



# Prospectus

# SEB HighYield

Undertaking for Collective Investment in Transferable Securities under the Luxembourg law of 17 December 2010 on Undertakings for Collective Investment

December 2011

## Important information

It is not permitted to supply information or explanation that differs from the Prospectus or the Management Regulations.

SEB Asset Management S.A. is not liable if and to the extent that such divergent information or explanations are supplied.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes in those laws or practice.

This Prospectus is only valid, when used in connection with the applicable KIID, the Management Regulations and the audited annual report of the Fund, the report date of which must not be older than 16 months. This report should be accompanied by the un-audited semi-annual report of the Fund, if the annual report date is older than eight months. The distribution of the Prospectus and the offering of the Units may be restricted in certain jurisdictions. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to subscribe to Units pursuant to this Prospectus to inform themselves of, and to observe all applicable laws and regulations of any relevant jurisdictions. Prospective investors should inform themselves as to the legal requirements and consequences of applying for, holding, converting and disposing of Units and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

**This Prospectus does not constitute an offer or solicitation to subscribe to the Units by anyone in any country in which such offer or solicitation is unlawful or unauthorized, or to any person to whom it is unlawful to make such offer or solicitation.**

The distribution of this Prospectus in certain countries may require it to be translated into languages specified by the regulatory authorities of those countries. Should any inconsistency arise between the translated and the English versions of this Prospectus, the English version shall always prevail.

## Glossary of terms

The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

<b>Base Currency</b>	the currency of denomination of the Fund being the euro
<b>Board of Directors</b>	the board of directors of the Management Company
<b>Central Administration</b>	The Bank of New York Mellon (Luxembourg) S.A.
<b>Class / Unit Class</b>	the Management Company may decide to issue separate classes of Units whose assets will be commonly invested but where a specific entry or exit charge structure, minimum investment amount, distribution policy or any other feature may be applied
<b>CSSF</b>	the Luxembourg Financial Supervisory Authority "Commission de Surveillance du Secteur Financier"
<b>Custodian Bank</b>	Skandinaviska Enskilda Banken S.A.
<b>Directive 2009/65/EC</b>	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
<b>EU</b>	European Union
<b>ESMA</b>	European Securities and Markets Authority, previously the Committee of European Securities Regulators
<b>Fund</b>	SEB HighYield is organised under the Law as a common fund ( <i>FCP – fonds commun de placement</i> ).
<b>KIID</b>	key investor information document(s) of the Fund
<b>Law</b>	the Luxembourg law of 17 December 2010 on undertakings for collective investment
<b>Management Company</b>	SEB Asset Management S.A.
<b>Management Regulations</b>	the management regulations of the Fund as amended from time to time
<b>Member State</b>	a member state(s) of the EU. The states that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the EU, within the limits set forth by this Agreement and related acts, are considered as equivalent to Member States of the EU.
<b>Mémorial C</b>	Luxembourg official gazette, <i>Mémorial C, Recueil des Sociétés et Associations</i>

<b>NAV - Net Asset Value per Unit</b>	the value per Unit of any Class determined in accordance with the relevant provisions described in this Prospectus and the Management Regulations
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>Prospectus</b>	the currently applicable prospectus of the Fund, as amended and updated from time to time
<b>Reference Currency</b>	the currency of denomination of the relevant Class
<b>UCI</b>	Undertaking for collective investment
<b>UCITS</b>	Undertaking for collective investment in transferable securities subject to Directive 2009/65/EC, as further defined in article 2 (2) of the Law
<b>Unitholder</b>	the holder of Units in the Fund
<b>Units</b>	units of the Fund
<b>Value at Risk or VaR</b>	<p>The Value at Risk methodology provides an estimate of the maximum potential loss over a specific time period and at a given confidence level, i.e. probability level. Usually for UCITS, the time period is 1 month/20 business days and the confidence level is 99%.</p> <p>For example, a VaR estimate of 3% on a 20-days' time period with a 99% confidence level means that, with 99% certainty, the percentage the Fund can expect to lose over the next 20 days' period should be maximum 3%.</p>
<b>Valuation Day</b>	<p>the day on which the NAV per Unit is calculated</p> <p>Any day on which banks are open for business in Luxembourg except 24 December.</p>

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# **The Fund**

## **1. General information**

SEB HighYield (hereinafter “the Fund”) is an open-ended common fund (“FCP” - “*Fonds commun de placement*”) registered under Part I of the Law. The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS)

The Fund was set up on 27 October 2000 for an undetermined duration.

The money in the Fund is invested by the Management Company, or where applicable, the appointed investment manager, acting in its own name on behalf of the joint account of the Unitholders in securities, money market instruments and other eligible assets (the “Eligible Assets”), based on the principle of risk-spreading.

Unitholders as joint owners have an interest in the assets of the Fund in proportion to the number of Units they hold. All Fund's Units have the same right. In accordance with the Law, a subscription of Units constitutes acceptance of all terms and provisions of the Prospectus and the Management Regulations.

The Management Regulations lastly modified with effect from 11 November 2011 have been deposited with the Luxembourg Trade and Companies' Register and the related notice has been published in the *Mémorial C* on 17 November 2011.

## 2. Involved parties

### 2.1. Presentation of involved parties

<b>Promoter</b>	SEB Asset Management S.A. 6a, Circuit de la Foire Internationale L-1347 Luxembourg
<b>Management Company<sup>1</sup></b>	SEB Asset Management S.A. 6a, Circuit de la Foire Internationale L-1347 Luxembourg
<b>Board of Directors of the Management Company</b>	
<b>Chairperson</b>	Peter Kubicki Managing Director Skandinaviska Enskilda Banken S.A. Luxembourg
<b>Members</b>	Alexander Klein Managing Director SEB Investment GmbH Frankfurt  Rudolf Kömen Head of SEB Asset Management S.A. Luxembourg  Marie Winberg Global Head of Product Management SEB Investment Management AB Stockholm
<b>Conducting officers</b>	Rudolf Kömen, Managing Director Matthias Müller, General Manager
<b>Central Administration (including the administrative, registrar and transfer agent function) and Paying Agent in Luxembourg</b>	The Bank of New York Mellon (Luxembourg) S.A. 2-4, rue Eugène Ruppert L-2453 Luxembourg

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<sup>1</sup> **Common funds for which SEB Asset Management S.A. is acting as Management Company:**

