



# HEREFORD FUNDS

**Société d'investissement à capital variable incorporated in  
Luxembourg**

**PROSPECTUS**

**December 2022**

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No person is authorised to give any information other than that contained in the Prospectus and in documents referred to herein. The original English text of this Prospectus is the legal and binding version.

## HEREFORD FUNDS

### NOTE TO THE READERS

The main part of the Prospectus describes the nature of Hereford Funds (the "Fund"), presents its general terms and conditions and sets out its management and investment parameters which apply to the Fund as well as to the different Compartments that compose the Fund.

The investment policy of each Compartment, as well as its specific features, is described in the Appendix attached to this Prospectus.

The Directors of the Fund, whose names appear hereafter, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts as of the date of this Prospectus and does not omit anything likely to affect the importance of such information. The Directors accept responsibility accordingly.

The Shares are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund or the Directors. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

The information contained in this Prospectus will be supplemented by the financial statements and further information contained in the latest annual and semi-annual reports of the Fund, copies of which may be obtained free of charge from the registered office of the Fund.

The Fund is an open-ended investment company organised as a *Société d'Investissement à Capital Variable* (SICAV). The Fund is registered under Part I of the Law (as defined hereafter). The above registration does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the investments held by the Fund. Any representation to the contrary is unauthorised and unlawful.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus may come are required by the Fund to inform themselves of and to observe any such restrictions.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

**United States:** The Shares have not been registered under the United States Securities Act of 1933 (the "Securities Act"), and the Fund has not been registered under the United States Investment Company Act of 1940 (the "Investment Company Act"). The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States, its territories or possessions or to U.S. Persons (as defined in Regulation S under the Securities Act), nor to any U.S. Specified Person (as defined in the Foreign Account Tax Compliance Act of 2010 ("FATCA")). Neither the Shares nor any interest therein may be beneficially owned by any other U.S. Person or, if appropriate, by any other U.S. Specified Person. The Fund's articles of incorporation (the "Articles of Incorporation") restrict the sale and transfer of Shares to U.S. Persons or

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to U.S. Specified Persons and the Fund may repurchase Shares held by a U.S. Person or by a U.S. Specified Person or refuse to register any transfer to a U.S. Person or to a U.S. Specified Person as it deems appropriate to assure compliance with the Securities Act and the Investment Company Act (see under "SUBSCRIPTIONS" below).

**Generally:** the above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

For further information, please refer to the Table of Contents on page 5 of this Prospectus. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant or other professional adviser.

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, notably the right to participate in general Shareholders' meetings if the investor is registered himself and in his own name in the Shareholders' register of the 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 Shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

### **Data Protection**

The Fund (the "Controller") processes information relating to several categories of identified or identifiable natural persons (including, in particular but not only, prospective or existing investors, their beneficial owners and other natural persons related to prospective or existing investors) who are hereby referred to as the "Data Subjects". This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controller directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the "Data".

Detailed and updated information regarding this processing of Data by the Controller is contained in a privacy notice (the "Privacy Notice"). All persons contacting, or otherwise dealing directly or indirectly with, any of the Controller or its service providers are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controller in general may be addressed to the registered office of the Fund for the attention of the Board.

### **Obtaining and accessing the Privacy Notice**

The Privacy Notice is available on the website [www.herefordfunds.com](http://www.herefordfunds.com) (a paper copy shall be made available free of charge upon request).

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The Privacy Notice notably sets out and describes in more detail:

- the legal basis for processing; and where applicable the categories of Data processed, from which source the Data originate, and the existence of automated decision-making, including profiling;
- that Data will be disclosed to several categories of recipients; that certain of these recipients (the "Processors") are processing the Data on behalf of the Controller; that the Processors include the majority of the service providers of the Controllers; and that Processors shall act as processors on behalf of the Controller and may also process Data as controllers for their own purposes;
- that Data will be processed by the Controller and the Processors for several purposes (the "Purposes") and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the Fund, (ii) enabling the Processors to perform their services for the Fund, and (iii) complying with legal, regulatory and/or tax (including FATCA/CRS) obligations;
- that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;
- that any communication (including telephone conversations) (i) may be recorded by the Controller and the Processors and (ii) will be retained for a period of 10 years from the date of the recording;
- that failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the Fund;
- that Data will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;
- that Data Subjects have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

All persons contacting, or otherwise dealing directly or indirectly with, any of the Controller or its service providers, will likely be requested to formally acknowledge, agree, accept, represent, warrant and/or undertake (where applicable) that they have obtained and/or have been able to access the Privacy Notice; that the Privacy Notice may be amended at the sole discretion of the Controller; that they may be notified of any change to or update of the Privacy Notice by any means that the Controller deem appropriate, including by public announcement; that they have authority to provide, or to cause or allow the provision, to the Controller any Data relating to third-party natural persons that they provide, or cause or allow the provision, to the Controller; that, if necessary and appropriate, they are required to obtain the (explicit) consent of the relevant third-party natural persons to such processing; that these third-party natural persons have been informed of the processing by the Controller of the Data as described herein and their related rights; that these third-party natural persons have been informed of, and provided with, easy access to the Privacy Notice; that when notified of a change or update of the Privacy Notice they will continue this change or

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update to these third-party natural persons; that they and each of these third-party natural persons shall abide by any limitation of liability provision contained in the Privacy Notice; and that they shall indemnify and hold the Controller harmless for and against adverse consequences arising from any breach of the foregoing.

### **Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment**

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("**SFDR**"), which is part of a broader legislative package under the European Commission's Sustainable Action Plan, came into effect on 10 March 2021. To meet the SFDR disclosure requirements, the Management Company identifies and analyses sustainability risk (i.e. an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of an investment) as part of its risk management process.

As of 1 January 2022, due to the additional disclosure requirements deriving from article 8, paragraph 2a. of SFDR, as amended by Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**"), specific information regarding the alignment of the investments underlying the Fund's Compartments with the European criteria for environmentally sustainable laid down in the Taxonomy Regulation are further disclosed in the relevant Compartment Appendix.

For each Compartment that has environmental and/or social characteristics (within the meaning of Article 8 of the SFDR), information about such characteristics or objectives is available in the pre-contractual disclosures set out in the Annex of the relevant Compartment Appendix.

Sustainability risk means an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a sub-fund's investment.

Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Consequent impacts to the occurrence of sustainability risk can be many and varied according to a specific risk, region or asset class. Generally, when sustainability risk occurs for an asset, there will be a negative impact and potentially a total loss of its value and therefore an impact on the net asset value of the concerned sub-fund.

The Investment Managers believe that the integration of this risk analysis could help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives and policies of the Compartments. The Management Company therefore requires the Investment Managers to integrate sustainability risks in their investment process.

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Unless otherwise provided for a specific Compartment in the relevant Compartment Appendix, the Compartments do not promote environmental or social characteristics, and do not have as objective sustainable investment (as provided by Articles 8 or 9 of SFDR).

Article 4 SFDR aims to achieve transparency with regard to principal adverse impacts (“**PAIs**”) of investment decisions on sustainability factors, defined as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The Investment Managers acts primarily as long-term investor and has thus only limited influence on the reporting arrangements of the underlying companies. As a consequence, it cannot be foreseen whether the data capture requirements as specified in the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (“**SFDR RTS**”) can be met and at the current point in time the Investment Manager must assume to not be able to fully take into account and monitor the PAIs of its investment decisions. The Investment Managers will monitor developments with regard to available information and reporting practices to determine whether and when it will be reasonably possible in the future to fully implement the processes required by the Article 4 SFDR / SFDR RTS framework as it will be applicable at the time.

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### MANAGEMENT AND ADMINISTRATION

<b>Registered Office:</b>	15, Avenue John F Kennedy, L-1855 Luxembourg
<b>Board of Directors:</b>	
<b>Chairman</b>	Mr Anthony Galliers-Pratt Managing Partner Hereford Funds Advisory S.à r.l. 25B, Boulevard Royal, L-2449 Luxembourg
<b>Directors</b>	Mr Jérôme Wigny Partner Elvinger Hoss Prussen, <i>société anonyme</i> 2, Place Winston Churchill, L-2014 Luxembourg
	Mr Yves de Vos Chairman VHC Capital Management S.A. 8, Zeilewee, L-6751 Grevenmacher
	Mr Mark Henderson Managing Partner Hereford Funds Advisory S.à r.l. 25B, Boulevard Royal, L-2449 Luxembourg
	Mr Enrico Mela Independent Director 79, rue du Kiem, L-8030 Strassen
<b>Management Company:</b>	FundPartner Solutions (Europe) S.A. 15, Avenue John F Kennedy, L-1855 Luxembourg
<b>Advisory Company:</b>	Hereford Funds Advisory S.à r.l. 25B, Boulevard Royal, L-2449 Luxembourg
<b>Depositary Bank:</b>	Pictet & Cie (Europe) S.A. 15A, Avenue John F Kennedy, L-1855 Luxembourg
<b>Central Administration:</b>	FundPartner Solutions (Europe) S.A. 15, Avenue John F Kennedy, L-1855 Luxembourg
<b>Investment Managers:</b>	DSM Capital Partners LLC 7111 Fairway Drive, Suite 350, Palm Beach Gardens, FL 33418

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Bin Yuan Capital  
Room 1505, 15/F, 299QRC,  
287-299 Queen's Road Central,  
Sheung Wan, Hong Kong

IIFL Asset Management Limited  
IIFL Centre, 7<sup>th</sup> Floor,  
Kamala City, Senapati Bapat Marg  
Lower Parel, Mumbai – 400013  
India

**Auditor of the Fund:**

Deloitte Audit S.à r.l.  
20, boulevard de Kockelscheuer,  
L-1821 Luxembourg

**Legal Advisers in Luxembourg:**

Elvinger Hoss Prussen, *société anonyme*  
2, Place Winston Churchill,  
L-1340 Luxembourg

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### LEGAL STATUS

Hereford Funds is an open-end investment fund with multiple compartments ("*société d'investissement à capital variable*" (SICAV) à *compartiments multiples*) governed by Part I of the law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time (the "Law").

The Fund was incorporated for an indefinite period on 23 November 2007, with an initial capital of USD 50,000. Any amendments to its Articles of Incorporation will be deposited with the *Registre de Commerce et des Sociétés* of Luxembourg and published in the RESA. The Fund is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 134375.

The Fund's capital shall at all times be equal to the value of its total net assets. The minimum capital required by law (EUR 1,250,000 or its equivalent) must be reached within a period of six months following registration of the Fund by the supervisory authorities on the official list of undertakings for collective investment.

### INVESTMENT OBJECTIVES AND FUND STRUCTURE

The purpose of the Fund is to offer investors access to a world-wide selection of markets and a variety of investment techniques via a range of specialised products divided into several compartments ("Compartments") included under a same and single structural umbrella.

The investment policy implemented in the various Compartments shall be laid down by the Board of Directors. A broad spread of risks will be achieved by diversifying investments over a large number of securities. The selection of securities will not be limited - except under the terms of the restrictions specified in the section "Investment Restrictions" below - as regards geographical area or economic consideration, nor as regards the type of investment of securities.

The Board of Directors is entitled to create new Compartments. A list of those Compartments in existence at present, together with a description of their investment policy and main features, is attached as an Appendix to this Prospectus.

This Appendix forms an integral part of this Prospectus and will be updated whenever new Compartments are created.

Each time that the word "primarily" is used in the description of the investment objective of a Compartment of the Fund, this means that at least two thirds of the assets of the relevant Compartment are directly invested in the currency, the country, the type of security or other material element set out in the Compartment's investment objective.

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### ORGANISATION OF MANAGEMENT AND ADMINISTRATION

#### Directors

Mr Anthony Galliers-Pratt, Managing Partner, Hereford Funds Advisory S.à r.l.

Mr Jérôme Wigny, Partner, Elvinger Hoss Prussen, *société anonyme*

Mr Yves de Vos, Chairman, VHC Capital Management S.A.

Mr Mark Henderson, Managing Partner, Hereford Funds Advisory S.à r.l.

Mr Enrico Mela, Independent Director

The Board of Directors is responsible for the overall management and control of the Fund.

#### Management Company

FundPartner Solutions (Europe) S.A. was appointed by the Board of Directors as the Management Company of the Fund in accordance with the provisions of the management company agreement effective as of 15 January 2018 for an undetermined period and pursuant to which the Board of Directors delegates, under its sole control, the investment management, administration and marketing functions to the Management Company. This agreement may be terminated by each party by a three months' prior notice.

FundPartner Solutions (Europe) S.A. was incorporated as a *société anonyme* (limited company) under Luxembourg law for an indefinite period on 17 July 2008, under the former denomination Funds Management Company S.A. Its fully paid-up capital is CHF 6,250,000 at the date of this Prospectus. FundPartner Solutions (Europe) S.A. is fully owned by the partners of Pictet & Cie, Geneva.

The corporate object of the Management Company consists, inter alia, in the management (within the meaning of Article 101 of the 2010 Law) of one or several undertakings for collective investment in transferable securities authorised according to the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended (the "UCITS Directive") as well as, as the case may be, of one or more undertakings for collective investment not subject to such directive.

The Management Company has adopted various procedures and policies in accordance with Luxembourg laws and regulations (including but not limited to CSSF regulation 10-04 and CSSF circular 12/546). Shareholders may, in accordance with Luxembourg laws and regulations, obtain a summary and/or more detailed information on such procedures and policies upon request and free of charge.

For its services, the Fund will pay an annual management company fee to the Management Company, amounting to a maximum percentage of the net asset value (the "Net Asset Value") of the Classes of Shares of the Compartments, as agreed from time to time separately in writing between the Fund and the Management Company.

The Management Company has established remuneration policies for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company or the Fund, that are consistent with and promote a sound and effective risk management and do not encourage risk-taking which is

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inconsistent with the risk profiles of the Company or with the Articles of Incorporation and which do not interfere with the obligation of the Management Company to act in the best interests of the Fund.

The Management Company remuneration policy, procedures and practices are designed to be consistent and promote sound and effective risk management. It is designed to be consistent with the Management Company's business strategy, values and interests, and long-term integrity of its clients, as well as those of the wider Pictet Group.

The Management Company remuneration policy, procedures and practices also (i) include an assessment of performance set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and (ii) appropriately balance fixed and variable components of total remuneration.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, individuals responsible for awarding the remuneration and benefits, including, as the case may be, the composition of the remuneration committee, are available at <https://www.group.pictet/fr/asset-services/fundpartner-solutions>. A paper copy is made available free of charge upon request at the Management Company's registered office.

FundPartner Solutions (Europe) S.A. also performs the functions and duties of administrative agent, paying agent, registrar and transfer agent and domiciliary agent for the Fund.

As registrar and transfer agent, FundPartner Solutions (Europe) S.A. is primarily responsible for ensuring the issue, conversion and redemption of shares and maintaining the register of shareholders of the Fund.

As administrative agent and paying agent, FundPartner Solutions (Europe) S.A. is responsible for calculating and publishing the Net Asset Value of the Fund pursuant to the law and the Articles of Incorporation and for performing administrative and accounting services for the Fund as necessary.

As Domiciliary Agent, FundPartner Solutions (Europe) S.A. is primarily responsible for receiving and keeping safely any and all notices, correspondence, telephonic advice or other representations and communications received for the account of the Fund, as well as for providing such other facilities as may from time to time be necessary in the course of the day-to-day administration of the Fund.

The administrative agent, registrar and transfer agent, paying agent and domiciliary agent is remunerated in accordance with customary practice in the Luxembourg financial market. Such remuneration is expressed as a percentage of the Fund's net assets and paid on a quarterly basis.

