISCLAIMER

The Sub-Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the Sub-Fund. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the Sub-Fund constitutes a recommendation by Solactive AG to invest capital in said Sub-Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this Sub-Fund.



## SUPPLEMENT 4 – INDEXIQ FACTORS SUSTAINABLE EMU EQUITY

This Sub-Fund is classified under Art 8. of the SFDR Regulation, i.e. it promotes, among other characteristics, environmental and/or social characteristics.

### 1. Launch date

June 28, 2017 (Valuation Day)

### 2. Reference Currency

The Reference Currency of the Sub-Fund is Euro.

### 3. Investment objective

The objective of the Sub-Fund is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable EMU Equity Index (the “Benchmark”). The Benchmark and the Sub-Fund are constructed by selecting the best corporate issuers based on Candriam’s proprietary ESG analysis. This analysis assesses the exposure of each corporate issuer to key sustainable challenges including, but not limited to, climate change and resources & waste as well as the management of its stakeholders (employees, clients, society, environment, suppliers, investors).

The portfolio of the Sub-Fund is highly diversified and will usually contain more than 100 stocks.

There can be no assurance that the Sub-Fund will achieve its investment objective.

### 4. Investment policy and specific restrictions

The Sub-Fund is passively managed meaning that it will seek to track the performance of the Benchmark mainly by making direct investments in Transferable Securities representing most of the underlying components of the Benchmark (physical replication).

As a consequence, at least 75% of the assets of the Sub-Fund are invested in equity-type securities or investment certificates, to the extent that these qualify as transferable securities, of companies that have their registered office in a Member State of the eurozone that has entered into a tax treaty with France containing a clause regarding the provision of administrative assistance with a view to combating tax evasion and fraud. These securities will be officially listed on a stock exchange or traded on a regulated market.

For a maximum of 10% of its assets, the Sub-Fund may invest in other transferable securities and/or other eligible assets.

The Sub-Fund may use optimisation techniques to track the performance of the Benchmark, which techniques may include the strategic selection of some, rather than all, of the securities that make up the Benchmark, holding securities in proportions that differ from the proportions of the Benchmark and/or the use of financial derivative instruments to track the performance of certain securities that make up the Benchmark. The Sub-fund may also hold securities which are not underlying components of the relevant Benchmark where such securities approximate securities comprised in the Benchmark in terms of risk and reward profile and other relevant characteristics (such as industry weights, country weights, market capitalization, dividend yield and other financial parameters).

It is expected that the Tracking Error of the Sub-Fund under normal market conditions will remain below 0.30% per annum. However, there is no guarantee that this level of Tracking Error will be realised. The actual level of Tracking Error is likely to be affected by a number of factors as described in section 5.19 (Risks Associated with Index-Tracking for each Sub-Fund) of the Prospectus. Any discrepancy between the expected Tracking Error and the actual Tracking Error will be explained in the Annual Report for the period concerned. The Fund and the Investment Manager will not accept liability for any difference between the expected Tracking Error and the actual level of Tracking Error.





The maximum exposure to a single security shall not exceed 10% of the current value of the Benchmark.

Candriam's sustainable and responsible investment (SRI) philosophy used to construct the Benchmark is built on our strong belief that companies embracing sustainability-related opportunities and challenges alongside financial opportunities and challenges are the most likely to generate long term value for investors and other stakeholders. By evaluating ESG issues through a methodology developed in-house, Candriam analyzes and assesses the sustainability risks and opportunities that affect corporate issuers. This will lead to a better informed investment decision from a risk-return perspective.

The Benchmark and the Sub-Fund are constructed based on Candriam's ESG proprietary approach that aims to select the best corporate issuers.

Issuers are analysed from two distinct, but related, angles:

- the business activities analysis: a strategic assessment of how companies' activities address the key sustainable challenges including, but not limited to, climate change and resources & waste; and
- the stakeholder analysis: evaluation of how companies manage material stakeholder issues including employees, clients society, environment, suppliers, investors.