Elite Fund, Gamla Liv International Real Estate Fund, IOR, SEB Absolute, SEB Alternative Investment, SEB Concept Biotechnology, SEB Credit Opportunity Fund, SEB Credit Opportunity II, SEB deLuxe, SEB EuropaRent Spezial, SEB European Equity Small Caps, SEB Fund 1, SEB Fund 2, SEB Fund 3, SEB Fund 4, SEB Fund 5, SEB HighYield, SEB Lux Fund Extra, SEB Micro Cap Fund, SEB Multi-Manager Currency Defensive, SEB ÖkoLux, SEB ÖkoRent, SEB Optimix, SEB Private Banking Fund, SEB Private Equity Fund, SEB Real Estate Portfolio, SEB Strategy Aggressive Fund, SEB Strategy Fund and SEB TrendSystem Renten

**SEB Asset Management S.A. is also appointed as Management Company for the following investment companies:**

SEB SICAV 1, SEB SICAV 2, SEB SICAV 3, SEB SICAV 4 and SEB Optimus

<b>Investment Manager</b>	Muzinich Co. Inc 450, Park Avenue NY-10022 New York
<b>Global Distributor</b>	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm
<b>Representatives and paying agents outside Luxembourg</b>	The full list of representatives and paying agents outside Luxembourg can be obtained, free of any charge, at the registered office of the Management Company and on the website <a href="http://www.sebgroup.lu">www.sebgroup.lu</a>
<b>Custodian Bank</b>	Skandinaviska Enskilda Banken S.A. 6a, Circuit de la Foire Internationale L-1347 Luxembourg
<b>Approved Statutory Auditor of the Fund and the Management Company (hereafter the “Auditor”)</b>	PricewaterhouseCoopers S.à r.l. 400, route d’Esch L-1471 Luxembourg



## 2.2. Description of involved parties

### 2.2.1. The Management Company

The Management Company, SEB Asset Management S.A., was established on 15 July 1988 with subsequent publication of the articles of incorporation in the *Mémorial C* on 16 August 1988. The articles of incorporation were amended for the last time on 2 December 2005 with subsequent publication on 13 December 2005 in the *Mémorial C*.

The Management Company is governed by Chapter 15 of the Law and performs the duties necessary to manage and administer the Fund as required by Law.

Its subscribed and paid-in capital is EUR 2,000,000.

The Management Company may, under its own responsibility, control and coordination, transfer some of its tasks to third parties for the purpose of efficient management.

### 2.2.2. The Central Administration

The Management Company, has delegated the Central Administration, including the administrative, registrar and transfer agent functions – under its continued responsibility and control – at its own expenses to The Bank of New York Mellon (Luxembourg) S.A., 2-4 rue Eugène Ruppert, L-2453 Luxembourg.

This company was incorporated in Luxembourg as a “*société anonyme*” on 15 December 1998 and is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation. It is registered with the Luxembourg Trade and Companies’ Register under Corporate Identity Number B 67654 (the “Administrative Agent” or the “Registrar and Transfer Agent”).

In the capacity of Administrative Agent, it will carry out certain administrative duties related to the administration of the Fund, including the calculation of the NAV of the Units and the provision of accounting services to the Fund.

In the capacity of Registrar and Transfer Agent, it will process all subscriptions, redemptions, transfers and conversions of Units and will register these transactions in the Unitholders’ register of the Fund.

The Bank of New York Mellon (Luxembourg) S.A. may, subject to approval of the Board of Directors of the Management Company and the subsequent update of the Prospectus, as required, sub-delegate parts of its functions to entities all in accordance with Luxembourg laws and regulations.

### 2.2.3. The Investment Manager

The Management Company has delegated the investment management function to Muzinich & Co., Inc., which has its registered office in New York.

Muzinich & Co., Inc. is registered in its capacity as an investment adviser with the Securities and Exchange Commission (SEC).

The Investment Manager may, for its part, in agreement with the Management Company and subject to prior approval by the supervisory authority, at its own expense and under its own responsibility, entrust sub-managers wholly or in part with the management of this Fund.

The Investment Manager implements the investment policy, makes investment decisions and continually adapts them to market developments, as appropriate.

### 2.2.4. The Global Distributor

Skandinaviska Enskilda Banken AB (publ) has been appointed Global Distributor by the Management Company.

### 2.2.5. The Custodian Bank

The Custodian Bank is Skandinaviska Enskilda Banken S.A. The Custodian Bank holds the assets of the Fund and discharges all other obligations imposed on the Custodian Bank pursuant to Law.

### 3. Investment Objective and Policy

The objective of the investment policy is to achieve above-average returns. To achieve this aim, the Fund invests worldwide in corporate bonds from issuers having a non-investment grade rating from all sectors that have higher yields than classic government bonds. One focus of the Fund's investments will be fixed-interest securities from issuers in the US and Europe.

The securities are listed on an exchange or are traded on a regulated market or on another market in the European Union, the European Economic Area, the United States of America, Canada or Australia.

The Fund may also invest in zero coupon bonds and in regularly traded money market instruments, including liquid assets, as provided for in the Management Regulations. In specific exceptional circumstances, liquid assets may also account for an amount exceeding the net assets of the Fund if and insofar as this is deemed to be in the Unitholders' interests.

The currency risk arising from international investment may be hedged.

The Fund acquires securities from issuers that have a non-investment grade rating.

Furthermore, the Management Company may use derivative financial instruments ("derivatives"), as provided for hereafter, to ensure efficient portfolio management (including carrying out transactions for hedging purposes) and in order to achieve the investment objective. The Fund may under no circumstances deviate from the stipulated investment objectives when making use of derivatives.

The Fund will not invest more than 10% of its net assets in units / shares of other UCITS or UCIs.

#### 3.1. Eligible Assets

The provisions of this section apply only insofar to the Fund as they are compatible with its specific investment policy.

Where a UCITS comprises more than one sub-fund, each sub-fund shall be regarded as a separate UCITS for the purposes of this section.

The Fund may only invest in

#### **Transferable securities and money market instruments, as defined in the Law**

- a) transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
- b) transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognised and open to the public;
- c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the EU or dealt in on another market in a non-Member State of the EU 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 on another regulated market which operates regularly and is recognised and open to the public;
  - the admission is secured within one year of issue;

Transferable securities and money market instruments mentioned under c) and d) are listed on a stock exchange or dealt in on a regulated market in North America, Central America, South America, Australia (incl. Oceania), Africa, Asia and/or Europe.