### **Advisory Company**

The Management Company has appointed Hereford Funds Advisory S.à r.l. as its adviser (the "Advisory Company") to be responsible for providing advisory and administration services to the Fund.

The Advisory Company was organised as a *société à responsabilité limitée* under the laws of the Grand-Duchy of Luxembourg by notarial deed dated 11 October 2007, published in the *Mémorial* on 27 November 2007. The Articles of the Advisory Company are deposited with the *Registre de Commerce et des Sociétés*

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of Luxembourg (where they may be inspected and copies may be obtained). The Advisory Company has been incorporated for an undetermined period. Its registered and principal office is at 25B, boulevard Royal, L-2449 Luxembourg. The Advisory Company is registered with the *Registre de Commerce et des Sociétés* of Luxembourg under number B 133051.

The issued and fully paid capital of the Advisory Company is EUR 12,500 represented by 1,250 Shares of a par value of EUR 10 each.

### **Depository Bank**

Pictet & Cie (Europe) S.A. has been designated as depository for the Fund pursuant to a depository agreement entered into as from 15 January 2018 for an indefinite period.

Pictet & Cie (Europe) S.A. is a credit institution established in Luxembourg, whose registered office is situated at 15A, avenue J.F. Kennedy, L-1855 Luxembourg, and which is registered with the Luxembourg register of commerce and companies under number B 32060. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector, as amended.

On behalf of and in the interests of the Fund's shareholders, as depository agent (hereinafter the "Depository Bank"), Pictet & Cie (Europe) S.A. is in charge of (i) the safekeeping of cash and securities comprising the Fund's assets, (ii) the cash monitoring, (iii) the oversight functions and (iv) such other services as agreed from time to time and reflected in the depository agreement.

### **Duties of the Depository Bank**

The Depository Bank is entrusted with the safekeeping of the Fund's assets. For the financial instruments which can be held in custody, they may be held either directly by the Depository Bank or, to the extent permitted by applicable laws and regulations, through every third-party custodian/sub-custodian providing, in principle, the same guarantees as the Depository Bank itself, i.e. for Luxembourg institutions to be a credit institution within the meaning of the law of 5 April 1993 on the financial sector or for foreign institutions, to be a financial institution subject to the rules of prudential supervision considered as equivalent to those provided by EU legislation. The Depository Bank also ensures that the Fund's cash flows are properly monitored, and in particular that the subscription monies have been received and all cash of the Fund has been booked in the cash account in the name of (i) the Fund, (ii) the Management Company on behalf of the Fund or (iii) the Depository Bank on behalf of the Fund.

The Depository Bank must notably:

- (i) perform all operations concerning the day-to-day administration of the Fund's securities and liquid assets, e.g. pay for securities acquired against delivery, deliver securities sold against collection of their price, collect dividends and coupons and exercise subscription and allocation rights;
- (ii) ensure that the value of the shares of the Fund is calculated in accordance with Luxembourg law and the Articles of Incorporation;

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- (iii) to carry out the instructions of the Management Company, unless they conflict with Luxembourg law or the Articles of Incorporation;
- (iv) ensure that proceeds are remitted within the usual time limits for transactions relating to the Fund's assets;
- (v) ensure that shares are sold, issued, redeemed or cancelled by the Fund or on its behalf in accordance with Luxembourg law in force and the Articles of Incorporation;
- (vi) ensure that the Fund's income is allocated in accordance with Luxembourg law and the Articles of Incorporation.

The Depositary Bank regularly provides the Fund and its Management Company with a complete inventory of all assets of the Fund.

### **Delegation of functions**

Pursuant to the provisions of the depositary agreement the Depositary Bank may, subject to certain conditions and in order to more efficiently conduct its duties, delegates part or all of its safekeeping duties over the Fund's assets including but not limited to holding assets in custody or, where assets are of such a nature that they cannot be held in custody, verification of the ownership of those assets as well as record-keeping for those assets, to one or more third-party delegates appointed by the Depositary Bank from time to time.

The Depositary Bank shall exercise care and diligence in choosing and appointing the third-party delegates so as to ensure that each third-party delegate has and maintains the required expertise and competence. The Depositary and Paying Agent Services Agreement shall also periodically assess whether the third-party delegates fulfil applicable legal and regulatory requirements and will exercise ongoing supervision over each third-party delegate to ensure that the obligations of the third-party delegates continue to be competently discharged. The fees of any third-party delegate appointed by the Depositary Bank shall be paid by the Company.

The liability of the Depositary Bank shall not be affected by the fact that it has entrusted all or some of the Fund's assets in its safekeeping to such third-party delegates.

In case of a loss of a financial instrument held in custody, the Depositary Bank shall return a financial instrument of an identical type or the corresponding amount to the Fund without undue delay, except if such loss results from an external event beyond the Depositary Bank's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

An up-to-date list of the appointed third-party delegates is available upon request at the registered office of the Depositary Bank and is available at the website of the Depositary Bank:

[http://www.pictet.com/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](http://www.pictet.com/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

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### **Conflicts of interests**

In carrying out its functions, the Depositary Bank shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the investors of the Fund.

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary Bank and/or its delegates of other services to the Fund, the Management Company and/or other parties. As indicated above, Depositary Bank's affiliates are also appointed as third-party delegates of the Depositary Bank. Potential conflicts of interest which have been identified between the Depositary Bank and its delegates are mainly fraud (unreported irregularities to the competent authorities to avoid bad reputation), legal recourse risk (reluctance or avoidance to take legal steps against the depositary), selection bias (the choice of the depositary not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the depositary's solvency) or single group exposure risk (intragroup investments).

The Depositary Bank (or any of its delegates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary Bank (or any of its delegates) acts.

The Depositary Bank has pre-defined all kind of situations which could potentially lead to a conflict of interest and has accordingly carried out a screening exercise on all activities provided to the Fund either by the Depositary Bank itself or by its delegates. Such exercise resulted in the identification of potential conflicts of interest that are however adequately managed. The details of potential conflicts of interest listed above are available free of charge from the registered office of the Depositary Bank and on the following website:

[https://www.group.pictet/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](https://www.group.pictet/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

On a regular basis, the Depositary Bank re-assesses those services and delegations to and from delegates with which conflicts of interest may arise and will update such list accordingly.

Where a conflict or potential conflict of interest arises, the Depositary Bank will have regard to its obligations to the Fund and will treat the Fund and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which shall be based on objective pre-defined criteria and meet the sole interest of the Fund and the investors of the Fund. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of Depositary Bank's depositary functions from its other potentially conflicting tasks and by the Depositary Bank adhering to its own conflicts of interest policy.

The Depositary Bank or the Fund may terminate the Depositary's duties at any time, by giving at least three months' written notice to the other party; provided, however, that any decision by the Company to end the Depositary's appointment is subject to another custodian bank taking on the duties and responsibilities of the Depositary, and provided further that, if the Company terminates the Depositary's duties, the Depositary will continue to perform its duties until Depositary has been relieved of all the Company's assets that it held or had arranged to be held on behalf of the Company. Should the Depositary itself give notice to terminate the contract, the Company will be required to appoint a new custodian bank to take over the duties and responsibilities of the Depositary; provided, however, that, as of the date when the notice of termination expires and until a new depositary bank is appointed by the Company, the Depositary will only be required to take any necessary measures to safeguard the best interests of shareholders.



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Up-to-date information regarding the description of the Depositary's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation will be made available to investors on request at the Depositary's registered office.

The Depositary is remunerated in accordance with customary practice in the Luxembourg financial market. Such remuneration is expressed as a percentage of the Company's net assets and paid on a quarterly basis.

### **Investment Managers**

The Board of Directors of the Fund is responsible for the determination of the investment policy of the Fund and of the different Compartments.

The Investment Managers appointed by the Management Company with the consent of the Board of Directors for the day-to-day management of the Compartments' assets are indicated in the Appendix.

The ultimate responsibility of the management of each Compartment belongs to the Board of Directors of the Fund.

The Investment Managers may, subject to applicable rules and regulations, enter with broker-dealers that are entities and not individuals into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Managers, including the Compartment, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interest of the Compartment. Any such arrangement must be made by the Investment Managers on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

## **RIGHTS OF THE SHAREHOLDERS**

### **Shares**

The Shares in each Compartment are only issued in registered form, with no par value and fully paid-up. The issuance of fractions of Shares to a maximum of three decimal places is permitted. No certificates will be issued. All owners of the Shares will have their names entered into the shareholders' register (the "Shareholders' Register"). Shares repurchased by the Fund shall be cancelled.

Shares are freely transferable and have an equal entitlement to any profits, proceeds of liquidation and dividends relating to the Compartment to which they pertain.

Each Share gives right to one vote. Fractional Shares do not, however, possess voting rights. Shareholders are also entitled to the general Shareholder rights as described in the Luxembourg law dated 10 August 1915 and its subsequent amendments, with the exception of pre-emption rights to subscribe to new Shares.

Shareholders will only receive confirmation that their names have been recorded in the Shareholders' Register.

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### **Classes of Shares**

The Appendix to this Prospectus lists the available Classes of Shares. The Board of Directors may, at any time, decide to create additional Classes. Investors should consult the Fund in order to ascertain if a given Class of Shares is open to subscriptions.

The rules relating to the calculation of a Net Asset Value per Compartment apply, *mutatis mutandis*, to the calculation of a Net Asset Value per Class.

The subscription price for Shares in each Class is invested in the assets of the relevant Compartment. In principle, all assets and liabilities related to a specific Class of Shares are allocated to that Class. To the extent that costs and expenses are not directly chargeable to a specific Class, they shall be shared out proportionally among the various Compartments according to their Net Asset Values or, if circumstances warrant it, allocated on an equal footing to each Compartment. The assets of a specific Compartment will only meet the liabilities, commitments and obligations relating to such Compartment.

### **Minimum Subscription and Minimum holding**

The Board of Directors may impose a minimum subscription and minimum holding requirement for each registered Shareholder in the different Compartments and/or different Classes within each Compartment as set out in the Appendix. The Board of Directors may also impose subsequent minimum subscription requirements. It may decide to waive at its discretion any minimum subscription, minimum holding and subsequent minimum subscription amounts.

The Board of Directors shall not give effect to any transfer of Shares in the register as a consequence of which an investor will not meet the minimum holding requirement referred to in the Appendix.

If, as a result of a redemption request, the value of any holding decreases below the minimum set out in the Appendix, then such request may be treated as a request for redemption of the entire holding.

### **General Meetings of Shareholders**

The Annual General Meeting of Shareholders shall be held each year at the Fund's registered office or at any other location in Luxembourg which will be specified in the convening notice to the meeting.

The Annual General Meeting shall be held on the third Wednesday of January or, if this happens to be an official holiday in Luxembourg, on the next working day thereafter.

If permitted by and under the conditions set forth in Luxembourg laws and regulations, the Annual General Meeting of Shareholders may be held at a date, time or place other than those set forth in the preceding paragraphs, that date, time or place to be decided by the Board of Directors.

Convening notices shall be sent to all registered Shareholders at least 8 days prior to the Annual General Meeting. These notices shall include details of the time and place of the Meeting, the agenda, conditions for admission and requirements concerning the quorum and majority voting rules as laid down by Luxembourg law.

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In accordance with the Fund's Articles of Incorporation and Luxembourg law, all decisions taken by the Shareholders pertaining to the Fund shall be taken at the General Meeting of all Shareholders. Any decisions affecting Shareholders in one or several Compartments may be taken by just those Shareholders in the relevant Compartments to the extent that this is allowed by law. In this particular instance, the requirements on quorum and majority voting rules as laid down in the Articles of Incorporation shall apply.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any General Meeting of Shareholders may provide that the quorum and the majority at this General Meeting shall be determined according to the Shares issued and outstanding at midnight the fifth day preceding the General Meeting (the "Record Date"), whereas the right of a Shareholder to attend a General Meeting of Shareholders and to exercise the voting rights attaching to his/her/its Shares shall be determined by reference to the Shares held by this Shareholder as at the Record Date.

### SUBSCRIPTIONS

Subscriptions for Shares in each Compartment shall be accepted at the issue price, as defined hereunder in the paragraph "Issue Price", at the office of the Central Administration as well as at any other intermediaries authorised to do so by the Fund.

The Board of Directors may from time to time accept subscriptions for Shares against contribution in kind of securities or other assets which could be acquired by the relevant Compartment pursuant to its investment policy and restrictions. Any such contribution in kind will be valued in an auditor's report drawn up in accordance with the requirements of Luxembourg law and the costs of which shall be borne by the investor.

Subscription requests must be received by the Central Administration by no later than such time as specified in the relevant Appendix. At the time of placement of the order by the investor, the Net Asset Value per share of the relevant Compartment or Class of Shares will thus be unknown ("forward pricing"). At the level of the sales agencies or intermediaries, whether in Luxembourg or abroad, earlier cut-off times for receipt of orders may be applied to ensure timely forwarding of the orders to the Central Administration of the Fund. These earlier cut-off times can be obtained from the respective sales agencies or intermediaries.

For any subscription received by the Central Administration after the time specified in the relevant Appendix, the Net Asset Value applicable will be the Net Asset Value as calculated as of the following Valuation Day (as defined for each Compartment in the relevant Appendix).

The amount for the issue price shall be paid or transferred into the account of the Depositary Bank, to the order of Hereford Funds with reference to the Compartment(s) or Class(es) of Shares concerned no later than in the period of time specified in the relevant Appendix. If the issue price is not paid or transferred in the reference currency of the relevant Class of Shares of the Compartment but in any another freely convertible currency, the Depositary will, at the risks and cost of the investor, proceed to the foreign exchange transaction in order to convert the monies received in the reference currency of the relevant Class of Shares being subscribed.

#### Institutional Investors

As detailed in the Appendix, the sale of Shares of certain Classes of Shares may be restricted to institutional investors within the meaning of the Law, as interpreted by guidelines or recommendations issued by

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Luxembourg supervisory authorities ("Institutional Investors") and the Fund will not issue or give effect to any transfer of Shares of such Classes to any investor who may not be considered an Institutional Investor.

The Fund may, at its discretion, delay the acceptance of any subscription for Shares of a Class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor.

### Ineligible Applicants

The Fund requires each prospective applicant for Shares to represent and warrant to the Fund that, among other things, he is able to acquire and hold Shares without violating applicable laws and that he fulfils any eligibility requirements in relation to such Shares as detailed in the Appendix for each Compartment.

The Shares may not be offered, issued or transferred to any person in circumstances which, in the opinion of the Directors, might result in the Fund incurring any liability to taxation or suffering any other disadvantage which the Fund might not otherwise incur or suffer, or would result in the Fund being required to register under any applicable US securities laws.

Subject as mentioned above, Shares are freely transferable. The Directors may refuse to register a transfer which would result in (i) a breach of the applicable sale and transfer restrictions (including not fulfilling the relevant eligibility requirements of a Class of Shares), or (ii) either the transferor or the transferee remaining or being registered (as the case may be) as the holder of Shares in a Compartment valued at less than the minimum holding requirement.

The Fund will require from each registered Shareholder acting on behalf of other investors that any assignment of rights to Shares be made in compliance with applicable securities laws in the jurisdictions where such assignment is made and that in unregulated jurisdictions such assignment be made in compliance with the applicable sale and transfer restrictions and minimum holding requirement.

### Legislation against money laundering

Pursuant to international rules and Luxembourg laws and regulations comprising, but not limited to, the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended, and circulars of the supervising authority, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, as may be amended from time to time, as well as CSSF circulars, obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from occurrences of money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The registrar agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the register and transfer agent, as delegate of the Fund, may request any other information that the Fund may require in order to comply with its legal and regulatory obligations, including but not limited to the above mentioned laws and regulations, the CRS Law and the FATCA Law.