With the purpose of reducing ESG associated risks and in order to take account of far-reaching societal changes, the sub-fund aims to exclude companies that:

- do not meet the criteria of a normative exclusion filter that takes account of compliance with international standards concerning social, human and environmental rights and the fight against corruption, such as set out in the United Nations Global Compact and the 'OECD's Guidelines for Multinational Enterprises'. This filter aims at excluding companies that are repeatedly and materially in breach of any of these principles. Furthermore, companies that present both material and severe structural risks in terms of environmental, social and governance factors are excluded from the fund; and/or;
- are significantly exposed to controversial activities linked in particular to tobacco, steam coal, weapons and the production of non-conventional oil & gas. The strategy does not allow investment in companies that manufacture, use or hold anti-personnel mines, cluster bombs or chemical, biological, white phosphorus and depleted uranium and nuclear weapons; and/or
- Are exposed to countries considered as highly oppressive regimes.

Based on the various elements of analysis listed (ESG analysis, violations of the United Nations Global Compact, controversial activities exclusions), the initial universe leading to the construction of the Benchmark is reduced by at least 20%.

Details of Candriam's SRI Exclusion Policy and Stewardship Policy are available on the website of the Management Company via the following links:

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf>

[https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam\\_engagement\\_policy.pdf](https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf)

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/proxy-voting-policy.pdf>

For information on the ESG analysis and controversial activities thresholds used to construct the Benchmark, please refer to the Transparency Code on our website: <https://www.candriam.com/en/private/market-insights/sri-publications/#transparency>



All of the securities of the Sub-Fund and Benchmark have undergone the ESG analysis described above (excluding cash and derivatives).

For derivatives, specific rules are applied. Details could be found in the Transparency Code, as mentioned above.

The weighting of securities in the Benchmark is then determined on basis of a methodology taking into account financial criteria (as average sales, average net earnings, etc.) value factors (as earnings yield, operating cash flow yield, and sales-to-enterprise value, etc.), quality factors (as operating cash flow, operating margin, and return on equity), and volatility factors.

The Sub-Fund has not filed for the French SRI Label.

## **5. Investor profile**

Investment in this sub-fund may be suitable for investors who are prepared to accept the risks of participating in equity market developments of the EMU zone, together with the level of volatility generally associated therewith. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Benchmark**

Solactive Candriam Factors Sustainable EMU Equity Index.

This Benchmark is provided by Solactive AG which is an entity authorised with the ESMA in accordance with article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

The Benchmark measures the performance of equities of a selection of large and medium capitalized Eurozone companies meeting a sustainable investment approach developed by Candriam and weighted using a non-market capitalization methodology.

The securities eligible to be included in the Benchmark consist of approximately 85% of the market capitalisation of equity securities listed in the following 10 European developed market countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, the Netherlands, Portugal, and Spain.

The Benchmark is rebalanced quarterly. After each rebalancing, Benchmark constituents and weightings will be published and available at [www.solactive.com](http://www.solactive.com).

The level or value of the Benchmark will be published at [www.solactive.com](http://www.solactive.com).

Additional information on the Benchmark, including information on the underlying components of the Benchmark, the Benchmark calculation and rebalancing methodology, is available at [www.solactive.com](http://www.solactive.com).

The Management Company has adopted robust written plans to cover the cases where the publication of the Benchmark has been stopped or where major changes in that Benchmark have occurred. The Board of Directors of the Fund, based on these plans, may choose another Benchmark, if appropriate. Any such change of Benchmark will be reflected in an updated Prospectus. Such plans are available, upon request, at the registered office of the Management Company.

## **7. Eligibility of the sub-fund**

The Sub-Fund is eligible for PEA as detailed in section *Taxation* of the Prospectus.



The Sub-Fund qualifies as a GITA Equity Fund as detailed in the section *Taxation* of the Prospectus.

## 8. Specific risks

Investors should carefully read section 5 (General Risk Factors) of the Prospectus before investing in the Sub-Fund. Investors should also consider the following additional risks which are specific to the Sub-Fund.