### **Units of undertakings for collective investment**

e) units of UCITS and/or other UCIs within the meaning of article 1, paragraph (2), points a) and b) of the Directive 2009/65/EC, as may be amended from time to time, whether or not established in a Member State, provided that:

- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
- the level of protection for unitholders in the other UCIs is equivalent to that provided for unitholders in a UCITS, and, in particular, that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the Directive 2009/65/EC;
- the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
- no more than 10% of the net assets of the UCITS or the other UCIs, whose acquisition is contemplated, can, according to their management regulations or instruments of incorporation, be invested in aggregate in units of other UCITS or other UCIs;

### **Deposits with a credit institution**

f) deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

### **Financial derivative instruments**

g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market mentioned above in sub-paragraphs a), b) and c), and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of instruments described in sub-paragraphs a) to h), financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest, in accordance with the investment objectives;
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

Where the financial derivative instrument is cash-settled automatically or at the Fund's discretion, the Fund will be allowed not to hold the specific underlying instrument as cover. As acceptable cover are considered:

- cash
- liquid debt instruments with appropriate safeguards
- other highly liquid assets

which are recognised by the competent authorities considering their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards.

Within the limits under g) here above, the Fund may make use of all financial derivative instruments authorised by the Law and/or by circulars issued by the CSSF.

### **Money market instruments other than those dealt in on a regulated market**

h) money market instruments other than those dealt in on a regulated market and which fall under article 1 of the Law, if the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that these investments are:

- issued or guaranteed by a central, regional or local authority, a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non Member-State or, in the 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, or
- issued by an undertaking any securities of which are dealt in on regulated markets referred to in sub-paragraphs a), b) or c) or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community 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 Community law, or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, 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.

The Fund may hold cash and cash equivalent on an ancillary basis, in order to maintain liquidity, all in the best interest of the Unitholders.

In addition, the Fund's assets may be invested in all other Eligible Assets within the scope of legal possibilities and the provisions laid down in the Management Regulations.

However, the Fund shall not invest more than 10% of its net assets in transferable securities or money market instruments other than those referred to under this section above.

### **3.2. Investment restrictions applicable to Eligible Assets**

#### **Transferable securities and money market instruments as defined in the Law**

- 1) The Fund may invest no more than 10% of its net assets in transferable securities or money market instruments issued by the same body.
- 2) Moreover, the total value of the transferable securities and money market instruments held by the Fund in the issuing bodies in each of which it invests more than 5% of its net assets, shall not exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in point 1), point 8) and point 9) the Fund shall not combine, where this would lead to investing more than 20% of its net assets in a single body, any of the following:

- investments in transferable securities or money market instruments issued by that body,
- deposits made with that body, or
- exposures arising from OTC derivative transactions undertaken with that body

- 3) The limit of 10% laid down in point 1) may be raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its public local authorities, by a non-Member State or by public international bodies of which one or more Member States belong.

4) The limit of 10% laid down in point 1) may be raised to a maximum of 25% for certain bonds where they are issued by a credit institution whose registered office is situated in a Member State and which is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of those bonds must be invested, in conformity with the law, in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

If the Fund invests more than 5% of its net assets in the bonds referred to in this point and issued by a single issuer, the total value of such investments may not exceed 80% of the value of the net assets of the Fund.

The transferable securities and money market instruments referred to in points 3) and 4) are not included in the calculation of the limit of 40% stated above in point 2).

The limits set out in points 1), 2) 3) and 4) shall not be combined; thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with points 1), 2), 3) and 4) shall not exceed in total 35% of the net assets of the Fund.

**5) Notwithstanding the above limits, the Fund may invest, in accordance with the principle of risk-spreading, up to 100% of its net assets in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, by a member state of the OECD or public international body to which one or more Member States of the EU belong, provided that (i) such securities and money market instruments are part of at least six different issues and (ii) the securities and money market instruments from any single issue do not account for more than 30% of the total net assets of the Fund.**

6) Without prejudice to the limits laid down here below the limits of 10% laid down in point 1) above is raised to maximum 20% for investment in units and/or debt securities issued by the same body when the aim of the investment policy of the Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:

- the composition of the index is sufficiently diversified;
- the index represents an adequate benchmark for the market to which it refers;
- the index is published in an appropriate manner.

This limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

Securities mentioned in point 6) need not to be included in the calculation of the 40% limit mentioned in point 2).

#### **Units of undertakings for collective investment**

7) The Fund may acquire units of UCITS and/or other UCIs referred to under 3.1 e), provided that no more than 20% of its net assets are invested in the units of a single UCITS or other UCI.

For the purpose of applying this investment limit, each UCITS or UCI with multiple sub-funds shall be considered as a separate issuer, provided that the principle of segregation of the obligations of the different sub-funds is ensured in relation to third parties.

Investments in units of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of the Fund.

When the Fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in this section 3.2.

When the Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding,

that management company or other company may not charge entry or exit charges on account of the Fund's investment in the units of such other UCITS and/or other UCIs.

### **Deposits with credit institutions**

8) The Fund may not invest more than 20% of its net assets in deposits made with the same body.

### **Financial derivative instruments**

9) The risk exposure to a counterparty of the Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution as mentioned here before, or 5% of its net assets in the other cases.

The Fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net asset value of its portfolio.

The risk exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The global exposure to the underlying assets shall not exceed in aggregate the investment limits laid down under article 43 of the Law.

The underlying assets of index based financial derivative instruments are not combined to the investment limits laid down under the points mentioned here before under the condition that the index complies with the criteria which are explained more in detail in the article 4) of the Management Regulations. When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of the restrictions in this section.

### **Maximum exposure to a single body**

10) The Fund may not combine:

- i) investments in transferable securities or money market instruments issued by a single body and subject to the 10% limit by body mentioned in point 1), and/or
- ii) deposits made with a single body and subject to the 20% limit mentioned in point 8), and/or
- iii) a risk exposure to a counterparty of the Fund in an OTC derivative transactions undertaken with a single body and subject to the 10% or 5% limits by body mentioned in point 9) in excess of 20% of its net assets.

The Fund may not combine:

- i) investments in transferable securities or money market instruments issued by the same body and subject to the 35% limit by body mentioned under point 3) above, and/or
- ii) investments in certain debt securities issued by the same body and subject to the 25% limit by body mentioned in point 4), and/or
- iii) deposits made with the same body and subject to the 20% limit mentioned in point 8), and/or
- iv) a risk exposure to a counterparty of the Fund in an OTC derivative transactions with the same body and subject to the 10% or 5% limits by body mentioned in point 9) in excess of 35% of its net assets.