In case of a subscription by an intermediary and/or nominee acting on behalf of his customer, enhanced customer due diligence measures for this intermediary and/or nominee will be applied in accordance with the amended law of 12 November 2004 and CSSF Regulation 12/02 of 14 December 2012. In this context,

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investors must inform without delay the Administration Agent when the person(s) designated as beneficial owner(s) change and in general, ensure at all times that each piece of information and each document provided to the Administration or intermediary and/or nominee remains accurate and up-to-date.

In case of delay or failure by an applicant to provide the documents required, the subscription request will not be accepted and in the event of redemption, payment or redemption proceeds delayed. Neither the undertakings for collective investment nor the registrar agent will be held responsible for said delay or for failure to process deals resulting from not providing documentation or providing incomplete documentation.

From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' ongoing due diligence obligations according to the relevant laws and regulations.

### ISSUE PRICE

The issue price for Shares in each Compartment is based on the Net Asset Value of each Share in that Compartment, calculated on the relevant Valuation Day, rounded to the second decimal.

In relation to Class D, a subscription fee of up to 5% of the subscription proceeds (representing up to 5.26% of the net assets value of the Shares being subscribed) may be charged for the benefit of distributors and other financial intermediaries.

This issue price may also be increased to cover any duties, taxes and stamp duties, which may have to be paid.

### REDEMPTIONS

Shareholders are entitled at any time to redeem all or part of their Shares at the redemption price as defined in paragraph "Redemption Price" below, by addressing an irrevocable application for redemption to the Central Administration, or other authorized intermediaries.

Redemption requests must be received by the Central Administration by no later than such time as specified in the relevant Appendix. At the time of placement of the order by the investor, the Net Asset Value per share of the relevant Compartment or Class of Shares will thus be unknown ("forward pricing"). At the level of the sales agencies or intermediaries, whether in Luxembourg or abroad, earlier cut-off times for receipt of orders may be applied to ensure timely forwarding of the orders to the Central Administration of the Fund. These earlier cut-off times can be obtained from the respective sales agencies or intermediaries.

For any request for redemption received by the Central Administration after the time specified in the relevant Appendix, the Net Asset Value applicable will be the Net Asset Value as calculated as of the following Valuation Day.

If, because of applications for redemption or conversion, it is necessary on a given Valuation Day to repurchase or convert more than 10% of the Shares issued in a particular Compartment, the Board of Directors may decide that redemptions or conversions have to be postponed to the next Valuation Day for that Compartment. On that Valuation Day, applications for redemption or conversion which had been postponed (and not withdrawn) shall be given priority over applications for redemption or conversion received in relation to that Valuation Day (and which had not been postponed).

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The proceeds from the Shares presented for redemption shall be paid by transfer in the currency indicated by the investors no later than in the period of time specified in the relevant Appendix (see paragraph "Redemption Price" below). If the currency indicated by the investor is different from the reference currency of the Compartment concerned, the Depositary will at risks and cost of the investor, proceed to the foreign exchange transaction in order to convert the redemption proceeds into the reference currency requested by the investor.

### Compulsory Redemptions

The Directors have the right to require the compulsory redemption of all Shares held by or for the benefit of a Shareholder if the Directors determine that the Shares are held by or for the benefit of any Shareholder who is or becomes an Ineligible Applicant as described under "Subscriptions". The Fund also reserves the right to require compulsory redemption of all Shares held by a Shareholder in a Compartment if the Net Asset Value of the Shares held in such Compartment by the Shareholder is less than the applicable minimum holding requirement, as specified in the Appendix.

Shareholders are required to notify the Management Company immediately if at any time they become US Persons or hold Shares for the account or benefit of US Persons.

When the Directors become aware that a Shareholder (A) is a US Person or is holding Shares for the account or benefit of a US Person; (B) is holding Shares in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the Fund or its Shareholders; or (C) has failed to provide any information or declaration required by the Directors within ten days of being requested to do so, the Directors will either (i) direct such Shareholders to redeem or to transfer the relevant Shares to a person who is qualified or entitled to own or hold such Shares or (ii) redeem the relevant Shares.

If it appears at any time that a holder of Shares of a Class restricted to Institutional Investors is not an Institutional Investor or that a holder of Shares does not fulfil the eligibility requirements for the relevant Class of Shares, the Fund will either redeem the relevant Shares in accordance with the above provisions or convert such Shares into Shares of a Class which is not restricted to Institutional Investors or into a Class of Shares for which the holder of Shares fulfils the eligibility requirements (provided there exists such a Class with similar characteristics) and notify the relevant Shareholder of such conversion.

Any person who becomes aware that he is holding Shares in contravention of any of the above provisions and who fails to transfer or redeem his Shares pursuant to the above provisions shall indemnify and hold harmless the Management Company, each of the Directors, the Fund, the Depositary Bank, the Central Administration Agent, the Advisory Company, the Investment Managers and the Shareholders of the Fund (each an "Indemnified Party") from any claims, demands, proceedings, liabilities, damages, losses, costs and expenses directly or indirectly suffered or incurred by such Indemnified Party arising out of or in connection with the failure of such person to comply with his obligations pursuant to any of the above provisions.

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### REDEMPTION PRICE

The redemption price for Shares in each Compartment is based on the Net Asset Value of each Share in that Compartment as calculated on the first Valuation Day after the application for redemption has been received by the Fund, rounded to the second decimal.

No redemption fee shall be charged, unless otherwise indicated in a Compartment's Appendix.

The repurchase price may also be reduced to cover any duties, taxes and stamp duties which might have to be paid.

The redemption price could be higher or lower than the subscription price paid, depending on the variation of the Net Asset Value during that interval.

### CONVERSION

Any Shareholder may request the conversion of all or part of his Shares in one Compartment into Shares of another Compartment, subject to the restrictions defined in the Appendix, on the basis of the respective Net Asset Values as calculated on the Valuation Day of the Compartments. A conversion fee of up to 1% may be charged for the benefit of distributors and other financial intermediaries.

Conversion requests must be received by the Central Administration by no later than such time as specified in the relevant Appendix. At the time of placement of the order by the investor, the Net Asset Value per share of the relevant Compartments or Classes of Shares will thus be unknown ("forward pricing"). On the level of the sales agencies or intermediaries, whether in Luxembourg or abroad, earlier cut-off times for receipt of orders may be applied to ensure timely forwarding of the orders to the Central Administration of the Fund. These earlier cut-off times can be obtained from the respective sales agencies or intermediaries.

For any conversion requests received by the Central Administration after the time indicated in the relevant Appendix, the Net Asset Value applicable will be the Net Asset Value as calculated as of the following Valuation Day.

The above provisions apply, *mutatis mutandis*, to conversions between Classes of Shares.

### MARKET TIMING & LATE TRADING

Investors are informed that the Board of Directors is entitled to take adequate measures in order to prevent practices known as "Market-Timing" in relation to investments in the Fund. The Board of Directors of the Fund will also ensure that the relevant cut-off time for requests for subscription, redemption and conversion are strictly complied with and will therefore take adequate measures to prevent practices known as "Late Trading".

The Board of Directors of the Fund is entitled to reject requests for subscription and conversion in the event that it has knowledge or suspicions of the existence of Market Timing practices. In addition, the Board of Directors is authorised to take any further measures deemed appropriate to prevent Market Timing to take place.

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### CALCULATION OF THE NET ASSET VALUE

The Net Asset Value as well as issue, redemption and conversion prices for Shares are calculated by the Central Administration for each Compartment in the reference currency of the Compartment on the basis of the latest available prices, at intervals which may vary for each Compartment and are specified in the Appendix.

The Net Asset Value of a Share in each Compartment will be calculated by dividing the net assets of that Compartment by the total number of Shares outstanding of that Compartment. The net assets of a Compartment correspond to the difference between the total assets and the total liabilities of the Compartment.

The Fund's total net assets will be expressed in US Dollars and correspond to the difference between the total assets and the total liabilities of the Fund. In order to calculate this value, the net assets of each Compartment will, unless they are already expressed in US Dollars, be converted into US Dollars, and added together.

The assets of the Fund shall be valued as follows:

- Securities and/or financial derivative instruments admitted to official listing on an official stock exchange or traded on any other organised market will be valued at the last available price, unless such a price is not deemed to be representative of their fair market value;
- Securities not listed on stock exchanges or not traded on any regulated market and securities with an official listing for which the last available price is not representative of a fair market value will be valued, prudently and in good faith, on the basis of their estimated sale prices;
- Cash and other liquid assets will be valued at their face value with interest accrued;
- Financial derivative instruments which are not listed on a regulated market will be valued in a reliable and verifiable manner on a daily basis, in accordance with market practice;
- Swaps are valued at their fair value based on the underlying securities (at close of business or intraday) as well as on the characteristics of the underlying commitments, interest rate swaps will be valued on the basis of their market value established by reference to the applicable interest rate curve;
- Liquid assets and money market instruments may be valued at market value plus any accrued interest or on an amortised cost basis as determined by the board of directors. All other assets, where practice allows, may be valued in the same manner;
- The units/shares of undertakings for collective investment will be valued on the basis of the last known Net Asset Value.

In the event that the above mentioned calculation methods are inappropriate or misleading, the board of directors may adjust the value of any investment or permit some other method of valuation to be used for the



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assets of the Fund if it considers that the circumstances justify that such adjustment or other method of valuation should be adopted to reflect more fairly the value of such investments.

For each Compartment, securities whose value is expressed in a currency other than the reference currency of that Compartment will be converted into that reference currency at the average rate between the last available buy/sell rate in Luxembourg or, failing that, in a financial centre, which is most representative for those securities.

The Board of Directors is entitled to adopt any other appropriate principles for valuing the Fund's assets in the event that extraordinary circumstances make it impracticable or inappropriate to determine the values according to the criteria specified above.

In cases when applications for subscription or redemption are sizeable, the Board of Directors may assess the value of the Share on the basis of rates during the trading session on the stock exchanges or markets during which it was able to buy or sell the necessary securities for the Fund. In such cases, a single method of calculation will be applied to all applications for subscription or redemption received at the same time.

### **SUSPENSION OF THE CALCULATION OF NET ASSET VALUE, ISSUE / REDEMPTION AND CONVERSION PRICES**

The calculation of the Net Asset Value or the issue, redemption and conversion prices of Shares in one or more Compartments may be suspended in the following circumstances:

- During any period when any market or stock exchange, which is the principal market or stock exchange on which a material part of the investments of the relevant Compartment for the time being are quoted, is closed, or during which dealings are substantially restricted or suspended;
- During the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of investments of the relevant Compartment by the Fund is not possible;
- During any period when the determination of the net asset value per share of the underlying funds or the dealing of their shares/units in which a Compartment is a materially invested is suspended or restricted;
- During any breakdown in the means of communication normally employed in determining the price of any of the relevant Compartment's investments or the current prices on any market or stock exchange;
- During any period when remittance of monies which will or may be involved in the realisation of, or in the repayment for any of the relevant Compartment's investments is not possible;
- From the date on which the Board of Directors decides to liquidate or merge one or more Compartment(s) or Class of Shares or in the event of the publication of the convening notice to a general meeting of Shareholders at which a resolution to wind up or merge the Fund or one or more Compartment (s) or Class of Shares is to be proposed; or

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- During any period when in the opinion of the Board of Directors of the Fund there exist circumstances outside the control of the Fund where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of any Compartment of the Fund.
- When foreseen by the Law.

In such cases of suspension, Shareholders who have submitted applications to subscribe to, redeem or convert Shares in Compartments affected by the suspensions shall be notified in the event that the suspension period is extended.

The Fund may, at any time and at its discretion, temporarily discontinue, cease permanently or limit the issue of Shares in one or more Compartments to persons or corporate bodies resident or domiciled in some countries or territories. The Fund may also prohibit them from acquiring Shares if such a measure is necessary to protect the Shareholders as a whole and the Fund.

In addition, the Fund is entitled to:

- reject, at its discretion, any application to subscribe to Shares;
- repurchase, at any time, Shares which have been acquired in violation of a measure of exclusion taken by virtue of the Fund.

## INCOME DISTRIBUTION

It is the policy of the Fund that dividends will not be distributed and income will be capitalized.

The Board of Directors reserves the right to introduce a distribution policy, which may vary according to each Compartment.

## FUND EXPENSES

The Advisory Company is entitled to advisory fees, payable on a quarterly basis at a total annual rate which could vary for each Compartment, but which shall not exceed 2.5% of the average Net Asset Value of the relevant Compartment, as determined during the relevant quarter. The percentage of the advisory fee is detailed for each Class on the Appendix.

The Advisory Company may also be entitled to a performance fee to be shared with the Investment Manager(s) to the extent indicated in the Appendix and as further described in the investment advisory agreement entered into between the Management Company, the Advisory Company and the Fund.

The Investment Manager(s) shall be remunerated by the Advisory Company out of the advisory and performance fees that it receives from the Fund.

The Depositary Bank, the Central Administration and the Management Company are entitled to fees in line with current practice in Luxembourg, payable on a monthly basis, which shall in aggregate not exceed 0.5% of the average Net Asset Value of the Fund.

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For more details on such fees for each Compartment, please refer to the Appendix.

Other costs charged to the Fund include:

- All taxes (such as any financial transaction tax) and duties which might be due on the Fund's assets or income earned by the Fund, in particular the subscription tax (see paragraph Tax Status below) charged on the Fund's net assets.
- Brokerage fees and charges on transactions involving securities in portfolio as well as any cash payments.
- Remuneration of the Depositary Bank's correspondents.
- Extraordinary costs incurred, particularly for any verification procedures or legal proceedings undertaken to protect the Shareholders' interests.
- The cost of preparing, printing and filing of administrative documents, prospectuses and explanatory memoranda with all authorities, the rights payable for the registration and maintenance of the Fund with all authorities and official stock exchanges, the cost of preparing, translating, printing and distributing periodical reports and other documents required by law or regulations, the cost of accounting and calculating the Net Asset Value, the cost of preparing, distributing and publishing notifications to Shareholders, fees for legal consultants, experts and independent auditors, and all similar operating costs.
- The fees associated with the creation of a new Compartment will be, in principle, exclusively borne by this new Compartment. Nevertheless, the Board of Directors of the Fund may decide, in circumstances where it would appear to be fairer to the Compartments concerned, that the initial setting up costs of the Fund, not yet amortised at the time the new Compartment is launched, will be equally borne by all existing Compartments including the new Compartment. The Board of Directors may also decide that the costs associated with the opening of new Compartments be borne by the existing Compartments.
- Each of the Directors will be entitled to remuneration for his services at the rate determined by the general meeting of Shareholders from time to time. In addition, each Director and Delegate may be paid reasonable travelling, hotel and other incidental expenses for attending and returning from board meetings or general meetings of Shareholders as well as for visiting the Investment Manager(s). All recurring expenditure is paid when incurred or invoiced from the net assets of the Compartment. Other expenditure may be amortised over a period not exceeding five years.

Charges involved in the calculation of the Net Asset Values of the various Compartments shall be spread between the Compartments in proportion to their net assets, except in cases where charges specifically relate to one Compartment, in which case they will be charged to that Compartment.

### TAX STATUS

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not

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purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of shares and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

### **Taxation of the Fund**

The Fund is not subject to taxation in Luxembourg on its income, profits or gains.

The Fund is not subject to net wealth tax in Luxembourg.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the shares of the Fund.

The Compartments are nevertheless, subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% *per annum* based on their Net Asset Value at the end of the relevant quarter, calculated and paid quarterly.