- **Physical replication:** The exposure of the Sub-Fund to the Benchmark is mainly physical. This means that the Sub-Fund seeks to replicate the performance of the Benchmark by directly holding underlying components comprised in the Benchmark. There is a risk that the Sub-Fund will not be able to acquire and hold certain underlying components comprised in the Benchmark, due to legal, regulatory, tax or other considerations relevant to the Sub-Fund or the Investment Manager. Moreover, it may not be practical or cost efficient for the Sub-Fund to track the Benchmark following a full replication model. To the extent the Sub-Fund uses sampling or optimisation techniques to track the performance of the Benchmark, as described above, there is a risk that the securities selected for the Sub-Fund, in the aggregate, will not provide investment performance tracking that of the Benchmark.
- **Sustainability risk**
- **ESG investment risk**

## 9. Global exposure

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## 10. Applicable Cut-Off Times for subscription, redemption and conversion of Shares

D	Valuation Day 15:00 (Luxembourg time) is the Cut-Off Time.	Provided this date is a Business Day In the case D is not a Business Day, orders will be taken into account in the cut-off of the next Business Day.
D+1	Calculation Day	Provided this date is a Business Day otherwise the next Business Day.
D+2	Settlement Day	According to applicable Business Days

In the case that a Significant Market is closed for trading or settlement on any Business Day during the period between the relevant Cut-Off Time and the expected Settlement Day (inclusive), and/or settlement in the base currency of the Sub-Fund is not available on the expected Settlement Day, there may be corresponding delays to the settlement times indicated in this Supplement. Earlier or later times may be determined by the Management Company at their discretion.

## 11. Conversion of Shares

Conversions are possible:

- between UCITS ETF Share Classes in this particular Sub-Fund;
- between non-UCITS ETF Share Classes of the same or another Sub-Fund.

## 12. Share Classes



The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription may be obtained from the Management Company.

### **13. Listing**

The Sub-Fund contains UCITS ETF Shares. As a consequence the UCITS ETF Shares shall be traded throughout the day on one or several Regulated Market or multilateral trading facilities with at least one Market Maker which takes action to ensure that the Stock Exchange value of the Shares does not significantly vary from its iNAV.

A list of these Stock Exchanges and/or multilateral trading facilities can be obtained from the registered office of the Fund.

### **14. Eligible Investors for the Primary Market**

Share Classes S are reserved for limited Institutional Investors designated by the Management Company.

Share Classes UCITS-ETF are reserved for Authorised Participants designated by the Fund.



**Table: Share Classes of IndexIQ Factors Sustainable EMU Equity**

<b>Share Class name</b>	<b>UCITS ETF Acc</b>	<b>UCITS ETF Dis</b>	<b>S Acc</b>
Share Class Reference Currency	EUR	EUR	EUR
Distribution (D) or Accumulation (A)	A	D (yearly)	A
Valuation Day	Every Business Day	Every Business Day	Every Business Day
Minimum Subscription Amount in cash	Equivalent amount of 100.000 Shares	Equivalent amount of 100.000 Shares	N/A
Minimum Subscription Amount in kind	100.000 Shares	100.000 Shares	N/A
Minimum Redemption Amount in cash	Equivalent amount of 100.000 Shares	Equivalent amount of 100.000 Shares	N.A
Minimum Redemption Amount in kind	100.000 Shares	100.000 Shares	N/A
Listing on Stock Exchange	Yes	Yes	No
ISIN Code	LU1603797074	LU1603797231	LU1603778363

**DISCLAIMER**

The Sub-Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the Sub-Fund. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the Sub-Fund constitutes a recommendation by Solactive AG to invest capital in said Sub-Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this Sub-Fund.



## SUPPLEMENT 5 – INDEXIQ FACTORS SUSTAINABLE JAPAN EQUITY

This Sub-Fund is classified under Art 8. of the SFDR Regulation, i.e. it promotes, among other characteristics, environmental and/or social characteristics.

### 1. Launch date

June 29, 2017 (Valuation Day)

### 2. Reference Currency

The Reference Currency of the Sub-Fund is Euro.

### 3. Investment objective

The objective of the Sub-Fund is to track, before the Sub-Fund fees and expenses, the performance of Solactive Candriam Factors Sustainable Japan Equity Index (the “Benchmark”). The Benchmark and the Sub-Fund are constructed by selecting the best corporate issuers based on Candriam’s proprietary ESG analysis. This analysis assesses the exposure of each corporate issuer to key sustainable challenges including, but not limited to, climate change and resources & waste as well as the management of its stakeholders (employees, clients, society, environment, suppliers, investors).

The portfolio of the Sub-Fund is highly diversified and will usually contain more than 100 stocks.

There can be no assurance that the Sub-Fund will achieve its investment objective.