### **Eligible Assets issued by the same group**

11) Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with the Directive 83/349/EEC or in accordance with recognised international accounting rules are regarded as a single body for the purpose of calculating the limits described under the article 43 of the Law.

12) The Fund may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

### **Acquisition limits by issuer of Eligible Assets**

13) The Management Company acting in connection with all the common funds it manages and which fall within the scope of Part I of the Law or of Directive 2009/65/EC, may not acquire any units carrying voting rights, which would enable it to exercise significant influence over the management of an issuing body.

The Fund may not acquire:

- i) more than 10% of the non-voting units of the same issuer;
- ii) more than 10% of the debt securities of the same issuer;
- iii) more than 10% of the money market instruments of any single issuer;
- iv) more than 25% of the units of a same UCITS or other UCI.

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

The ceilings as set forth above are waived in respect of:

- a) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- b) transferable securities and money market instruments issued or guaranteed by a non-Member State of the EU;
- c) transferable securities and money market instruments issued by public international bodies of which one or more Member States of the EU are members;
- d) shares held by the Fund in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State of the EU complies with the limits laid down in articles 43 and 46 of the Law and article 48, paragraphs 1) and 2) of the Law. Where the limits set in articles 43 and 46 of the Law are exceeded, article 49 of the Law shall apply mutatis mutandis.

If the limits referred to under this section 3.2. are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Unitholders.

The Management Company may from time to time, upon approval by the Custodian Bank, impose further investment restrictions in order to meet the requirements in such countries, where the Units are distributed or will be distributed.

### **3.3. Unauthorized investments**

The Fund may not:

- i) acquire either precious metals or certificates representing them;
- ii) carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in article 41 § 1 sub-paragraphs e), g) and h) of the Law; provided that this restriction shall not prevent the Fund from making deposits or carrying out other accounts in connection with financial derivative instruments, permitted within the limits referred to above;
- iii) grant loans or act as a guarantor on behalf of third parties, provided that for the purpose of this restriction (i) the acquisition of transferable securities, money market instruments or other finan-

- cial instruments which are not fully paid and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan;
- iv) borrow amounts in excess of 10% of its total net assets. Any borrowing is to be effected only as a temporary measure. However, it may acquire foreign currency by means of a back-to-back loan.

### **3.4. Techniques and instruments**

#### **Securities lending and repurchase agreements**

- a) Within the limits of a standardised securities lending system, up to 50% of the transferable securities contained in the Fund can be lent for a period of maximum 30 days. The condition is that this securities lending system is organised by a recognised securities clearing institution or by a highly rated financial institution which specialises in that type of transactions.

The securities lending may comprise more than 50% of the security holdings or last for a period longer than 30 days, in as far as the Fund has the right to terminate the securities lending contract at any time and to demand the return of the lent securities.

In relation to its lending transactions, the Fund must in principle receive a guarantee, the value of which, at the conclusion of the lending agreement, must be at least equal to the value of the global valuation of the securities lent. The guarantee can consist of cash or of securities which are issued or guaranteed by Member States of the OECD, their local authorities or international organizations and blocked in favour of the Fund until termination of the lending agreement.

A guarantee is not necessary, as long as the securities lending takes place within the limits of recognised clearinghouses, which provide security in favour of the lender of the lent securities by means of a guarantee or by other means.

- b) From time to time the Fund may purchase or sell transferable securities in the form of repurchase agreements. For this, the counterpart of such transaction must be a highly rated financial institution specialized in this type of transaction.

During the lifetime of a repurchase agreement, the Fund may not sell the securities which are the object of the agreement. The importance of purchased securities subject to a repurchase obligation has to be maintained at a level such that it is able, at all times, to meet its obligations to redeem its Units.

When using certain techniques and instruments relating to transferable securities and money market instruments, such as securities lending and repurchase or reverse repurchase agreements, the Fund will at any time comply with the provisions of the applicable CSSF Circular, as amended from time to time. The Management Company will employ a risk management, which enables it to measure at any time the risk related to these transactions.

The counterparties to such transactions must be subject to prudential supervision rules which are considered by the CSSF as equivalent to Community law.

The Fund will not deviate from its investment policy and objective when using such techniques and instruments. Collateral provided in cash will not be reinvested.

## **4. Information on risk**

### **4.1. General information**

An investment in Units of the Fund entails risks. The risks may include or be associated with market risks, interest rate, credit, foreign exchange and volatility risks as well as political risks. All of these risks may also appear in conjunction with other risks. Some of these risk factors are briefly discussed below. Potential investors should have experience in investing in instruments in line with the proposed investment policy. Investors should be clear about the risks associated with an investment in Units of the Fund, and should only make an investment decision after detailed consultation with their legal, tax and financial advisors, accountants or other advisors about (a) the suitability of an investment in the



Units in consideration of their personal financial or tax situation and other circumstances, (b) the information contained in this Prospectus, (c) the investment policy of the Fund.

Investors should bear in mind that while investments in a fund may increase in value they also carry risks. Units of the Fund are securities whose value is determined by the fluctuations in price of the assets it contains. The value of the Units may increase or decrease in value in relation to the purchase price.

**Therefore, no guarantee can be given that the objectives of the investment policy will be achieved.**

Investors should have a clear picture of the Fund, of the risks involved in investing in Units and they should not make a decision to invest until they have obtained financial and tax expert advice.

**Investors assume the risk of receiving a lesser amount than they originally invested.**

## 4.2. Risk factors

### **Company-Specific Risk**

The price trend of the securities held by the Fund is also dependent on company-specific factors, for example, the issuer's business situation. If these company-specific factors turn negative, the price of the relevant instrument may experience a significant and lasting reduction, irrespective of an otherwise generally positive performance on the stock market.

### **Counterparty and Settlement risk**

When the Fund conducts over-the-counter (OTC) transactions, it may be exposed to risks relating to the credit standing of its counterparties and to their ability to fulfil the conditions of the contracts it enters into with them. Therefore, while entering into forwards, options and swap transactions or using other derivative instruments, the Fund will be subject to the risk of a counterparty which might not fulfil its obligations under a particular contract.

Settlement risk is the risk that a settlement in a transfer system may not take place as expected.