A reduced subscription tax rate of 0.01% *per annum* is applicable to any Compartment whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both and to any Compartment or Classes of Shares provided that their shares are only held by one or more Institutional Investor(s).

Subscription tax exemption applies to:

- the portion of any Compartment's assets (pro rata) invested in a Luxembourg UCI, as well as individual compartments thereof, subject itself to the subscription tax;
- UCITS, as well as individual compartments thereof, (i) whose securities are reserved for institutional investors, and (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and (iii) whose weighted residual portfolio maturity does not exceed 90 days, and (iv) that have obtained the highest possible rating from a recognised rating agency. If several Classes of Shares are in issue in the relevant Compartment meeting (ii) to (iv) above, only those Classes of Shares meeting (i) above will benefit from the exemption;
- UCITS, as well as individual compartments thereof, whose main objective is the investment in microfinance institutions; and
- UCITS, as well as individual compartments thereof, (i) whose securities are listed or traded on a stock exchange and (ii) whose exclusive object is to replicate the performance of one or more indices. If several Classes of Shares are in issue in the relevant Compartment meeting (ii) above, only those Classes of Shares meeting (i) above will benefit from its exemption.

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To the extent that the Fund would only be held by pension funds and assimilated vehicles, the Fund as a whole would benefit from the subscription tax exemption.

### **Withholding tax**

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties entered into by Luxembourg, which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Fund as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

### **Taxation of the Shareholders**

#### **Luxembourg-resident individuals**

Capital gains realised on the sale of the Shares by Luxembourg-resident individual investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the Shares are sold within 6 months from their subscription or purchase; or
- (ii) if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the share capital of the Fund.

Distributions received from the Fund will be subject to Luxembourg personal income tax.

Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*).

#### **Luxembourg-resident corporate**

Luxembourg-resident corporate investors will be subject to corporate taxation on capital gains realised upon disposal of Shares and on the distributions received from the Fund.

Luxembourg-resident corporate investors who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment (UCI) subject to the Law, (ii) a specialised investment funds subject to the law of 13 February 2007 on specialised investment funds, as amended, (iii) a reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds (to the extent they have not opted to be subject to general corporation taxes) or (iv) a family wealth management company subject to the law of 11 May 2007 related to family wealth management companies, as amended, are exempt from income tax in Luxembourg, but are instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

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The Shares shall be part of the taxable net wealth of the Luxembourg-resident corporate investors except if the holder of the Shares is (i) a UCI subject to the Law, (ii) a vehicle governed by the law of 22 March 2004 on securitisation, as amended, (iii) an investment company in risk capital subject to the law of 15 June 2004 on the investment company in risk capital, as amended, (iv) a specialised investment fund subject to the law of 13 February 2007 on specialised investment funds, as amended, (v) a reserved alternative investment fund subject to the law of 23 July 2016 on reserved alternative investment funds, or (vi) a family wealth management company subject to the law of 11 May 2007 on family wealth management companies, as amended. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth exceeding EUR 500 million.

### **Non-Luxembourg residents**

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax.

### **Automatic Exchange of Information**

The Organisation for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information (AEOI) on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial asset holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement.

Accordingly, the Fund may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status. Responding to CRS-related questions is mandatory. The personal data obtained will be used for the purpose of the CRS Law or such other purposes indicated by the Fund in accordance with applicable data protection law and in the data protection section as well as in the subscription form. Information regarding an Investor and his/her/its account will be reported to the Luxembourg tax authorities (*Administration des Contributions Directes*), which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such an account is deemed a CRS reportable account under the CRS Law. The Fund is responsible for the treatment of the personal data provided for in the CRS Law. The Investors have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) which can be exercised by contacting the Fund at its registered office.

The Fund reserves the right to refuse any application for Shares if the information, whether provided or not, does not satisfy the requirements under the CRS Law.

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Under the CRS Law, the first exchange of information will be applied by 30 September 2017 for information related to the calendar year 2016. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 to the local tax authorities of the Member States for the data relating to the calendar year 2016.

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to exchange information automatically under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

**Investors should consult their professional advisers on the possible tax and other consequences with respect to the implementation of the CRS.**

### **FATCA**

The Foreign Account Tax Compliance Act ("FATCA"), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US ("foreign financial institutions" or "FFIs") to pass information about "Financial Accounts" held by "Specified US Persons", directly or indirectly, to the US tax authorities, the Internal Revenue Service ("IRS") on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement. On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement ("IGA") with the United States of America and a memorandum of understanding in respect thereof. The Fund would hence have to comply with this Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "FATCA Law") in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect shareholders that are Specified US Persons for FATCA purposes ("reportable accounts"). Any such information on reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the Convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996. The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it.

To ensure the Fund's compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund may:

- a. request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain that shareholder's FATCA status;
- b. report information concerning a shareholder and his/her/its account holding in the Fund to the Luxembourg tax authorities if such an account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;

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- c. report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to investors with FATCA status of a non-participating foreign financial institution;
- d. deduct applicable US withholding taxes from certain payments made to a shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e. divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

### **UK Reporting Fund Status**

The Board of Directors may apply for reporting fund status for certain Classes of Shares. A Fund, once granted reporting fund status, may rely on that status going forward subject to confirmed compliance with the requirements of the reporting funds rules. Details of reporting fund status having been granted will be highlighted in the annual reports.

Investors and shareholders may find the status of each Class of Shares and the relevant tax figures in relation to classes of shares having received reporting fund status on [www.herefordfunds.com](http://www.herefordfunds.com).

### **German Investment Tax Act (InvStG 2018)**

The Investment Manager aims to manage the Compartments in accordance with the so-called partial exemption regime for equity funds under Sec. 20 of the German Investment Tax Act (having come into effect on 1 January 2018). Accordingly, as of the date of this Prospectus and notwithstanding any other provisions in this Prospectus each of the Compartments invests at least 51% of its Net Asset Value on a continuous basis directly into equities of corporations which are admitted for trading at a recognised stock exchange or are listed on an organised market.

### **India**

The following description summarizes certain Indian tax considerations generally applicable to persons considering the acquisition of a Share. The discussion does not deal with all tax considerations that may be relevant to specific investors or classes of investors in light of their unique circumstances. In particular, the discussion does not address any considerations applicable to persons that acquire interests in connection with the performance of services.

IT IS THE RESPONSIBILITY OF ALL PERSONS INTERESTED IN SUBSCRIBING TO SHARES IN THE COMPANY TO INFORM THEMSELVES AS TO ANY INCOME OR OTHER TAX CONSEQUENCES ARISING IN THE JURISDICTIONS IN WHICH THEY ARE RESIDENT OR DOMICILED FOR TAX PURPOSES, AS WELL AS ANY FOREIGN EXCHANGE OR OTHER FISCAL OR LEGAL RESTRICTIONS, WHICH ARE RELEVANT TO THEIR PARTICULAR CIRCUMSTANCES IN CONNECTION WITH THE ACQUISITION, HOLDING OR DISPOSITION OF THE SHARES. THE COMPANY HAS NO PRESENT PLANS TO APPLY FOR ANY CERTIFICATIONS



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OR REGISTRATIONS, OR TO TAKE ANY OTHER ACTIONS, UNDER THE LAWS OF ANY JURISDICTIONS WHICH WOULD AFFORD RELIEF TO LOCAL INVESTORS THEREIN FROM THE NORMAL TAX REGIME OTHERWISE APPLICABLE TO AN INVESTMENT IN THE COMPANY.

### General

The following description is based on the law and practice of the Indian Income-tax Act, 1961 (the "ITA") read with Income-tax Rules, 1962 (the "ITR"), provisions of the convention for the avoidance of double taxation between India and Luxembourg (the "Tax Treaty") and interpretation thereof. The ITA is amended every year by Finance Act of relevant year and this summary reflects the amendments made by Finance Act 2021 for the financial year 2021-2022 i.e. assessment year 2022-2023, and is subject to changes in those laws, practices and treaties subsequent to date of Prospectus, which changes could be made on a retrospective basis.

The following is a general discussion of the tax consequences of investments proposed to be undertaken by the Company in Indian securities as contemplated herein.

#### A. GENERAL

##### 1. Residency under the ITA

Residents of India are subject to income-tax in India on their worldwide income. As per section 6 of the ITA, a company would be regarded as a 'resident' in India, if its 'place of effective management' is in India at any time during the year. 'Place of effective management' means a place where the key management and commercial decisions that are necessary for the conduct of the business of the entity as a whole are in substance made. Thus, if the place of effective management of the Company can be said to be in India at any time during the year, then it would be regarded as resident in India. In such case, its worldwide income would be taxable in India. For determining POEM (Place of Effective Management) of a foreign company, the Central Board of Direct Taxes ("CBDT") has issued guidelines vide circular no. 6 dated 24 January 2017. The circular lays down principles for determining POEM of a foreign company engaged in active business outside India and of a company earning passive income.

It is expected that the place of effective management of the Company would be outside India throughout the tenure of the Company. As such, it should be treated as a 'non-resident' in India for 'income-tax' purposes. Accordingly, only below income earned by the Company should be taxable in India:

- Income received or deemed to be received in India;
- Income accruing or arising or deemed to accrue or arise in India.

The Company would not be subject to any benefit under the provisions of Double Taxation Avoidance Agreement ("DTAA") between India and Luxembourg, and hence, would pay taxes as per domestic rates applicable in India.

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### 2. Rates of surcharge and education

- In case of foreign companies, a surcharge of 2% (two percent) is applicable if income chargeable to tax exceeds INR 10 million but does not exceed INR 100 million and 5% (five percent) for income chargeable to tax exceeding INR 100 million;
- Health and Education Cess is applicable at the rate of 4% on the amount of income-tax plus surcharge payable.

### B. Taxation of Investors in India

Subject to the provisions relating to indirect transfers and the applicability of the relevant DTAA, income earned by the investors from the Company should not be taxable in India.

### C. Taxation of the Company in India

ITA contains a specific enabling provision which provides that where a non-resident is a tax resident of a country with which India has a Double Taxation Avoidance Agreement ("DTAA"), the provisions of the ITA would apply only to the extent they are more beneficial to the taxpayer. This provision is subject to the General Anti-Avoidance Rule ("GAAR") which is applicable from 1 April 2017 (described further below).

The Compartment IIFL Focused India Fund will obtain a separate registration as a category I FPI (as defined under section "Certain Indian Regulatory Considerations" in this Prospectus). The Tax Residency Certificate ('TRC') issued by Luxembourg authorities shall be for the Company and not the Compartment IIFL Focused India Fund specifically. Hence, the Compartment IIFL Focused India Fund may not be eligible to claim the benefits of the DTAA.

The Indian tax implications for the income earned by the Company from Indian portfolio companies are set out below. The Company is expected to have income in the form of dividends, interest and exit gains out of investments made in Indian portfolio companies.

#### 1. Dividends by Indian company

Under the ITA, dividend income earned by the Fund should be subject to tax in India at 20% (plus applicable surcharge and education cess).

#### 2. Interest

Interest income from loans made or debt securities held in India should be taxed at the rate of 20% (plus applicable surcharge and cess).

Additionally, as per the ITA, concessional rate of 5% (plus applicable surcharge and cess) withholding tax is applicable in case of interest income earned by a FPI (as defined under section "Certain Indian Regulatory Considerations" in this Prospectus) on or after 1 June 2013 but before 1 July 2023 from investment in INR denominated bonds or government security. However, the rate of interest in case of INR denominated bond should not exceed the prescribed rate.

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Additionally, income distribution by an Infrastructure Debt Fund ("IDF") will be taxed at the rate of 5% (plus applicable surcharge and cess) of the income so distributed (on grossed up basis).

### 3. Exit Gains Arising from The Sale Of Securities Held In Portfolio Entities

As per section 2(14) of the ITA, securities held by FPI (as defined under section "Certain Indian Regulatory Considerations" in this Prospectus) are regarded as capital asset. Hence, gains arising on transfer thereof should be taxable as capital gains.

The taxability of capital gains under the ITA is as under:

- Capital gain on transfer of securities

Depending on the period for which the securities are held, capital gains earned by the Company would be treated as short term or long-term capital gains. This is discussed below:

Period of holding	Type of capital gains	Tax rates (plus applicable surcharge and cess)
<b><u>Sale of equity shares and units of equity oriented mutual funds on a recognised stock exchange</u></b>		
More than 12 months	Long term capital gains	10%
12 months or less	Short term capital gains	15%
<b><u>Sale of listed equity shares and units of equity oriented mutual funds off market; and sale of listed debentures and listed derivative instruments</u></b>		
More than 12 months	Long term capital gains	10%
12 months or less	Short term capital gains	30%

### D. Minimum Alternate Tax

As per the provisions of the ITA, if the tax payable by a tax payer on the total income computed as per the provisions of the ITA is less than 150% of its "book profits", then the "book profit" shall be deemed to be the total income of the tax payer, and income tax at the rate of 150% (plus applicable surcharge and education cess) on such total income shall be payable by the tax payer.

As per section 115JB of the ITA income from capital gains arising on transactions in securities and interest accruing or arising to a foreign company shall not be subject to Minimum Alternate Tax ("MAT"). Further, expenditure incurred to earn such capital gain also shall not be considered while calculating book profit for MAT purposes.

### E. Securities Transaction Tax

The Company will be liable to pay Securities Transaction Tax ("STT") on the purchase and sale of equity shares, units of equity oriented funds and on the sale of derivatives where such transaction is entered on a recognised stock exchange in India and on the purchase and sale of units of equity oriented fund. STT is levied on the transaction value at the following rates:

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- a. 0.10% on the purchase of equity shares in a company on a recognised stock exchange in India where the contract for purchase is settled by the actual delivery or transfer of shares;
- b. 0.10% on the sale of equity shares in a company on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of shares;
- c. 0.001% on the sale of units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled by the actual delivery or transfer of units;
- d. 0.025% on the sale of equity shares in a company or units of equity oriented funds on a recognised stock exchange in India where the contract for sale is settled otherwise than by the actual delivery or transfer of shares or unit;
- e. 0.01% on the sale of futures in securities;
- f. 0.017% on the sale of options in securities;
- g. 0.125% on the purchase of options in securities, where options are exercised;
- h. 0.001% on the sale of units of equity oriented fund to the Mutual Fund;
- i. 0.2% on sale of unlisted equity shares under an offer for sale;
- j. 0.2% on sale of unlisted units of a business trust under an offer for sale referred to in sub- clause (ab) of clause (13) of section 97

STT is not allowable as a deduction in computation of capital gains.

### F. Provisions Related to Indirect Transfer

The ITA provides a set of circumstances in which income accruing or arising in India, directly or indirectly, is taxable in India. One of the provisions which provide for such circumstances include income accruing or arising directly or indirectly "through" the transfer of a capital asset situated in India. The expression "through" is clarified to mean "by means of", "in consequence of" or "by reason of".

Further, it is clarified that any share or interest in a company or entity registered / incorporated outside India shall be deemed to have been situated in India if the share or interest derives, "directly or indirectly", its value substantially from the assets located in India. Thus, if an investor sells / disposes shares or interest held by it in the Company, then the gains made by the investor of the Company on such sale could be subject to tax in India on the basis that such sale indirectly results in the transfer of a capital asset situated in India (if the Company is deemed to be deriving its value substantially from Indian assets).

The indirect transfer provisions are not applicable to any asset or capital asset held by non-residents, by way of investment, directly or indirectly, in Category I registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019. Since the Compartment IIFL Focused India Fund will be registered as a Category I FPI (as defined under section "Certain Indian Regulatory Considerations" in this Prospectus), the indirect transfer provisions shall not be applicable to the non-resident investors.