### 4. Investment policy and specific restrictions

The Sub-Fund is passively managed meaning that it will seek to track the performance of the Benchmark mainly by making direct investments in Transferable Securities representing most of the underlying components of the Benchmark (physical replication).

For a maximum of 10% of its assets, the Sub-Fund may invest in other transferable securities and/or other eligible assets.

The Sub-Fund may use optimisation techniques to track the performance of the Benchmark, which techniques may include the strategic selection of some, rather than all, of the securities that make up the Benchmark, holding securities in proportions that differ from the proportions of the Benchmark and/or the use of financial derivative instruments to track the performance of certain securities that make up the Benchmark. The Sub-fund may also hold securities which are not underlying components of the relevant Benchmark where such securities approximate securities comprised in the Benchmark in terms of risk and reward profile and other relevant characteristics (such as industry weights, country weights, market capitalization, dividend yield and other financial parameters).

It is expected that the Tracking Error of the Sub-Fund under normal market conditions will remain below 0.30% per annum. However, there is no guarantee that this level of Tracking Error will be realised. The actual level of Tracking Error is likely to be affected by a number of factors as described in section 5.19 (Risks associated with Index-Tracking for each Sub-Fund) of the Prospectus. Any discrepancy between the expected Tracking Error and the actual Tracking Error will be explained in the Annual Report for the period concerned. The Fund and the Investment Manager will not accept liability for any difference between the expected Tracking Error and the actual level of Tracking Error.

The maximum exposure to a single security shall not exceed 10% of the current value of the Benchmark.

Candriam’s sustainable and responsible investment (SRI) philosophy used to construct the Benchmark is built on our strong belief that companies embracing sustainability-related opportunities and challenges alongside financial opportunities and challenges are the most likely to generate long term value for investors and other stakeholders. By evaluating ESG issues through a methodology developed in-



house, Candriam analyzes and assesses the sustainability risks and opportunities that affect corporate issuers. This will lead to a better informed investment decision from a risk-return perspective.

The Benchmark and the Sub-Fund are constructed based on Candriam's ESG proprietary approach that aims to select the best corporate issuers.

Issuers are analysed from two distinct, but related, angles:

- the business activities analysis: a strategic assessment of how companies' activities address the key sustainable challenges including, but not limited to, climate change and resources & waste; and
- the stakeholder analysis: evaluation of how companies manage material stakeholder issues including employees, clients, society, environment, suppliers, investors.

With the purpose of reducing ESG associated risks and in order to take account of far-reaching societal changes, the sub-fund aims to exclude companies that:

- do not meet the criteria of a normative exclusion filter that takes account of compliance with international standards concerning social, human and environmental rights and the fight against corruption, such as set out in the United Nations Global Compact and the 'OECD's Guidelines for Multinational Enterprises'. This filter aims at excluding companies that are repeatedly and materially in breach of any of these principles. Furthermore, companies that present both material and severe structural risks in terms of environmental, social and governance factors are excluded from the fund; and/or;
- are significantly exposed to controversial activities linked in particular to tobacco, steam coal, weapons and the production of non-conventional oil & gas. The strategy does not allow investment in companies that manufacture, use or hold anti-personnel mines, cluster bombs or chemical, biological, white phosphorus and depleted uranium and nuclear weapons; and/or
- Are exposed to countries considered as highly oppressive regimes.

Based on the various elements of analysis listed (ESG analysis, violations of the United Nations Global Compact, controversial activities exclusions), the initial universe leading to the construction of the Benchmark is reduced by at least 20%.

Details of Candriam's SRI Exclusion Policy and Stewardship Policy are available on the website of the Management Company via the following links:

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf>

[https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam\\_engagement\\_policy.pdf](https://www.candriam.com/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf)

<https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/proxy-voting-policy.pdf>

For information on the ESG analysis and controversial activities thresholds used to construct the Benchmark, please refer to the Transparency Code on our website:

<https://www.candriam.com/en/private/market-insights/sri-publications/#transparency>

All of the securities of the Sub-Fund and Benchmark have undergone the ESG analysis described above (excluding cash and derivatives).



For derivatives, specific rules are applied. Details could be found in the Transparency Code, as mentioned above.