### **Credit Risk**

The creditworthiness (solvency and willingness to pay) of an issuer of a security held by the Fund may change substantially over time. Debt instruments involve a credit risk with regard to the issuers, for which the issuers' credit rating can be used as a benchmark. Bonds or debt instruments floated by issuers with a lower rating are generally viewed as securities with a higher credit risk and greater risk of default on the part of the issuers than those instruments that are floated by issuers with a better rating. If an issuer of bonds or debt instruments gets into financial or economic difficulties, this can affect the value of the bonds or debt instruments (this value could drop to zero) and the payments made on the basis of these bonds or debt instruments (these payments could drop to zero).

### **Currency risk**

The Fund invests in securities that are issued in currencies other than the Base Currency of the Fund. As a result the Fund is subject to currency risk, which arises from changes in the exchange rates.

Any depreciation of the foreign currency against the Base Currency of the Fund would cause the value of the assets denominated in the foreign currency to fall.

### **Derivatives**

The Fund may use derivatives, which are financial instruments whose value depends on the value of an underlying asset. Small price changes in the underlying asset can result in large price changes of the derivative.

"Derivatives" is a generic name for instruments getting their return from underlying assets. The instruments are agreements on the purchase or sale of the underlying assets on a future date at a pre-set

price. The return of the agreement depends on the return of the underlying asset. Common derivatives are futures, options and swaps.

Specific risks associated with derivatives

- a) Derivatives are time limited and will expire.
- b) The low margin amount required to establish a derivative position permits a high degree of leverage. As a result, a relatively small movement in the price of a futures contract or a swap may result in a profit or a loss which is high in proportion to the amount of assets actually placed as margin (collateral) and may result in losses exceeding any margin deposited.

### **Interest rates**

Investors should be aware that an investment in Units may be associated with interest rate risks which may arise due to fluctuations in interest rates in the currency of the securities of the Fund.

If the market interest rate increases, the value of the interest-bearing securities held by the Fund may drop significantly. This applies to a greater extent if the Fund also holds interest-bearing securities with a longer residual term to maturity and a lower nominal interest return.

### **Liquidity risk**

Liquidity risks arise when a particular security is difficult to dispose of. In principle, the Fund may only acquire securities, for a reasonable price, that can be unwound promptly. Nevertheless, it may be difficult to sell particular securities at certain points in time during certain phases or in certain markets. The illiquidity of an asset may lead to a significantly increased purchase price.

### **Market risk**

This risk is of general nature and exists in all forms of investment. The principal factor affecting the price performance of securities is the performance of capital markets and the economic performance of individual issuers, which in turn are influenced by the general situation of the world economy, as well as the basic economic and political conditions in the particular countries or sectors.

### **Operational risk**

The operational risk is the risk of loss resulting from e.g. system breakdowns, human errors or from external events.

### **Risk of default**

In addition to the general trends in the capital markets, the individual performance of a specific issuer also has an effect on the price of an investment. Even with the most painstaking selection of securities, the possibility of losses caused by a decline in issuers' assets, for example, cannot be ruled out.

### **Sector Risk**

Insofar as a fund focuses on certain sectors in making its investments, this will narrow the spread of risk, and as a result the fund may be dependent on the general performance or the performance of company profits in individual sectors or sectors connected with each other.

## **4.3. Risk management process**

The Fund employs a risk management process, which enables the Management Company to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio.

- a) Global exposure

The global exposure in this Fund is measured with the relative VaR (Value at Risk) approach.

In accordance with applicable regulations, the VaR of the Fund must not be greater than twice the VaR of its reference portfolio. This Fund uses the Merrill Lynch High Yield Europe TR (33%) and Merrill Lynch High Yield USA (\$) TR (67%) as a reference portfolios for the purpose of the relative VaR measurement.

#### b) Leverage

Leverage will mainly be achieved through the use of financial derivative instruments and the use of collateral in relation to efficient portfolio management transactions (i.e. securities lending or repurchase agreements). The level of leverage is expected to be five times of the Fund's net asset value as an average over time. The leverage may however be subject to fluctuations over extended periods of time, therefore the level of leverage may be under or over the expected average.

Leverage is measured as the sum of the absolute exposures (often referred to as "gross exposure") of the financial derivative instruments (i.e. the absolute sum of all long and short derivative positions compared to the net asset value of the Fund) and the reinvestment of collateral related to securities lending or repurchase agreement used by the Fund.

The above disclosed expected level of leverage is not intended to be an additional exposure limit for this Fund. This indication only serves as additional information for the investor.

### 4.4. Investor Profile

The Fund is suitable for investors who seek long-term yields greater than those of classic government bonds. To achieve this advantage in yields, they are willing to accept increased fluctuations in value.

Accordingly, the target investment period should be at least three years.

## **5. Units**

### 5.1. Unit Classes

The Fund may offer several Unit classes, which differ in their charges, dividend policy, persons authorised to invest, minimum investment amount, minimum holding, eligibility requirements, Reference Currency or other characteristics. Some types of Classes are described more in detail under section 5.5. hereafter.

Distributions are normally made annually. Unit classes for which the Management Company has decided to make monthly, quarterly or semi-annual payments form an exception to this.

#### 5.1.1. Dividend policy

The Management Company may decide to issue capitalisation Units ("C" Units) and distribution Units ("D" Units).

The "C" Units will reinvest their income, if any. The "D" Units may pay a dividend to its Unitholders, upon decision of the Management Company. Dividends are paid annually except for those Unit Classes where the Management Company would decide on a monthly, quarterly or semi-annual dividend payment.

#### 5.1.2. Hedging policy

The Management Company may issue Unit Classes whose Reference Currency is not the Base Currency, but where the currency exposure of the Reference Currency against the Base Currency will be hedged. In case of a currency hedge in favour of the Reference Currency of a respective Unit Class, an "H-" will precede the currency denomination of this Unit Class. For example "(H-SEK)" means that the Reference Currency of the Unit Class (SEK) is hedged against fluctuation of the Base Currency. Hedging costs will be borne by the respective Unit Class.

Classes with specific currency hedges serve the purpose of achieving similar performance numbers in local currency terms between the different Classes.

Hedging transactions may be entered into whether the Reference Currency is declining or increasing in value relative to the Base Currency. Where such hedging is undertaken it may substantially protect investors in the relevant Unit Class against a decrease in the value of the Sub-Fund's Base Currency relative to the Reference Currency of the Unit Class, but it may also preclude investors from benefiting from an increase in the value of the Sub-Fund's currency.