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The rate at which the aforesaid offshore transfer would be taxable could be either as provided in the ITA or under the relevant tax treaty which India has with the jurisdiction of residency of the investor, as may be applicable.

Also, the term "property" is clarified to include any rights in or in relation to an Indian company, including rights of management or control or such other rights. The ambit of 'transfer' in such cases is widened to include disposition of share or interest of company registered / incorporated outside India.

### G. Introduction of General Anti-Avoidance Rule ("GAAR")

Under the ITA, General Anti Avoidance Rules ("GAAR") may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (Four) below mentioned tainted elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the ITA;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into or carried out in a manner, which is not normally employed for bona fide purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or recharacterise or disregard the arrangement. Some of the illustrative powers are:

- Disregarding or combining or recharacterising any step in, or a part or whole of the arrangement;
- Ignoring the arrangement for the purpose of taxation law;
- Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;
- Looking through the arrangement by disregarding any corporate structure; or
- Recharacterising equity into debt, capital into revenue, etc.;
- Disregarding or treating any accommodating party and other party as one and the same person; or
- Deeming persons who are connected to persons as one and the same person for the purposes of determining tax treatment of any amount.

An arrangement shall be deemed to lack commercial substance (amongst other factors) if:

- the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or

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- it involves or includes:
  - round trip financing;
  - an accommodating party;
  - elements that have effect of offsetting or cancelling each other; or
  - a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter of such transaction.
- it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining a tax benefit for a party; or
- it does not have a significant effect upon the business risks or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained.

The provisions of GAAR are applicable from financial year 2017-2018 and onwards.

The provisions of GAAR shall not apply to an arrangement where the aggregate tax benefit in a relevant year, to all the parties involved, does not exceed INR 30 million.

### H. Stamp Duty

The Shares of the Company should not be liable to stamp duty in India. The shares of the Indian companies purchased or sold by the Company may be liable to applicable stamp duty in India (i.e. on the share certificates) if the same are not held in dematerialized form.

## BUSINESS YEAR

The business year of the Fund runs from 1 October until 30 September of the next year.

## PERIODICAL REPORTS AND PUBLICATIONS

The Fund will publish an audited Annual Report within 4 months after the end of the business year and an unaudited Semi-annual Report within 2 months after the end of the period to which it refers.

The Annual Report includes accounts of the Fund and of each Compartment.

The Net Asset Value per Share of each Compartment as well as the issue and redemption prices will be made public at the registered office of the Fund. The Net Asset Value per Share and the issue and redemption price will also be published on the website of the Fund ([www.herefordfunds.com](http://www.herefordfunds.com)) and may, in addition, be published in any such other media as determined by the Board of Directors. The Fund cannot accept responsibility for any errors or delays in the publication or non-publication of prices and reserve the right to discontinue or change publication in any media without notice.

Any amendments to the Articles of Incorporation will be published in the RESA of the Grand-Duchy of Luxembourg.

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### **LIFETIME, MERGER AND LIQUIDATION OF THE FUND AND COMPARTMENTS**

#### **The Fund**

The Fund is formed for an indefinite period. The Fund may be dissolved at any time by decision of the General Meeting of Shareholders deciding with the same quorum and majority requirements as for the amendment of the Articles of Incorporation.

If the Fund's Share capital falls below two-thirds of the minimum capital required by law, the Board of Directors must refer the matter of the dissolution to the General Meeting, deliberating without any quorum and deciding by a simple majority of the Shares represented at the meeting.

If the Fund's Share capital is less than a quarter of the minimum capital required, the directors must refer the matter of dissolution of the Fund to the General Meeting, deliberating without any quorum; the dissolution may be decided by Shareholders holding a quarter of the Shares represented at the meeting.

Such General Meeting of Shareholders shall be convened so that it is held within 40 days from the ascertainment that the net assets of the Fund have fallen below two-thirds or one quarter of the minimum share capital, as the case may be.

#### **Merger of Compartments**

The Board of Directors may decide to merge a Compartment with another Compartment. Furthermore, the Board of Directors may decide to merge a Compartment with another UCITS if it considers this to be in the best interests of the Shareholders of the Compartments in question.

Any such merger shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of Shareholders of the Compartment concerned. No quorum is required for such a meeting and decisions are taken by a simple majority of the votes cast. In case of a merger of a Compartment where, as a result, the Fund ceases to exist, the merger shall be decided by a meeting of Shareholders resolving in accordance with the quorum and majority requirements for changing the Articles of Incorporation.

Any such merger will be undertaken in accordance with the 2010 Law which provides, inter alia, that Shareholders will be informed of such mergers and have the possibility to redeem their shares free of charge during 30 days prior to the last day on which such redemptions will be accepted.

#### **Liquidation of Compartments**

The Board of Directors may decide to close one or more Compartments in the interests of the Shareholders, if, in the opinion of the Board of Directors, significant changes in the political or economic situation render this decision necessary or if for any reason the value of the net assets of one or more Compartments falls below an amount considered by the Board of Directors to be the minimum threshold for the Compartment to be managed properly.

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The Board of Directors may also decide to convene a General Meeting of Shareholders for a Compartment for the purpose of deciding its dissolution. This General Meeting will deliberate without any quorum requirement and the decision to dissolve the Compartment will be taken by a majority of the votes cast.

In the event of the dissolution of a Compartment or the Fund, the liquidation will be carried out pursuant to the provisions of the Law, governing undertakings for collective investment, which sets out the procedures to enable Shareholders to benefit from liquidation dividends and in this context provides for the depositing of any amount that could not be distributed to Shareholders when the liquidation is complete with the *Caisse de Consignation* in Luxembourg. Any amounts so deposited that are not claimed will be forfeited in accordance with Luxembourg law. The net proceeds from the liquidation of each Compartment will be distributed to holders of Shares in the Compartment in question in proportion to the number of Shares they hold in that Compartment.

### **Consolidations/Splits**

The Board of Directors may also decide to split or consolidate different Classes of Shares within a Compartment. Such decision will be published in accordance with applicable laws and regulations.

The Board of Directors may decide the reorganisation of a Compartment, by means of a division into two or more Compartments. Such decision will be published in accordance with applicable laws and regulations. Such publication will normally be made one month before the date on which the reorganisation becomes effective in order to enable the Shareholders to request redemption of their Shares, free of charge, before the operation involving division into two or more Compartments becomes effective.

### **LIQUIDITY RISK MANAGEMENT PROCESS**

The Management Company has established, implemented and consistently applied a liquidity management procedure and has put in place prudent and rigorous liquidity management procedures which enable it to monitor the liquidity risks of the Compartments and to ensure compliance with the internal liquidity thresholds so that the Compartments can normally meet at all times their obligation to redeem their Shares at the request of Shareholders.

Qualitative and quantitative measures are used to monitor portfolios and securities to seek to ensure investment portfolios are appropriately liquid and that the portfolios of the Compartments are sufficiently liquid to honour Shareholders' redemption requests. In addition, Shareholders' concentrations are regularly reviewed to assess their potential impact on liquidity of the Compartments.

The Compartments' portfolios are reviewed individually with respect to liquidity risks.

The Management Company's liquidity management procedure takes into account the investment strategy, the dealing frequency, the underlying assets' liquidity (and their valuation) and shareholder base.

The liquidity risks are further described in section "Risk of Investment" of this Prospectus.



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The Board of Directors, or the Management Company, as appropriate, may also make use, among others, of the following to manage liquidity risk:

As further described in section "Redemptions" of this Prospectus, the Board of Directors may decide that redemptions or conversions have to be postponed to the next Valuation Day for that Compartment if because of applications for redemption or conversion, it is necessary on a given Valuation Day to repurchase or convert more than 10% of the Shares issued in a particular Compartment.

As described in section entitled "Suspension of the Calculation of Net Asset Value, Issue / Redemption and Conversion Prices", the Fund may temporarily suspend the calculation of the net asset value and the right of any Shareholder to request redemption and conversions of Shares in one or more Compartment and the issue of Shares in any Compartment.

### **BENCHMARK REGULATION**

#### **EU Benchmark Regulation**

In accordance with the provisions of the Regulation (EU) 2016/1011 (the "Benchmark Regulation"), supervised entities may use benchmarks in the European Union ("EU") if the benchmark is provided by an administrator which is included in the register of administrators and benchmarks maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of the Benchmark Regulation (the "ESMA Register"). Benchmark administrators located in a third-country must comply with the third country regime provided for in the Benchmark Regulation. Benchmark administrators whose indices are used by the Fund are detailed in the description of the Compartments.

The Management Company maintains a written plan setting out the actions that will be taken in the event that an index materially changes or ceases to be provided. The written plan is available upon request and free of charge at the registered office of the Management Company.

### **REGISTER OF BENEFICIAL OWNERS**

#### **Luxembourg Register of beneficial owners**

The Luxembourg Law of 13 January 2019 creating a Register of Beneficial Owners (the "Law of 13 January 2019") entered into force on the 1<sup>st</sup> of March 2019 (with a 6 month grandfathering period). The Law of 13 January 2019 requires all companies registered on the Luxembourg Company Register, including the Fund, to obtain and hold information on their beneficial owners ("Beneficial Owners") at their registered office. The Fund must register Beneficial Owner-related information with the Luxembourg Register of beneficial owners, which is established under the authority of the Luxembourg Ministry of Justice.

The Law of 13 January 2019 broadly defines a Beneficial Owner, in the case of corporate entities such as the Fund, as any natural person(s) who ultimately owns or controls the Fund through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in the Fund, including through bearer shareholders, or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

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A shareholding of 25% plus one share or an ownership interest of more than 25 % in the Fund held by a natural person shall be an indication of direct ownership. A shareholding of 25% plus one share or an ownership interest of more than 25% in the Fund held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership.

In case the aforementioned Beneficial Owner criteria are fulfilled by an investor with regard to the Fund, this investor is obliged by law to inform the Fund in due course and to provide the required supporting documentation and information which is necessary for the Fund to fulfil its obligation under the Law of 13 January 2019. Failure by the Fund and the relevant Beneficial Owners to comply with their respective obligations deriving from the Law of 13 January 2019 will be subject to criminal fines. Should an investor be unable to verify whether they qualify as a Beneficial Owner, the investor may approach the Fund for clarification.

### **CERTAIN INDIAN REGULATORY CONSIDERATIONS**

THIS SECTION IS ONLY A SUMMARY OF CERTAIN INDIAN REGULATIONS AND LAWS AND IS NOT A COMPREHENSIVE DISCLOSURE REGARDING ALL INDIAN LAWS AND REGULATIONS. FURTHERMORE, THE REGULATIONS AND LAWS REFERRED TO UNDER THIS SECTION ARE SUBJECT TO CHANGE FROM TIME TO TIME.

#### **SEBI Regulations**

The Compartment shall be investing in Indian markets and hence will be required to comply with certain applicable securities laws.

#### **SEBI (Foreign Portfolio Investors) Regulations, 2019**

The Compartment shall be registered as a Category I Foreign Portfolio Manager (“FPI”) for investing in Indian securities. The Compartment shall be governed by the requirements of SEBI (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time (“FPI Regulations”). By virtue of being registered as an FPI, the Compartment will be required to comply with the investment conditions, restrictions and disclosure requirements as laid down under the FPI Regulations.

#### **SEBI Regulations on Initial Public Offerings**

In exercise of its powers conferred under Section 30 of the SEBI Act, 1992, SEBI notified the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time (“ICDR Regulations”) on 11 September 2018, replacing the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The ICDR Regulations have come into effect from 10 November 2018. The ICDR Regulations apply to, inter alia, IPOs by an unlisted issuer, rights issue by listed issuer (where the aggregate value of the issue is INR 100 million or more), preferential issue, qualified institutional placements or bonus issue by listed issuer, and issue of Indian depository receipts. The Compartment is eligible to participate in any IPO or other applicable issue, subject to the provisions of the ICDR Regulations.

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### **Takeover Regulations**

Under the provisions of the Takeover Code, any acquirer who acquires or holds, together with persons acting in concert with him, 5% or more of the shares or voting rights of a listed public Indian company, is required to notify such target company and the stock exchanges on which the shares of such company are listed about its holding within the prescribed time period. Furthermore, any acquirer who holds, together with persons acting in concert with him, 5% or more of shares or voting rights is required to inform the target company and the stock exchange about any change (acquisition or disposal) in its holding by 2% or more of the shares or voting rights in the target company.

Upon the acquisition of 25% or more of shares or voting rights or on acquisition of control of the company, whether directly or indirectly, the purchaser / acquirer is required to make an open offer to the other shareholders offering to purchase at least 26% of all the outstanding shares of the company at an offer price as determined pursuant to the provisions of the Takeover Code (the “Open Offer”). Further, under the provisions of the Takeover Code, any existing shareholder of a listed public Indian company, holding 25% or more but less than 75% of the shares of the company, is entitled to acquire up to 5% voting rights of the company, in any financial year ending March 31 without having to make the Open Offer.

There are certain exemptions under the Takeover Code from the requirement to make an Open Offer in certain specific instances, such as an inter se transfer of shares amongst the persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or the Takeover Code for not less than 3 (three) years prior to the proposed acquisition and transfer of shares pursuant to arrangement involving the target company as a transferor company or as a transferee company, or reconstruction of the target company, including amalgamation, merger or demerger, pursuant to an order of a court or a competent authority under any law or regulation, Indian or foreign. A company may invest through subscription of shares under the preferential route or purchase of shares from existing promoters or shareholders in which case, it would be required to comply with the public offer provisions of the Takeover Code if its post-acquisition holding is in excess of the prescribed thresholds.

### **Insider Trading Regulations**

The SEBI (Prohibition of Insider Trading) Regulations, 2015 and any modifications and re-enactments thereof as applicable from time to time (“Insider Trading Regulations”) has repealed and replaced the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Insider Trading Regulations prohibits an insider from dealing, either on its own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of unpublished price sensitive information. The insider is also prohibited from communicating, counselling or procuring any unpublished price sensitive information while in possession of such information.

### **India Anti-Money Laundering rules**

The Prevention of Money Laundering Act, 2002 (as amended) (the “PMLA”), which came into force on 1 July 2005, embodies India’s legislative commitment to the elimination and prevention of money laundering. The main objects of PMLA are (i) the prevention and control of activities concerning money laundering, and (ii) the confiscation of property derived or involved in money laundering.

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Under the PMLA, a person is guilty of an offence of “money laundering” if that person “directly or indirectly attempts or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property”. The term “proceeds of crime” has been defined under the PMLA to mean property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to an offence listed in the schedule to the PMLA or the value of any such property or where such property is taken or held outside the country, then the property equivalent in value held within the country.

Since the Compartment will be registered as FPI under the SEBI Regulations, the Compartment will be an “intermediary” for the purposes of the PMLA and will have to comply with all the requirements under the PMLA.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are deposited and kept available for inspection at the offices of the Central Administration and the Fund's registered office:

The Fund’s Articles of Incorporation.

The Depositary Bank Agreement effective as of 15 January 2018 between Pictet & Cie (Europe) S.A. and the Fund.

The Management Company Services Agreement effective as of 15 January 2018 between the Management Company and the Fund.

The Investment Advisory Agreement effective as of 15 January 2018 between the Fund, the Management Company and the Advisory Company, as amended from time to time.

The Investment Management Agreement effective as of 15 January 2018 between the Fund, the Management Company, the Advisory Company and DSM Capital Partners LLC.

The Investment Management Agreement effective as of 15 January 2018 between the Fund, the Management Company and Bin Yuan Capital, as amended from time to time.

The Investment Management Agreement effective as of 12 November 2021 between the Fund, the Management Company and IIFL Asset Management Limited.