The weighting of securities in the Benchmark is then determined on basis of a methodology taking into account financial criteria (as average sales, average net earnings, etc.) value factors (as earnings yield, operating cash flow yield, and sales-to-enterprise value, etc.), quality factors (as operating cash flow, operating margin, and return on equity), and volatility factors.

The Sub-Fund has not filed for the French SRI Label.

## **5. Investor profile**

Investment in this sub-fund may be suitable for investors who are prepared to accept the risks of participating in Japanese equity market, together with the level of volatility generally associated therewith. Investors should consider their own personal circumstances and seek additional advice from their financial adviser or other professional adviser on their risk tolerance and investment horizon before investing in the Sub-Fund.

## **6. Benchmark**

Solactive Candriam Factors Sustainable Japan Equity Index.

This Benchmark is provided by Solactive AG which is an entity authorised with the ESMA in accordance with article 36 of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

The Benchmark measures the performance of equities of a selection of large and medium capitalized Japanese companies meeting a sustainable investment approach developed by Candriam and weighted using a non-market capitalization methodology.

The securities eligible to be included in the Benchmark consist of approximately 85% of the market capitalisation of equity securities listed in Japan.

The Benchmark is rebalanced quarterly. After each rebalancing, Benchmark constituents and weightings will be published and available at [www.solactive.com](http://www.solactive.com).

The level or value of the Benchmark will be published at [www.solactive.com](http://www.solactive.com).

Additional information on the Benchmark, including information on the underlying components of the Benchmark, the Benchmark calculation and rebalancing methodology, is available at [www.solactive.com](http://www.solactive.com).

The Management Company has adopted robust written plans to cover the cases where the publication of the Benchmark has been stopped or where major changes in that Benchmark have occurred. The Board of Directors of the Fund, based on these plans, may choose another Benchmark, if appropriate. Any such change of Benchmark will be reflected in an updated Prospectus. Such plans are available, upon request, at the registered office of the Management Company.

## **7. Eligibility of the sub-fund**

The Sub-Fund qualifies as a GITA Equity Fund as detailed in the section *Taxation* of the Prospectus.





## 8. Specific risks

Investors should carefully read section 5 (General Risk Factors) of the Prospectus before investing in the Sub-Fund. Investors should also consider the following additional risks which are specific to the Sub-Fund.

- **Physical replication:** The exposure of the Sub-Fund to the Benchmark is mainly physical. This means that the Sub-Fund seeks to replicate the performance of the Benchmark by directly holding underlying components comprised in the Benchmark. There is a risk that the Sub-Fund will not be able to acquire and hold certain underlying components comprised in the Benchmark, due to legal, regulatory, tax or other considerations relevant to the Sub-Fund or the Investment Manager. Moreover, it may not be practical or cost efficient for the Sub-Fund to track the Benchmark following a full replication model. To the extent the Sub-Fund uses sampling or optimisation techniques to track the performance of the Benchmark, as described above, there is a risk that the securities selected for the Sub-Fund, in the aggregate, will not provide investment performance tracking that of the Benchmark.
- **Sustainability risk**
- **ESG investment risk**

## 9. Global exposure

The global exposure of the Sub-Fund is calculated and monitored under the commitment approach. The global exposure of the Sub-Fund may not exceed its Net Asset Value.

## 10. Applicable Cut-Off Times for subscription, redemption and conversion of Shares

D-1	16:00 (Luxembourg time) is the Cut-Off Time.	Provided this date is a Business Day In the case D-1 is not a Business Day, orders will be taken into account in the cut-off of the next Business Day.
D	Calculation Day and Valuation Day	Provided this date is a Business Day in Luxemburg otherwise the next Business Day.
D+3	Settlement Day	According to applicable Business Days

In the case that a Significant Market is closed for trading or settlement on any Business Day during the period between the relevant Cut-Off Time and the expected Settlement Day (inclusive), and/or settlement in the base currency of the Sub-Fund is not available on the expected Settlement Day, there may be corresponding delays to the settlement times indicated in this Supplement. Earlier or later times may be determined by the Management Company at their discretion.

## 11. Conversion of Shares

Conversions are possible:

- between UCITS ETF Share Classes in this particular Sub-Fund;
- between non-UCITS ETF Share Classes of the same or another Sub-Fund.