### 5.1.3 Target investors

The Management Company may issue Units taking into account the target investors. The Unit Classes in the Sub-Funds may therefore be:

- Units which may be acquired by all kinds of investors; or
- Units which may only be acquired by institutional investors as defined by Article 174 paragraph (2) c) of the Law; ("I" Unit Class), or
- Units which may only be acquired by high net worth clients ("HNW" Unit Class).

### 5.1.4. Registered / bearer Units

Units may be issued as registered or as bearer Units. Registered Units will be recorded in a nominal account, whereas bearer Units will be vested in as a global certificate with no claim of issue of individual physical certificates.

## 5.2. Issue of Units

The Management Company is authorized to issue Units continuously. However, the Management Company reserves the right to reject, at its discretion and in the Fund's and the Unitholders' interest, any subscription application. Any payments already made shall in such instances be immediately refunded without interest and at the risks and costs of the applicant. The Custodian Bank shall immediately pay back incoming payments for applications for subscriptions which are not carried out.

Units are issued on each Valuation Day at their NAV plus an entry charge as indicated under section 5.5. hereafter. This issue price includes all commissions payable to banks and financial institutions taking part in the placement of Units, but not the charges taken by intervening correspondent banks for the execution of electronic transfers. Where Units are issued in countries where stamp duties or other charges apply, the issue price increases accordingly.

Payment for subscriptions must be made in the Reference Currency of the relevant Class, euro and/or Swedish krona. The Management Company may however accept payments in other major currencies. Any cost relating to the foreign exchange transaction will have to be borne by the Unitholder.

The payment made by electronic transfer must reach the Registrar and Transfer Agent within five Bank Business Days following the applicable Valuation Day.

In order to avoid the repayment to subscribers of small surplus amounts, the Management Company will round up at its own expense each subscription to the next immediately higher whole number of Units or issue fractions to the nearest 1000<sup>th</sup> of a Unit.

Confirmation of the execution of a subscription will be made by the dispatch of a contract note to the Unitholder indicating the name of the Fund, the applicable NAV, the trade date, the settlement date, the currency and the exchange rate, if any.

By subscribing to a Unit, the Unitholder accepts the Management Regulations.

### 5.2.1. Restriction on issue

Units may not be offered, sold or otherwise distributed to prohibited persons (the "Prohibited Persons").

Prohibited Persons means any person, firm or corporate entity, determined in the sole discretion of the Management Company, as being not entitled to subscribe to or hold Units,

1. if in the opinion of the Management Company such holding may be harmful/damaging to the Fund,
2. if it may result in a breach of any law or regulation, whether Luxembourg or foreign,
3. if as a result thereof the Fund or the Management Company may become exposed to disadvantages of a tax, legal or financial nature that it would not have otherwise incurred or
4. if such person would not comply with the eligibility criteria for Units (e.g. in relation to "U.S. Persons" as described below).

The Units are not registered under the United States Securities Act of 1933 (the "1933 Act") or the Investment Company Act of 1940 (the "1940 Act") or any other applicable legislation in the United States.

Accordingly, Units may not be offered, sold, resold, transferred or delivered directly or indirectly, in the United States, its territories or possessions or any area subject to its jurisdiction (collectively the "United States" or the "U.S.") or to, or for the account of, or benefit of, any "U.S. Person" as defined in the 1933 Act or any applicable United States regulation except to certain qualified purchasers under exemptions from registration requirements of the 1940 Act.

Applicants for the subscription to Units will be required to certify that they are not U.S. Persons and might be requested to prove that they are not Prohibited Persons.

Unitholders are required to notify the Registrar and Transfer Agent of any change in their domiciliation status.

Prospective investors are advised to consult their legal counsel prior to investing in Units of in order to determine their status as non U.S. Persons and as non-Prohibited Persons.

The Management Company may refuse to issue Units to Prohibited Persons or to register any transfer of Units to any Prohibited Person. Moreover the Fund's Management Company may at any time forcibly redeem / repurchase the Units held by a Prohibited Person.

The Management Company can furthermore reject an application for subscription at any time at its discretion, or temporarily limit, suspend or completely discontinue the issue of Units, in as far as this is deemed to be necessary in the interests of the existing Unitholders as an entirety, to protect the Management Company, to protect the Fund, in the interests of the investment policy or in the case of endangering specific investment objectives of the Fund.

#### 5.2.2. Anti-money laundering procedures

The applicants wanting to subscribe to Units must provide the Registrar and Transfer Agent with all necessary information, which the Registrar and Transfer Agent may reasonably require to verify the identity of the applicant. Failure to do so may result in the Registrar and Transfer Agent refusing to accept the subscription to Units in the Fund.

Applicants must indicate whether they invest on their own account or on behalf of a third party. Except for applicants applying through companies who are regulated professionals of the financial sector, bound in their country by rules on the prevention of money laundering equivalent to those applicable in Luxembourg, any applicant applying in its own name or applying through companies established in non GAFI countries, is obliged to submit to the Registrar and Transfer Agent in Luxembourg all necessary information, which the Registrar and Transfer Agent may reasonably require to verify.

The Registrar and Transfer Agent must verify the identity of the applicant. In the case of an applicant acting on behalf of a third party, the Registrar and Transfer Agent must also verify the identity of the beneficial owner(s). Furthermore, any such applicant hereby commits that it will notify the Registrar and Transfer Agent prior to the occurrence of any change in the identity of any such beneficial owner.

#### 5.2.3. Late trading and market timing

The Management Company does not permit late trading, market timing or related excessive, short-term trading practices. In order to protect the best interests of the Unitholders, the Management Company reserves the right to reject any application to subscribe to Units from any investor engaging in

such practices or suspected of engaging in such practices and to take such further action as it, in its discretion, may deem appropriate or necessary, such as the charge of higher exit charge, as laid down hereafter.

### 5.3. Redemption of Units

Units are redeemed on each Valuation Day at their NAV, decreased by an exit charge as indicated under section 5.5. hereafter which is payable to banks and financial institutions taking part in the redemption of Units. Where Units are redeemed in countries where stamp duties or other charges apply, the redemption price decreases accordingly.