### **INVESTMENT RESTRICTIONS**

The Board of Directors has adopted the following restrictions relating to the investment of the Fund's assets and its activities. These restrictions and policies may be amended from time to time by the Board of Directors if and as it shall deem it to be in the best interests of the Fund, in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Compartment. Those restrictions contained in paragraph 1. (D) below are applicable to the Fund as a whole.

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### 1. INVESTMENT IN ELIGIBLE ASSETS

(A) (1) The Fund will exclusively invest in:

- a) transferable securities and money market instruments admitted to or dealt in an official listing on a stock exchange in an Eligible State<sup>1</sup>;
- b) transferable securities and money market instruments dealt in on another Regulated Market<sup>2</sup>;
- c) 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 an Eligible Market<sup>3</sup> and such admission is achieved within one year of the issue;
- d) units of UCITS<sup>4</sup> and/or other UCIs<sup>5</sup>, whether situated in a Member State<sup>6</sup> or not, provided that:
  - such other UCIs are authorised under (a) laws of any member country of the European Union or (b) under the laws of Canada, Hong Kong, Singapore, Japan, Norway, Switzerland or the United States, or under other laws which provide that such other UCIs are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law and that co-operation between authorities is sufficiently ensured,
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 2009/65/EC,
  - the business of such 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 assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- e) deposits with credit institutions 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 non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in Community law;

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<sup>1</sup> "Eligible State" includes any member state of the European Union ("EU"), any member state of the Organisation for Economic Co-operation and Development ("OECD"), and any other state which the Board of Directors deems appropriate with regard to the investment objectives of each Compartment. Eligible states include in this category countries in Africa, America, Asia, Australasia and Europe.

<sup>2</sup> "Regulated Market" a market which is regulated, operates regularly and is recognised and open to the public in an Eligible State.

<sup>3</sup> "Eligible Market" an official stock exchange or another Regulated Market.

<sup>4</sup> "UCITS" an undertaking for collective investment in transferable securities authorised according to Council Directive 2009/65/EC of 13 July, 2009.

<sup>5</sup> "UCIs" within the meaning of Article 1, paragraph (2), points a) and b) of Council Directive 2009/65/EC of 13 July, 2009.

<sup>6</sup> "Member State" as defined in the Law.

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- f) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in points a), b), and c) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by this section (A) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Compartments may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - 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.

Furthermore, the Fund shall ensure for each Compartment that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Compartment. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs. If the Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down above. When the Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in above. When a Transferable Security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this section f).

**Unless specifically provided otherwise in the Appendix for any specific Compartment, the Fund will invest in financial derivative instruments only for currency hedging purposes as more fully described in the section "3. Currency Hedging" below;**

and/or

- g) 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 are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU member state, the European Central Bank, the European Union or the European Investment Bank, a non-EU 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 EU member states belong, or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets, 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

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complies with prudential rules considered by the Luxembourg supervisory authority 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 Luxembourg supervisory authority 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.

In addition, the Fund may invest a maximum of 10% of the Net Asset Value of any Compartment in transferable securities and money market instruments other than those referred to under (1) above.

(B) Each Compartment may hold ancillary liquid assets. Each Compartment will not invest more than 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, in order to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets or for a period of time strictly necessary in case of unfavourable market conditions. For a period of time strictly necessary when, because of exceptionally unfavourable market conditions (such as the September 11 attacks or the bankruptcy of Lehman Brothers in 2008), circumstances so require, the limit of 20% may be breached, if justified in the interests of the investors.

(C) (i) Each Compartment may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same body.

Each Compartment may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Compartment in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (A) (1) (f) above or 5% of its net assets in other cases.

(ii) Furthermore, where any Compartment holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the Net Asset Value of such Compartment, the total value of all such investments must not account for more than 40% of the Net Asset Value of such Compartment.

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 paragraph (C) (i), a Compartment may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:

- investments in transferable securities or money market instruments issued by,
- deposits made with, and/or

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- exposures arising from OTC derivative transactions undertaken with a single body.

(iii) The limit of 10% laid down in paragraph (C)(i) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its local authorities or by an Eligible State or by public international bodies of which one or more Member States are members.

(iv) The limit laid down in the first paragraph of (C) (i) may be a maximum of 25% in case of covered bonds as defined under article 3, point 1 of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (hereafter "Directive (EU) 2019/2162"), and for certain debt instruments when they are issued before 8 July 2022 by a credit institution which has its registered office in the EU and is subject by law, to special public supervision designed to protect the holders of the debt instrument. In particular, sums deriving from the issue of these debt instruments issued before 8 July 2022 must be invested in accordance with the law, in assets which, during the whole period of validity of the debt instruments, are capable of covering claims attached to said instruments and which, in the case of bankruptcy of the issuer, would be used on a priority basis for the repayment of the principal and payment of accrued interest.

If a Compartment invests more than 5% of its net assets in the debt instruments referred to in the above paragraph and issued by one issuer, the total value of such investments may not exceed 80% of the Net Asset Value of the Compartment.

(v) The transferable securities and money market instruments referred to in paragraphs (iii) and (iv) above shall not be included in the calculation of the limit of 40% stated in paragraph (C) (ii) above.

(vi) The limits set out in paragraphs (C)(i), (C)(ii), (C) (iii) and (C) (iv) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with paragraphs (C)(i), (C)(ii) and (C) (iii) may not, in any event, exceed a total of 35% of each Compartment's Net Asset Value.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with 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 contained in this paragraph (C).

A Compartment may cumulatively invest up to 20% of its net assets in transferable securities and money market instruments within the same group.

**(v) Where any Compartment has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or a non Member State as acceptable by the Luxembourg supervisory authority (including but not limited to OECD member states, Singapore, Brazil Indonesia, Russia, China or India), or by public international bodies of which one or more member states of the European Union are members, the Fund may invest 100% of the Net Asset Value of any Compartment in such securities and money market instruments provided that such Compartment must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the Net Asset Value of the Compartment.**



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Subject to having due regard to the principle of risk spreading, a Compartment need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its authorisation and launch.

(D) (i) The Fund may not acquire shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body.

(ii) The Fund may acquire no more than (a) 10% of the non-voting shares of the same issuer, (b) 10% of the debt securities of the same issuer, and/or (c) 10% of the money market instruments of the same issuer. However, the limits laid down in (b) and (c) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of instruments in issue cannot be calculated.

The limits set out in paragraph (D)(i) and (ii) above shall not apply to:

(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;

(ii) transferable securities and money market instruments issued or guaranteed by any other Eligible State;

(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States of the European Union are members; or

(iv) shares held in the capital of a company incorporated in a non-Member State of the European Union 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 holding represents the only way in which such Compartment's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law relating to undertakings for collective investment.

(E) (i) Each Compartment may acquire units of the UCITS and/or other UCIs referred to in paragraph (A) (d), provided that no more than 20% of a Compartment's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of investment limit, each Compartment of a UCI with multiple Compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various Compartments vis-à-vis third parties is ensured.

(ii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Compartment.

(iii) When a Compartment invests in the units of other UCITS and/or other UCIs linked to the Fund by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the relevant Investment Manager, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

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In respect of a Compartment's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Compartment and each of the UCITS or other UCIs concerned shall not exceed 2% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Compartment and to the UCITS and other UCIs in which such Compartment has invested during the relevant period.

(iv) The Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated.

(v) The underlying investments held by the UCITS or other UCIs in which the Compartments invest do not have to be considered for the purpose of the investment restrictions set forth under 1. (C) above.

(vi) Unless otherwise decided by the Board of Directors and specifically disclosed in the Appendix in relation to a given Compartment, the Fund will not invest more than 10% of its net assets in units of UCITS or other UCIs.

## 2. INVESTMENT IN OTHER ASSETS

The Fund will not make investments in precious metals or certificates representing these.

The Fund may not enter into transactions involving commodities or commodity contracts, except that the Fund may employ techniques and instruments relating to transferable securities within the limits set out in paragraph 3. below.

The Fund will not purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in 1. (A) (1) d), f) and g).

The Fund may not borrow for the account of any Compartment amounts in excess of 10% of the net assets of that Compartment, any such borrowings (i) to be effected only on a temporary basis or (ii) to enable the acquisition of immovable property essential for the direct pursuit of its business.

Where the Fund is authorised to borrow under points (i) and (ii), that borrowing shall not exceed 15% of its net assets in total.

However, the Fund may acquire foreign currencies by means of back to back loans.

The Fund will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Compartment, except as may be necessary in connection with the borrowings mentioned in (E) above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the Net Asset Value of each Compartment. In connection with swap transactions, option and

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forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.

The Fund will not underwrite or sub-underwrite securities of other issuers.

### 3. CURRENCY HEDGING

The Fund may for the purposes of hedging currency risks have outstanding commitments in respect of forward currency contracts, currency futures or currency swap agreements or currency options (sales of call options or purchases of put options) provided that:

- the total amount of such transactions does not exceed the level necessary to cover the risk of the fluctuation of the value of the assets of the Compartment concerned denominated in a particular currency or any other currency which will be deemed to have a sufficient correlation with that particular currency. The hedging of currency risk may involve the use of cross-currency contracts to alter the currency exposure of the Compartment in case it is more advantageous to the Compartment; and
- the commitments deriving therefrom do not exceed the value of the relevant assets to be hedged and the duration of these transactions do not exceed the period for which the respective assets are held.

Currency futures and currency options must either be quoted on an exchange or dealt in on a regulated market. The Fund may, however, enter into currency forward contracts, option arrangements or swap arrangements with highly rated financial institutions specialised in this type of transaction.

#### **Hedged Classes of Shares**

Currency hedging techniques may also be used at Class of Shares level. In this context, the Investment Manager will limit hedging to the extent of the relevant hedged Class of Shares currency exposure. Over-hedged positions will not normally exceed 105% of the Net Asset Value of the relevant hedged Class of Shares and under-hedged positions shall not normally fall short of 95% of the portion of the Net Asset Value of the relevant hedged Class of Shares which is to be hedged against currency risk. Hedged positions will be reviewed on an on-going basis by the Investment Manager, at least at the same valuation frequency as the applicable Compartment, to ensure that over-hedged or under-hedged positions do not exceed/fall short of the permitted levels outlined above and to ensure that positions materially in excess of 100% of the Net Asset Value of the relevant hedged Class of Shares will not be carried forward from month to month. In the event that the hedging in respect of a hedged Class of Shares exceeds 105% of the Net Asset Value of the relevant hedged Class of Shares due to market movements or redemptions of Shares, the Investment Manager shall reduce such hedging appropriately as soon as possible thereafter.

Shareholders should also note that generally there is no segregation of assets and liabilities between Classes of Shares in a Compartment and therefore a counterparty to a derivative overlay entered into in respect of a hedged Class of Shares may have recourse to the assets of the relevant Compartment attributable to other Classes of Shares of that Compartment where there is insufficient assets attributable to the hedged Class of Shares to discharge its liabilities. While the Fund has taken steps to ensure that the risk of contagion between Classes of Shares is mitigated in order to ensure that the additional risk introduced to the

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Compartment through the use of a derivative overlay is only borne by the Shareholders in the relevant Class of Shares, this risk cannot be fully eliminated.

An up-to-date list of the Classes with a contagion risk is available upon request at the registered office of the Fund.

#### 4. RISK-MANAGEMENT PROCESS

The Management Company, on behalf of the Fund, will employ a risk-management process which enables it with the Investment Managers to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Compartment, in accordance with CSSF Circular 11/512 or any other applicable circular of the Luxembourg supervisory authority. The Management Company or the relevant Investment Manager, on behalf of the Fund, will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Unless otherwise indicated for a Compartment, the Management Company will apply a commitment risk management approach.

#### 5. MISCELLANEOUS

The Fund may not make loans to other persons or act as a guarantor on behalf of third parties provided that for the purpose of this restriction the making of bank deposits and the acquisition of such securities referred to in paragraph 1. (A) (1) or of ancillary liquid assets in accordance with paragraph 1 (B) above shall not be deemed to be the making of a loan and that the Fund shall not be prevented from acquiring such securities above which are not fully paid.

The Fund need not comply with the investment limit percentages when exercising subscription rights attached to securities which form part of its assets.

The Fund may invest in depository receipts or shares (such as "American Depository Receipts" or "ADR", or "Global Depository Receipts" or "GDR", or "American Depository Shares" or "ADS") that qualify as Eligible Assets under section Investment Restrictions, item 1.(A).(1).

#### 6. EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES

For the avoidance of doubt, the Fund will not, unless otherwise disclosed in the Appendix for a Compartment, make use of efficient portfolio management techniques as foreseen by article 42 (2) of the 2010 Law. The Fund will furthermore not enter into total return swaps or invest in other financial derivative instruments with similar characteristics unless otherwise disclosed in the Appendix for a Compartment. Finally, the Fund will not enter into any transaction (such as OTC derivatives, securities lending, repurchase/reverse repurchase agreements or other efficient portfolio management techniques) that would require receipt of collateral from a counterparty to such transaction unless otherwise disclosed in the Appendix for a Compartment. As at the date of this Prospectus, no Compartment has entered into such transactions.

Investors should note that the investment policy of the Compartments do currently not provide for the possibility to enter into securities lending, and/or repurchase transactions and/or reverse repurchase

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transactions and to invest in total return swaps. Should the Board of Directors decide to provide for such possibility, the Prospectus will be updated prior to the entry into force of such decision in order for the Fund to comply with the disclosure requirements of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

\* \* \* \* \*

If the limits referred to in the paragraphs in this section and in the Appendix are exceeded for reasons beyond the control of the Fund, or as a result of the exercise of subscription rights, the Board of Directors must, as a priority, take all steps as necessary within a reasonable period of time to rectify that situation, taking due account of the interests of its Shareholders.

### **RISKS OF INVESTMENT**

The nature of the Fund's investments involves certain risks and the Fund may utilise investment techniques which may carry additional risks. An investment in Shares therefore carries substantial risk and is suitable only for persons who can assume the risk of losing their entire investment. Prospective investors should consider, among others, the following factors before subscribing for Shares:

#### **Suspension of Share dealings**

Investors are reminded that in certain circumstances their right to redeem or convert Shares may be suspended (see "SUSPENSION OF THE CALCULATION OF NET ASSET VALUE, ISSUE / REDEMPTION AND CONVERSION PRICES").

#### **Business Risk**

There can be no assurance that the Fund or any Compartment will achieve its investment objective. There is no operating history by which to evaluate their likely future performance. The investment results of the Fund or any Compartment are reliant upon the success of the Investment Managers and the performance of the markets the Compartments invest in.

#### **Concentration of Investments**

Although it will be the policy of the Fund to diversify its investment portfolio, the Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

#### **Liquidity and Market Characteristics**

In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, the Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. This is particularly the case if the Fund invests in companies with smaller capitalisations, such as micro-cap companies. Settlement of transactions may be subject to delay and administrative uncertainties.

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### **Counterparty Risk**

The Fund will be subject to the risk of the inability of any counterparty (including the Clearing Broker) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### **Net Asset Value Considerations**

The Net Asset Value per Share is expected to fluctuate over time with the performance of the Fund's investments. A Shareholder may not fully recover his initial investment when he chooses to redeem his Shares or upon compulsory redemption if the Net Asset Value per Share at the time of such redemption is less than the subscription price paid by such Shareholder. It should be remembered that the value of the Shares and the income (if any) derived from them can go down as well as up.

### **Currency Exposure**

The Shares may be denominated in different currencies and Shares will be issued and redeemed in those currencies. Certain of the assets of the Fund may, however, be invested in securities and other investments which are denominated in other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Fund will be subject to foreign exchange risks. The Fund may engage in currency hedging but there can be no guarantee that such a strategy will prevent losses. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the USD and such other currencies.