## 12. Share Classes

The table at the end of this Supplement lists all Share Classes established within the Sub-Fund. Certain Share Classes may currently not be active or may be unavailable to investors in certain jurisdictions. The list of active Share Classes currently available for subscription may be obtained from the Management Company.



### **13. Listing**

The Sub-Fund contains UCITS ETF Shares. As a consequence the UCITS ETF Shares shall be traded throughout the day on one or several Regulated Market or multilateral trading facilities with at least one Market Maker which takes action to ensure that the Stock Exchange value of the Shares does not significantly vary from its iNAV.

A list of these Stock Exchanges and/or multilateral trading facilities can be obtained from the registered office of the Fund.

### **14. Eligible Investors for the Primary Market**

Share Classes S are reserved for limited Institutional Investors designated by the Management Company.

Share Classes UCITS-ETF are reserved for Authorised Participants designated by the Fund.



**Table: Share Classes of IndexIQ Factors Sustainable Japan Equity**

<b>Share Class name</b>	<b>UCITS ETF Acc</b>	<b>UCITS ETF Dis</b>	<b>S Acc</b>
Share Class Reference Currency	EUR	EUR	EUR
Distribution (D) or Accumulation (A)	A	D (yearly)	A
Valuation Day	Every Business Day	Every Business Day	Every Business Day
Minimum Subscription Amount in cash	Equivalent amount of 100.000 Shares	Equivalent amount of 100.000 Shares	N/A
Minimum Subscription Amount in kind	100.000 Shares	100.000 Shares	N/A
Minimum Redemption Amount in cash	Equivalent amount of 100.000 Shares	Equivalent amount of 100.000 Shares	N.A
Minimum Redemption Amount in kind	100.000 Shares	100.000 Shares	N/A
Listing on Stock Exchange	Yes	Yes	No
ISIN Code	LU1603797587	LU1603798122	LU1603778520

## **DISCLAIMER**

The Sub-Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Issuer, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the Sub-Fund. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trade mark for the purpose of use in connection with the Sub-Fund constitutes a recommendation by Solactive AG to invest capital in said Sub-Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this Sub-Fund.



**APPENDIX – FEES TABLE FOR EACH SUB-FUND**

<b>SUB-FUND</b>	<b>SHARE CLASS</b>	<b>MAXIMUM SUBSCRIPTION FEES</b>	<b>MAXIMUM REDEMPTION FEES</b>	<b>MAXIMUM CONVERSION FEES</b>	<b>TOTAL EXPENSES LEVEL</b>	<b>INITIAL OFFER PRICE</b>
<b>INDEXIQ FACTORS SUSTAINABLE CORPORATE EURO BOND</b>	<b>UCITS ETF Acc</b>	5%	3%	3%	0.35%	25 EUR
	<b>UCITS ETF Dis</b>	5%	3%	3%		25 EUR
	<b>S Acc</b>	5%	3%	Nil		0,10 EUR
<b>INDEXIQ FACTORS SUSTAINABLE SOVEREIGN EURO BOND</b>	<b>UCITS ETF Acc</b>	5%	3%	3%	0.30%	25 EUR
	<b>UCITS ETF Dis</b>	5%	3%	3%		25 EUR
	<b>S Acc</b>	5%	3%	Nil		0,10 EUR
<b>INDEXIQ FACTORS SUSTAINABLE EUROPE EQUITY</b>	<b>UCITS ETF Acc</b>	5%	3%	3%	0.30%	25 EUR
	<b>UCITS ETF Dis</b>	5%	3%	3%		25 EUR
	<b>S Acc</b>	5%	3%	Nil		0,10 EUR
<b>INDEXIQ FACTORS SUSTAINABLE EMU EQUITY</b>	<b>UCITS ETF Acc</b>	5%	3%	3%	0.30%	25 EUR
	<b>UCITS ETF Dis</b>	5%	3%	3%		25 EUR
	<b>S Acc</b>	5%	3%	Nil		0,10 EUR



<b>INDEXIQ FACTORS SUSTAINABLE JAPAN EQUITY</b>	<b>UCITS ETF Acc</b>	5%	3%	3%	0.35%	25 EUR
	<b>UCITS ETF Dis</b>	5%	3%	3%		25 EUR
	<b>S Acc</b>	5%	3%	Nil		0,10 EUR