Payment will be made by the Custodian Bank or the paying agents in the Reference Currency of the respective Class, euro or Swedish krona, or any other major currencies as accepted by the Management Company, according to the choice of the Unitholder. Electronic transfer will be made with a value date within ten Bank Business Days following the corresponding Valuation Day. Any cost relating to the foreign exchange transaction will have to be borne by the Unitholder. Confirmation of execution of redemption will be made by dispatching a contract note to the Unitholder.

Furthermore, in relation to suspected market timing practices, the Management Company may charge an additional exit charge of up to 2% of the NAV of the Units redeemed within six months of their issue. Such exit charge will be payable to the Fund or Unit Class. The same exit charge for every redemption request executed on the same Valuation Day will be applicable if the redemption is based on market timing in order to ensure the equal treatment of investors.

In the event of large-scale applications for redemption, the Management Company reserves the right to redeem Units at the applicable NAV, only after it has sold the corresponding assets promptly, yet always acting in the best interests of the Unitholders.

#### 5.3.1. Compulsory Redemption of Units

The Fund's Management Company may at any time forcibly redeem / repurchase the Units held by a Prohibited Person, as defined under the section "Restriction on issue".

If a Unitholder's holding falls below the minimum initial subscription amount or holding, if any, for a Unit Class due to redemption or conversion, the Management Company may at its sole discretion compulsorily redeem / repurchase, as the case may be, all Units held by the relevant Unitholder.

The minimum initial subscription amounts and holdings, if any, for the Fund or a Unit Class are mentioned under section 5.5. hereafter.

### 5.4. Conversion of Units

A Unitholder may convert all or part of the Units he holds in one Class into Units of another Class insofar as this Unit Class is not limited with regard to investors.

Conversions are executed free of commission. In case of the conversion, the number of Units allotted in the new Class is determined by means of the following formula:

$$\frac{(A \times B \times C)}{D} = N$$

where:

A is the number of Units presented for conversion,

B is the NAV per Unit in that Fund/Unit Class of which the Units are presented for conversion, on the day the conversion is executed,

C is the conversion factor between the base currencies of the two Funds or Unit Classes, as applicable, on the day of execution. If the Funds or Unit Classes have the same Base Currency, this factor is one,

D is the NAV per Unit of the new Fund/Unit Class on the day of execution,

N is the number of Units allotted in the new Fund/Unit Class.

### 5.5. Classes of Units available

<b>Class</b>	<b>ISIN Code</b>	<b>Initial sub- scription price</b>	<b>Maximum Entry charge</b>	<b>Maximum Exit charge</b>
C (EUR)	LU0456547701	<b>EUR 100</b>	<b>1%</b>	<b>0%</b>
D (EUR)	LU0120526693	<b>EUR 45</b>	<b>1%</b>	<b>0%</b>
C (H-SEK)	LU0413134395	<b>SEK 100</b>	<b>0%</b>	<b>0%</b>
C (H-NOK)	LU0428578230	<b>NOK 100</b>	<b>2.5%</b>	<b>0%</b>

### 5.6. Cut-off Time

All subscription, redemption and conversion orders are made on the basis of the unknown NAV per Unit. Unless otherwise specified, orders received by the Registrar and Transfer Agent before 15:30 (CET) on a Valuation Day are processed on the basis of the NAV per Unit of the next Valuation Day. Orders received after 15:30 (CET), are processed on the basis of the NAV per Unit on the next but one Valuation Day.

In order to ensure a placement of orders in due time, earlier cut-off times may be applicable for orders placed with Distributors (and/or any of their agents) in Luxembourg or abroad. The corresponding information may be obtained from the respective Distributor (and/or its agents).

## **6. Charges**

The Fund will, in principle, bear the following charges:

1. a management fee of up to 1.10% p.a. of the net assets for Unit Class D (EUR) as well as a management fee of up to 1.20% p.a. for Classes C (H-SEK), C (EUR) and C (H-NOK), based on the net assets calculated daily for the corresponding Unit Class.

This fee shall in particular serve as compensation for the Central Administration, the Investment Manager and the Global Distributor as well as for the services of the Custodian Bank.  
The fee is paid in arrears at the end of each month.

2. a performance fee for unit class D (EUR) which is payable to the Management Company from the assets allocated to this Unit Class.

The performance fee for the relevant unit classes will be calculated, accrued and crystallised on each Valuation Day and paid monthly in arrears as described below.

The performance fee in the unit class is calculated by multiplying the number of units in the unit class by the rate of the performance fee (12%) times the positive unit performance on this day that exceeds the performance of the return index.

The Fund uses the high water mark principle and a fixed percentage rate of 5% p.a. as a hurdle rate.

The definitions and calculations are as follows:

The calculation of the performance fee takes place on the basis of the number of units of the unit class as of the applicable Valuation Day calculated before any subscriptions and redemptions with trade date equal to the Valuation Day.

Performance fee = 12% x MAX. (0, Base NAV<sub>(t)</sub> – Hurdle Value<sub>(t)</sub>)

Whereby

<i>Base NAV<sub>(t)</sub></i>	The Net Asset Value per unit of the unit class on the Valuation Day <sub>(t)</sub> is calculated after deduction of the management fee but prior to the deduction of any performance fee and any dividends/distributions or corporate actions on the relevant Valuation Day.
<i>Hurdle Value<sub>(t)</sub></i>	The Hurdle Value is $NAV_{(HWM)} \cdot [Index_{(t)} / Index_{(tHWM)}]$
<i>NAV<sub>(HWM)</sub></i>	The highest Net Asset Value (High Water Mark) per unit previously achieved when a performance fee was accrued and crystallised; or the Net Asset Value at inception if no performance fee has been accrued and crystallised or, where the Management Company decides to start calculation at a later date, the start date for calculation of the performance fee. The NAV <sub>(HWM)</sub> is adjusted to reflect dividends/distributions and other corporate actions in the unit class.
<i>Index<sub>(t)</sub></i>	The 5% p.a. return index value for the unit class on the current Valuation Day <sub>(t)</sub> .
<i>Index<sub>(tHWM)</sub></i>	The 5% p.a. return index value for the unit class on the Valuation Day on which the most recent (currently relevant) NAV <sub>(HWM)</sub> was achieved.

The Management Company itself shall calculate the return index rate that has been established at 5% p.a.

No performance fee is currently charged for unit classes C (H-SEK), C (EUR) and C (H-NOK).