### **Profit Sharing**

In addition to receiving management and advisory fees, the Investment Managers and the Advisory Company may also receive a performance fee based on the appreciation in the Net Asset Value per Share and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains. Accordingly, a performance fee may be paid on unrealised gains, which may subsequently never be realised.

### **Potential Conflicts of Interest**

The Investment Managers may effect transactions in which the Investment Managers have, directly or indirectly, an interest, which may involve a potential conflict with the Investment Manager's duty to the Fund. The Investment Manager shall not be liable to account to the Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Managers' fees, unless otherwise provided, be abated.

### **Regulatory Risk**

The Fund is domiciled in Luxembourg and investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally, Compartments may be registered in non-EU jurisdictions. As a result of such registrations these Compartments may be subject to more restrictive

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regulatory regimes. In such cases these Compartments will abide by these more restrictive requirements. This may prevent these Compartments from making the fullest possible use of the investment limits.

### **Credit Risk**

The ability, or perceived ability, of an issuer of a debt security to make timely payments of interest and principal on the security will affect the value of the security. It is possible that the ability of the issuer to meet its obligation will decline substantially during the period when a Compartment owns securities of that issuer, or that the issuer will default on its obligations. An actual or perceived deterioration in the ability of an issuer to meet its obligations will likely have an adverse effect on the value of the issuer's securities.

If a security has been rated by more than one nationally recognised statistical rating organisation the Compartment's Investment Manager may consider the highest rating for the purposes of determining whether the security is investment grade. A Compartment will not necessarily dispose of a security held by it if its rating falls below investment grade, although the Compartment's Investment Manager will consider whether the security continues to be an appropriate investment for the Compartment. Some of the Compartments will invest in securities which will not be rated by a nationally recognised statistical rating organisation, but the credit quality will be determined by the Investment Manager.

Credit risk is generally greater for investments issued at less than their face values and required to make interest payments only at maturity rather than at intervals during the life of the investment. Credit rating agencies base their ratings largely on the issuer's historical financial condition and the rating agencies' investment analysis at the time of rating. The rating assigned to any particular investment does not necessarily reflect the issuer's current financial condition, and does not reflect an assessment of an investment's volatility and liquidity. Although investment grade investments generally have lower credit risk than investments rated below investment grade, they may share some of the risks of lower-rated investments, including the possibility that the issuers may be unable to make timely payments of interest and principal and thus default.

### **Futures, Options and Forward Transactions Risk**

The Compartments may use options, futures and forward contracts on currencies securities, indices, volatility, inflation and interest rates for hedging.

Transactions in futures may carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the Compartment. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options may also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the Compartment is fixed, the Compartment may sustain a loss well in excess of that amount. The Compartment will also be exposed to the risk of the purchaser exercising the option and the Compartment will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the Compartment holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

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Forward transactions, in particular those traded over-the-counter, have an increased counterparty risk. If a counterparty defaults, the Compartment may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

### **Warrant Risk**

Warrants are considered as financial derivative instruments. When a Compartment invests in warrants, the value of these warrants is likely to fluctuate more than the prices of the underlying securities because of the greater volatility of warrant prices.

### **Market and Settlement Risks**

The securities markets in some countries lack the liquidity, efficiency and regulatory controls of more developed markets. Lack of liquidity may adversely affect the ease of disposal of assets. The absence of reliable pricing information in a particular security held by a Compartment may make it difficult to assess reliably the market value of assets. The share register may not be properly maintained and the ownership or interest may not be (or remain) fully protected. Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.

The provision for custody of assets may be less developed than in other more mature markets and thus provides an additional level of risk for the Compartments. Settlement procedures may be less developed and still be in physical as well as in dematerialised form.

Limitations may exist with respect to the Compartments ability to repatriate investment income, capital or the proceeds from the sale of securities by foreign investors. The Compartment can be adversely affected by delays in, or refusal to grant, any required governmental approval for such repatriation.

### **Risks related to investment in China A Shares through Shanghai Shenzhen Hong Kong Stock Connect**

A Compartment may invest and have direct access to certain eligible China A Shares via the Shanghai-Shenzhen-Hong Kong Stock Connect ("Stock Connect").

### **Dependence upon Trading Market for China A Shares**

The existence of a liquid trading market for China A Shares may depend on whether there is supply of, and demand for, China A Shares. Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange on which China A Shares are traded are undergoing development and the market capitalisation of, and trading volumes on, those exchanges may be lower than those in more developed financial markets. Market volatility and settlement difficulties in the China A Share markets may result in significant fluctuation in the prices of the securities traded on such markets and thereby changes in the Net Asset Value of the Compartment.

### **China A Shares Investment Risks**

Because restrictions continue to exist and capital cannot therefore flow freely into the China A Share market, it is possible that in the event of a market disruption, the liquidity of the China A Share market and



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trading prices of China A Shares could be more severely affected than the liquidity and trading prices of markets where securities are freely tradable and capital therefore flows more freely. In addition, the repatriation of the sale price of China A Shares may be subject to restrictions that can change at the behest of Chinese authorities.

### **Shanghai-Shenzhen-Hong Kong Stock Connect Risks**

A Compartment may invest and have direct access to certain eligible China A Shares via the Stock Connect upon approval by the relevant regulatory authority. Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear") and Shenzhen Stock Exchange ("SZE"), with an aim to achieve mutual stock market access between the mainland China and Hong Kong.

Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Hong Kong and overseas investors (including the Compartments), through their Hong Kong brokers and a securities trading service company established by the Stock Exchange of Hong Kong Limited ("SEHK"), may be able to place orders to trade eligible shares listed on SSE/SZE by routing orders to SSE/SZE.

Under Stock Connect, overseas investors (including the Compartments) may be allowed, subject to rules and regulations issued/amended from time to time, to trade certain China A Shares listed on the SSE/SZE (the "SSE/SZE Securities") through the Northbound Trading Link. Initially, the eligible SSE/SZE Securities under Stock Connect include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE/SZE -listed China A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except (i) those SSE/SZE -listed shares which are not traded in Renminbi and (ii) those SSE/SZE -listed shares which are included in the "risk alert board". The list of eligible securities may be changed subject to the review and approval by the relevant Chinese regulators from time to time.

Hong Kong and overseas investors (including the Compartments) may only trade and settle SSE/SZE Securities in RMB (CNH).

Further information about Stock Connect is available online at the website: [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm).

### **Quota Limitations Risk**

Stock Connect is subject to both a daily quota and an "aggregate" quota measuring total purchases and sales of securities via Stock Connect. Buy orders and sell orders offset each other for purposes of the quota. If either the daily or aggregate quota is exceeded, further buy orders will be rejected, either until the next trading day (in the case of the daily quota) or until the next trading day when sufficient aggregate quota is available. These quotas are not particular to either the Compartments or the Investment Manager; instead, they apply to all market participants generally. Thus, the Investment Manager of the Compartments will not be able to control the use or availability of the quota. If the Investment Manager is unable to purchase additional Stock Connect securities, it may affect the Investment Manager's ability to implement the Compartments' respective investment strategies.

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### **Suspension Risk**

Both SEHK and SSE/SZE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant Compartments' ability to access the mainland China market.

### **Differences in Trading Day**

Stock Connect only operates on days when both the mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the mainland China market but Hong Kong and overseas investors (such as the Compartments) cannot carry out any China A Shares trading because it is not a day when the Hong Kong market is open for trading. The Compartments may be subject to a risk of price fluctuations in China A Shares during the time when Stock Connect is not trading as a result.

### **Clearing and Settlement and Custody Risks**

The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Compartment(s) may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A Shares traded through Stock Connect are issued in scripless form, so investors such as the Compartment will not hold any physical China A Shares. Hong Kong and overseas investors, such as the Compartment, who have acquired SSE/SZE Securities through the Northbound Trading Link, should maintain the SSE/SZE Securities with their brokers' or Depository Banks' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK. Further information on the custody set-up relating to Stock Connect is available upon request at the registered office of the Management Company.

### **Operational Risk**

Stock Connect provides a new channel for investors from Hong Kong and overseas, such as the Compartments, to access the China stock market directly.

Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

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It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the trial program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connect program requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system ("China Stock Connect System") to be set up by SEHK to which exchange participants need to connect). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The Compartment's ability to access the China A Share market (and hence to pursue their investment strategy) will be adversely affected.

### **Recalling Risk and Trading Restrictions**

A stock may be recalled from the scope of eligible SSE/SZE Securities for trading via Stock Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. The Investment Manager's ability to implement the Compartments' investment strategies may be adversely affected.

### **Nominee Arrangements in Holding China A Shares**

HKSCC is the "nominee holder" of the SSE/SZE securities acquired by overseas investors (including the relevant Compartment(s)) through Stock Connect. The CSRC Stock Connect rules expressly provided that investors enjoy the rights and benefits of the SSE/SZE securities acquired through Stock Connect in accordance with applicable laws. However, the courts in China may consider that any nominee or Depository Bank as registered holder of SSE/SZE securities would have full ownership thereof, and that even if the concept of beneficial owner is recognized under Chinese law those SSE/SZE securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Compartment and the Depository Bank cannot ensure that the Compartment's ownership of these securities or title thereto is assured in all circumstances.

Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE/SZE securities in China or elsewhere. Therefore, although the relevant Compartments' ownership may be ultimately recognised, these Compartments may suffer difficulties or delays in enforcing their rights in China A Shares.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the Depository Bank and the Compartment will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Compartment suffers losses resulting from the performance or insolvency of HKSCC.

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### **Investor Compensation**

Investments of the Compartment through Northbound trading under Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Compartment is carrying out Northbound trading through securities brokers in Hong Kong but not mainland Chinese brokers, therefore they are not protected by the China Securities Investor Protection Fund in China.

### **Local Market Rules, Foreign Shareholding Restrictions and Disclosure Obligations**

Under Stock Connect, China listed companies and trading of China A Shares are subject to market rules and disclosure requirements in the China stock market. Any changes in laws, regulations and policies of the China A Shares market or rules in relation to Stock Connect may affect share prices. The Investment Manager should also take note of the foreign shareholding restrictions and disclosure obligations applicable to China A Shares.

The Compartments will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares. The Investment Manager is solely responsible for compliance with all notifications, reports and relevant requirements in connection with its interests in China A Shares.

Under the current mainland China rules, once an investor holds more than 5% of the shares of a company listed on the SSE/SZE, the investor is required to disclose his interest within three working days and during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the Mainland China rules. According to existing Mainland China practices, the Compartments as beneficial owners of China A Shares traded via Stock Connect cannot appoint proxies to attend shareholders' meetings on its behalf.

### **Regulatory Risk**

The CSRC Stock Connect rules are departmental regulations having legal effect in China. However, the application of such rules is untested, and there is no assurance that Chinese courts will recognise such rules, e.g. in liquidation proceedings of Chinese companies.

Stock Connect is novel in nature, and is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Stock Connect.

The regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Stock Connect will not be

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abolished. The relevant Compartments which may invest in mainland China markets through Stock Connect may be adversely affected as a result of such changes.

### **PRC tax consideration**

The Management Company and/or Investment Managers reserve the right to provide for tax on gains of the relevant Compartment that invests in PRC securities thus impacting the valuation of the relevant Compartments. With the uncertainty of whether and how certain gains on PRC securities are to be taxed, the possibility of the laws, regulations and practice in the PRC changing, and the possibility of taxes being applied retrospectively, any provision for taxation made by the Management Company and/or the Investment Managers may be excessive or inadequate to meet final PRC tax liabilities on gains derived from the disposal of PRC securities. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such gains will be taxed, the level of provision and when they purchased and/or sold their shares in/from the relevant Fund.

On 14 November 2014, the Ministry of Finance, State of Administration of Taxation and CSRC jointly issued a notice in relation to the taxation rule on the Stock Connect under Caishui 2014 No.81 ("Notice No.81"). Under Notice No.81, Corporate income tax, individual income tax and Business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (such as the Funds) on the trading of China A-Shares through the Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors (such as the Funds) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

### **China QFII/RQFII Risks**

*The present risk factor is applicable to the Compartments Bin Yuan Greater China and Bin Yuan Healthcare Fund which are authorised to invest in China A-shares, including shares listed on The Shanghai Stock Exchange Science and Technology Innovation Board (STAR Market), through the Renminbi Qualified Foreign Institutional Investor (the "RQFII").*

#### **1. Investment through Investment manager or Third Party QFII/RQFII**

Under the prevailing regulations in China, foreign investors may invest in securities and investments permitted to be held or made by QFII/RQFII under the relevant QFII/RQFII Regulations (the "QFII/RQFII Eligible Securities") through institutions that have obtained QFII/RQFII status in China.

As of the date hereof, owing to the current QFII/RQFII Regulations and that the Compartments themselves are not QFIIs/RQFIIs, the relevant Compartments may invest in QFII/RQFII Eligible Securities indirectly through equity linked products, including but not limited to equity linked notes and participatory notes issued by institutions that have obtained QFII/RQFII status (collectively referred to as "CAAPs"). The relevant Compartments may also invest directly in QFII/RQFII Eligible Securities via the QFII/RQFII status of the Investment Manager.

There are rules and restrictions under current QFII/RQFII Regulations including rules on investment restrictions, which are applicable to the QFII/RQFII as a whole and not only to the investments made by the relevant Compartments. Investments in QFII /RQFII Eligible Securities made through institutions with QFII/RQFII status are generally subject to compliance with investment and market access restrictions

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applicable to each QFII/RQFII. Such rules and restrictions imposed by the Chinese government on QFIIs/RQFIIs may have an adverse effect on the Compartments' liquidity and performance.

Investors should be aware that violations of the QFII/RQFII Regulations on investments arising out of activities of the QFII/RQFII could result in the revocation of or other regulatory actions, including investment in QFII/RQFII Eligible Securities or through CAAPs issued by the said QFII/RQFII made in the benefit of the relevant Compartments.

### 2. Limits on Redemption

Where the relevant Compartments are invested in China's securities market by investing through the Investment Manager's QFII/RQFII status, repatriation of funds from China may be subject to the QFII/RQFII Regulations in effect from time to time.

Accordingly, the investment regulations in relation to the repatriation may change from time to time. PRC custodian(s) (the "PRC Custodian(s)") may handle the capital and/or repatriation profit for the Investment Manager acting as QFII/RQFII with written application or instructions as well as a tax payment commitment letter issued by the Investment Manager.

### 3. Custody and Broker Risk

The QFII/RQFII Eligible Securities acquired by the relevant Compartments through the Investment Manager's QFII/RQFII status will be maintained by the PRC Custodian(s) in electronic form via a securities account with the China Securities Depository and Clearing Corporation (the "CSDCC") or such other central clearing and settlement institutions and a cash account with the PRC Custodian(s).

The Investment Manager also selects the PRC Brokers to execute transactions for the relevant Funds in the PRC markets. The Investment Manager can appoint up to the maximum number of PRC Brokers per market (e.g. the Shanghai Stock Exchange and the Shenzhen Stock Exchange) as permitted by the QFII/RQFII Regulations. Should, for any reason, the relevant Compartments' ability to use the relevant PRC Broker be affected, this could disrupt the operations of the relevant Compartments. The relevant Compartments may also incur losses due to the acts or omissions of either the relevant PRC Broker(s) or the PRC Custodian(s) in the execution or settlement of any transaction or in the transfer of any funds or securities. Further, in the event of an irreconcilable shortfall in the assets in the securities accounts maintained by CSDCC which may arise due to a fault in the CSDCC or bankruptcy of CSDCC, the relevant Compartments may suffer losses. It is possible that, in circumstances where only a single PRC Broker is appointed where it is considered appropriate to do so by the Investment Manager, the relevant Compartment(s) may not necessarily pay the lowest commission or spread available.