3. all taxes and duties owed on the Fund's assets and income
4. standard brokerage and bank charges incurred by the Fund's business transactions
5. audit and legal fees charged to the Fund
6. all expenses connected with publications and supply of information to investors, in particular the cost of printing, the distribution of the annual and semi-annual reports as well as for the Prospectus or KIID(s)
7. all expenses involved in registering and maintaining the registration of the Fund with all supervisory bodies and stock exchanges.

Investment in target funds can lead to duplicate costs, in particular to double management fees, since fees are incurred both on the side of the Fund as well on the side of the target fund.

## 7. NAV calculation

The Fund's NAV is expressed in EUR.

In order to calculate the NAV per Unit, the value of the assets less its liabilities is calculated on each day that constitutes a Valuation Day, as defined under "Important Information relating to the forthcoming change of the Central Administration" here before and the result is divided by the number of the Units issued.

Particulars on the calculation of the NAV per Unit and on asset valuation are provided in the Fund's Management Regulations.

## 8. Mergers

For the purposes of this section, the term UCITS also refers to a sub-fund of a UCITS.

Any merger between the Fund and another UCITS and the effective date shall be decided by the Board of Directors.



In the case required by the Law, the Management Company shall entrust either an authorised auditor or, as the case may be, an independent auditor to perform the necessary validations prescribed by the Law.

Practical terms of mergers will be performed and will have the effect in accordance with Chapter 8 of the Law.

Information on the merger shall be made available to the Unitholders of the merging and/or receiving UCITS on the website [www.sebgroup.lu](http://www.sebgroup.lu) and, as the case may be, in all other forms prescribed by laws or related regulations of the countries, where the relevant Units are sold.

## **9. Duration and liquidation of the Fund**

The Fund is created for an unlimited period and can be dissolved at any time by decision of the Management Company if such dissolution appears necessary or expedient in consideration of the interests of the Unitholders, in order to protect the interests of the Management Company.

Dissolution of the Fund is mandatory in the cases provided for by the Law.

The Management Company shall announce to investors any such dissolution of the Fund on the website [www.sebgroup.lu](http://www.sebgroup.lu) and, as the case may be, in all other forms prescribed by laws or related regulations of the countries, where Units are sold.

No application for subscription or conversion of Units will be accepted after the date of the event leading to the dissolution and the decision to liquidate the Fund. If the equal treatment between Unitholders is ensured, redemption requests may be treated.

The closure of the liquidation of the Fund and the deposit of any unclaimed amounts with the *Caisse de Consignation* in Luxembourg must take place within a period of time not exceeding nine months from the Board of Directors' decision to liquidate the Fund. The liquidation proceeds deposited with the *Caisse de Consignation* in Luxembourg will be available to the persons entitled thereto for the period established by law. At the end of such period unclaimed amounts will revert to the Luxembourg State.

Dissolution and distribution of the Fund cannot be requested by a Unitholder, his heirs or beneficiaries.

## **10. Taxation of the Fund and the Unitholders**

The following summary is based on the laws and practices currently in force and is subject to any future changes. The following information is not exhaustive and does not constitute legal or tax advice.

It is expected that Unitholders in the Fund will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Units in the Fund. These consequences will vary in accordance with the law and practice currently in force in a Unitholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

### **10.1. Taxation of the Fund**

The Fund is not liable to any Luxembourg tax on profits or income.

The Fund is however liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% or 0.01% per annum (as applicable) of its NAV, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Funds at the end of the relevant calendar quarter. Investments by a Sub-Fund in shares or units of another Luxembourg undertaking for collective investment which are also subject to the *taxe d'abonnement* are excluded from the NAV of the Sub-Fund serving as basis for the calculation of this tax to be paid by the Sub-Fund.

No stamp duty or other tax is payable in Luxembourg on the issue of Units.

Interest, dividend and other income realised by the Fund on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Fund will pay since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes is not known.

## **10.2. Taxation of the Unitholders**

Under current legislation, Unitholders are normally not subject to any capital gains, income, withholding, estate, inheritance or other taxes in Luxembourg, except for (i) those Unitholders domiciled, resident or having a permanent establishment in Luxembourg or (ii) non-residents of Luxembourg who hold 10% or more of the issued Unit capital of the Fund and who dispose of all or part of their holdings within six months from the date of acquisition or (iii) in some limited cases some former residents of Luxembourg, who hold 10% or more of the issued Unit capital of the Fund.

Under the European Savings Directive (Council Directive 2003/48/EC) which was adopted on 3 June 2003 by the Council of the EU, each Member State is required to provide to the tax authorities of another Member State details of payment of interest or other similar income (including in certain circumstances interest accrued in the proceeds of unit redemptions) paid by a paying agent within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States (Luxembourg and Austria) to opt for a withholding tax system for a transitional period in relation to such payments instead of the above mentioned reporting to the tax authorities. The rate of this withholding tax is 35% since 1 July 2011.

## **11. Information to Unitholders**

### **11.1. Prospectus, Management Regulations and KIID**

Copies of the Prospectus, the Management Regulations and the KIID are available, free of charge, at the registered office of the Management Company and on its website [www.sebgroup.lu](http://www.sebgroup.lu).

### **11.2. Reports and financial statements**

The financial year of the Fund starts on 1 November of each year and ends on 31 October of the following year. The audited annual and unaudited semi-annual reports of the Fund may be obtained, free of charge at the registered office of the Management Company and on its website [www.sebgroup.lu](http://www.sebgroup.lu).

### **11.3. Issue and redemption prices and other information to Unitholders**

The last known issue and redemption prices as well as all other information to Unitholders, may be downloaded from [www.sebgroup.lu](http://www.sebgroup.lu) and/or requested at any time, free of charge, at the registered office of the Management Company, the Custodian Bank and the paying agents.

Furthermore, information is made available to investors in a form permitted by laws or related regulations of the countries, where Units are sold.

### **11.4. Stock Exchange Listing**

There are no plans to list Units of the Fund on a stock exchange.

### **11.5. Best execution**

Information relating to the instructions for ensuring a proper execution, handling and transmission of orders in financial instruments will be made available to investors, free of charge, upon request at the registered office of the Management Company.

### **11.6. Voting rights**

A summary of the strategy for determining when and how voting rights attached to the Fund's investments are to be exercised shall be made available to investors. The information related to the actions

taken on the basis of this strategy shall be made available to investors upon request at the registered office of the Management Company.

#### 11.7. Complaints' handling

Information relating to the complaints' handling procedure will be made available to investors, free of charge, upon request at the registered office of the Management Company.

#### 11.8. Unitholders' rights against the Fund

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