Subject to the applicable laws and regulations in China, the Depository Bank will make arrangements to ensure that the PRC Custodians have appropriate procedures to properly safe-keep the Compartments' assets.

According to the QFII/RQFII Regulations and market practice, the securities and cash accounts for the investment funds in China are to be maintained in the name of "the full name of the QFII/RQFII investment manager – the name of the fund" or "the full name of the QFII/RQFII investment manager – client account".

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Notwithstanding these arrangements with third party custodians, the QFII/RQFII Regulations are subject to the interpretation of the relevant authorities in China.

Moreover, given that pursuant to the QFII/RQFII Regulations, the Investment Manager as QFII/RQFII will be the party entitled to the securities (albeit that this entitlement does not constitute an ownership interest), such QFII/RQFII Eligible Securities of the relevant Compartments may be vulnerable to a claim by a liquidator of the Investment Manager and may not be as well protected as if they were registered solely in the name of the Compartments concerned. In particular, there is a risk that creditors of the Investment Manager may incorrectly assume that the relevant Compartment's assets belong to the Investment Manager and such creditors may seek to gain control of the relevant Compartment's assets to meet the Investment Manager's liabilities owed to such creditors.

Investors should note that cash deposited in the cash account of the relevant Compartments with the PRC Custodian(s) will not be segregated but will be a debt owing from the PRC Custodian(s) to the relevant Compartments as a depositor. Such cash will be co-mingled with cash belonging to other clients of the PRC Custodian(s). In the event of bankruptcy or liquidation of the PRC Custodian(s), the Compartments concerned will not have any proprietary rights to the cash deposited in such cash account, and the Compartments concerned will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the PRC Custodian(s). The Compartments concerned may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Compartments concerned will suffer losses.

The Investment Manager as QFII/RQFII shall entrust its PRC Custodian(s) to complete relevant registration formalities or submit relevant applications to the People's Bank of China ("PBOC") and SAFE as described in the Administrative Provisions on Domestic Securities and Futures Investment Capital of Foreign Institutional Investors (PBOC & SAFE Circular 2020 No. 2) (the "Administrative Provisions"). The Investment Manager shall cooperate with its PRC Custodian(s) in fulfilling obligations regarding review of authenticity and compliance, anti-money laundering, anti-terrorist financing, etc.

#### 4) Foreign Exchange Controls

RMB is currently not a freely convertible currency and is subject to exchange controls imposed by the Chinese government. As the relevant Compartments invest in China, such controls could affect the repatriation of funds or assets out of the country, thus limiting the ability of the relevant Compartments to satisfy redemption obligations.

Although the Investment Manager may choose the currency and timing of capital inward remittances, inward remittance and repatriation made by the Investment Manager for its domestic securities investments shall be in the same currency and no cross-currency arbitrage between RMB and other foreign currencies shall be allowed. The Investment Manager is allowed to convert between different foreign currencies according to their actual needs.

#### **China RQFII Specific Risks - Onshore Versus Offshore Renminbi Differences Risk**

While both the CNY and CNH are the same currency, they are traded in different and separated markets. The CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there has been a growing amount of the RMB held offshore (i.e. outside China), the CNH cannot

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be freely remitted into China and is subject to certain restrictions, and vice versa. Investors should note that subscriptions and redemptions in the relevant Compartments investing in the RQFII Eligible Securities through the Investment Manager's RQFII quota will be in USD and/or reference currency of the relevant share class and will be converted to/from the CNH and the investors will bear the forex expenses associated with such conversion and the risk of a potential difference between the CNY and CNH rates. The liquidity and trading price of the Compartments concerned may also be adversely affected by the rate and liquidity of the RMB outside China.

### **Special risk considerations in relation with India**

*The following risk factors are applicable to the Compartment IIFL Focused India Fund, also referred hereafter as the Compartment.*

#### **Indian Market Characteristics**

Trading markets in Indian assets, both onshore and offshore, are substantially smaller (on the basis of market capitalization, value of securities traded and number of participants) than certain other developed markets. As a consequence, a Compartment may invest in a relatively limited number of issuers, some or many of which may operate in the same industry or economic sector. Trading markets in India may be subject to greater price volatility and less liquidity than is usually the case in the developed markets globally.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the equity Shares held by the Compartment.

There may be less reliable information available in the Indian markets than in other developed countries. The level of government supervision of securities exchanges tends to be lower and broker and listed companies are generally subject to less regulation as well. Accounting, auditing, and financial reporting standards are often less rigorous and may not be consistently applied. Local market participants may have information not available to outsiders. Thus, the Company may have available less information, and less reliable information, than would be normal in developed countries.

#### **Risks relating to the application of ESG criteria**

The use of environmental, social and governance ("ESG") criteria may affect a Compartment's investment performance and, as such, investing in ESG may perform differently compared to similar funds that do not use such criteria. ESG based exclusionary criteria used in a Compartment's objectives and investment policy may result in a Compartment foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to its ESG characteristics when it might be disadvantageous to do so. In the event the ESG characteristics of a security held by a Compartment change, resulting in the Investment Manager having to sell the security, neither the Compartment nor the Investment Manager accept liability in relation to such change.

The relevant exclusions might not correspond directly with investors own subjective ethical views.

In evaluating a security or issuer based on ESG criteria, the Investment Manager is dependent upon information and data from third parties, which may be incomplete, inaccurate or unavailable. As a result,



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there is a risk that the Investment Manager may incorrectly assess a security or issuer.

There is also a risk that the Investment Manager may not apply the relevant ESG criteria correctly or that a Compartment could have indirect exposure to issuers who do not meet the relevant ESG criteria used by a Compartment. Neither the Fund nor the Investment Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment.

### **Sustainability Risk**

An ES event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Compartment's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks may have an impact on long-term risk adjusted returns for investors. Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

### **CONFLICT OF INTEREST**

Any investment adviser, investment manager, the Management Company and their affiliated entities may from time to time act as investment adviser, investment manager or as management company to other investment funds/clients and may act in other capacities in respect of such other investment funds or clients. It is therefore possible that any investment adviser, investment manager, the Management Company and their affiliated entities may, in the course of their business, have potential conflicts of interest with the Fund.

The Directors of the Fund, the Management Company, any investment manager and/or any investment adviser will (in the event that any conflict of interest actually arises) endeavour to ensure that such conflict is resolved fairly and in the best interests of the Fund.

The Fund may also invest in other investment funds which are managed by the Management Company, any investment manager, any Investment Adviser or any of their affiliated entities. The directors of the Management Company may also be directors of investment funds and the interest of such investment funds and of the Fund could result in conflicts. Generally, there may be conflicts between the best interests of the Fund and the interests of affiliates of the Management Company in connection with the fees, commissions and other revenues derived from the Fund or investment funds. In the event where such a conflict arises, the directors of the Management Company will endeavour to ensure that it is resolved in a fair manner and in the best interests of the Fund.

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### APPENDIX: COMPARTMENTS IN OPERATION

#### Hereford Funds – DSM US Large Cap Growth Fund

##### Objectives and investment policy

The investment objective of the Compartment is to provide capital appreciation primarily through investments in US-based growing corporations with market capitalizations generally above USD 10 billion.

In general, the Compartment will invest in equity securities of large capitalization issuers which are domiciled, headquartered or exercise the predominant part of their economic activity in the US. Equity securities, include, but are not limited to, common stocks, preferred stocks, securities convertible into common stocks, rights and warrants. The Compartment may invest up to 15% of its net assets in equity securities of non-US issuers or issuers that do not exercise the predominant part of their economic activity in the US. The Compartment may also invest in equity securities of issuers that have a market capitalization below USD 10 billion at the time of purchase. The Compartment will typically contain 25 to 35 positions. The Compartment may invest in American Depository Receipts and American Depository Shares.

Subject to the limits set out in section “Investment Restrictions”, the Compartment may hold no more than 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, for ancillary liquidity purposes in normal market conditions. Under normal market conditions, investment in liquid assets and debt instruments (including deposits, money market instruments and money market funds) of any kind will not exceed 15% of the Compartment's net assets in order to achieve its investment goals and for treasury purposes. In exceptional market circumstances and on a temporary basis only, this limit may be increased to 100% with due regard to the principle of risk spreading.

For the avoidance of doubt, the Compartment will not invest more than 10% of its net asset in UCITS and other UCIs (including open-ended exchange traded funds whose underlying belong to the Compartment's investment universe) (as defined under "Investment Restrictions" 1. (A) (1) d)).

The Compartment promotes certain environmental and social characteristics within the meaning of article 8 of SFDR but does not have a sustainable investment objective.

The Investment Manager uses a variety of indicators to attain the promotion of the environmental and social characteristics. For more details about the ESG methodology and restrictions, please refer to the pre-contractual disclosure included in the below Annex.

The Investment Manager integrates Sustainability Risks and opportunities into its research, analysis and investment decision-making processes. The Compartment is managed to promote, among other characteristics, a combination of environmental and social characteristics (as provided under article 8 of SFDR). The Investment Manager also incorporates and evaluates governance factors in the investment decision-making process.

In the context of the Taxonomy Regulation, in view of its ESG strategy, the Compartment promotes environmental characteristics but has no minimum extent to which its investments (including transitional and enabling activities) with an environmental objective are aligned with the Taxonomy Regulation.

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Therefore, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities, within the meaning of the Taxonomy Regulation. As a consequence thereof, the “do no significant harm” principle does not apply to the investments underlying the Compartment.

### **Investment Manager**

DSM Capital Partners LLC ("DSM") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

DSM Capital Partners LLC was founded by Daniel B. Strickberger and Stephen E. Memishian in February 2001 and became an SEC registered advisor in August 2001. The firm is located in Palm Beach Gardens, Florida.

DSM is a bottom-up, idea driven, growth stock firm, with an intermediate to long-term investment horizon.

DSM seeks to invest in growing businesses with attractive returns, solid business fundamentals, and intelligent management. DSM combines new idea generation, with thorough company research and proprietary valuation system, to create portfolio holdings. Normally these businesses will have projected revenue and earnings growth of at least 10% annually and will frequently have higher returns on equity and assets than the average S&P 500 business.

### **Classes of Shares**

The Compartment currently contains the following Classes of Shares available in the currencies ("Class Currencies") indicated. Classes of Shares not denominated in USD may hedge their currency exposure to the US Dollar in the forward currency market.

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Share Class	Category	Available Class Currencies	Eligibility requirements	Minimum initial subscription amount	Minimum holding	Advisory fee
AI	Clean	EUR, USD, GBP	Institutional <sup>1</sup>	100,000	100,000	1.25% Per annum
AR	Clean	EUR, USD, GBP	Retail <sup>2</sup>	100,000	100,000	1.25% Per annum
BI	Clean	EUR, USD, GBP	Institutional <sup>1</sup>	10,000,000	10,000,000	0.70% Per annum
D	Non clean	EUR, USD, GBP	Retail <sup>3</sup>	10,000	10,000	1.75% Per annum
EI	Clean	EUR, USD, GBP	Institutional <sup>1</sup>	1,000,000	1,000,000	0.90% Per annum
ER	Clean	EUR, USD, GBP	Retail <sup>2</sup>	1,000,000	1,000,000	0.90% Per annum
U	Clean	EUR, USD, GBP	Institutional <sup>1</sup>	100,000	100,000	1.25% Per annum

<sup>1</sup> This Class of Shares is available to:

- 1) Investors which qualify as professional clients ("Professional Clients") as defined in Annex II, Section I of Directive 2014/65/EU on markets in financial instruments ("MiFID II") investing:
  - (i) on their own behalf; or
  - (ii) in their own name but on behalf of any of their clients on the basis of a discretionary management mandate;
- 2) Financial intermediaries which, under the relevant legal and/or regulatory requirements, are prohibited from accepting and retaining inducements from third parties, and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
- 3) Financial intermediaries which, under the contractual arrangements they have entered into, are not entitled to accept and retain inducements from third parties and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
  - (iii) and which a) qualify as Institutional Investors within the meaning of Luxembourg regulations and b) have been approved by the Management Company.

<sup>2</sup> This Class of Shares shall be available to any investors subject to the approval of the Management Company, and if they invest through financial intermediaries, such financial intermediaries are not allowed to accept and retain inducements from third parties.

<sup>3</sup> These Shares shall be available to any investors subject to the approval of the Management Company.

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### Profile of the typical investor

The Portfolio is suitable for investors seeking long-term growth through capital appreciation and who want to participate in the long-term growth of the US economy. It is also suitable for investors wishing to diversify their investment portfolios, who are comfortable with and understand the risks of investing in the stock market, who have a medium term investment horizon, and who seek investment opportunities in the US equity markets.

### Income distribution policy

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

### Reference currency

The reference currency of the Compartment is the US Dollar.

Cut-off	<p>Subscription: prior to 4 p.m. (CET) on the Luxembourg bank business day prior to a Valuation Day.</p> <p>For any subscription received by the Central Administration after 4 p.m. (CET) on a Luxembourg bank business day prior to a Valuation Day, the Net Asset Value applicable will be the Net Asset Value as calculated on the following Valuation Day.</p> <p>Redemption: by 4 p.m. (CET) on the Luxembourg bank business day prior to a Valuation Day.</p> <p>For any redemption received by the Central Administration after 4 p.m. (CET) on a Luxembourg bank business day prior to a Valuation Day, the Net Asset Value applicable will be the Net Asset Value as calculated on the following Valuation Day.</p> <p>Conversion: by 4 p.m. (CET) on the Luxembourg bank business day prior to a Valuation Day.</p> <p>For any conversion requests received by the Central Administration after 4 p.m. (CET) on a Luxembourg bank business day prior to a Valuation Day, the Net Asset Value applicable will be the Net Asset Value as calculated on the following Valuation Day.</p>
Valuation Day (Pricing Day)	Each day that is a bank business day in Luxembourg and on which the New York Stock Exchange

## HEREFORD FUNDS

	(NYSE) is open for trading.  24 <sup>th</sup> December is not a Valuation Day.
Settlement Day	Subscription: within 2 Luxembourg bank business days following the relevant Valuation Day.  Redemption: within 5 Luxembourg bank business days following the relevant Valuation Day.  Conversion: within 2 Luxembourg bank business days following the relevant Valuation Day.

### **Benchmark**

The Compartment is actively managed.

The benchmark indices of the Compartment are the S&P 500 and Russell 1000 Growth.

They are used for performance comparison purposes.

The Investment Manager is not in any way constrained by the benchmark indices in its portfolio positioning. This means the Investment Manager is taking investment decisions without reference to a benchmark index.

The Compartment can deviate significantly from the benchmark indices.

The Benchmark does not take into account the environmental and social characteristics of the Compartment.

**Pre-contractual disclosure for the financial products referred to in Article 8,  
paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of  
Regulation (EU) 2020/852**

**Product name:** Hereford Funds-DSM US  
Large Cap Growth Fund

**Legal entity identifier:**  
549300794SKVH83HJY03

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Does this financial product have a sustainable investment objective?	
●● <input type="checkbox"/> Yes	●○☒ No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristic, but <b>will not make any sustainable investments</b>

**What environmental and/or social characteristics are promoted by this financial product?**

The Investment Manager aims to promote a broad range of environmental and social characteristics that the underlying investments of the Compartment may be exposed to which may include climate change mitigation and the protection of human rights.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Compartment.

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- ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Investment Manager uses a variety of indicators to attain the promotion of the environmental and social characteristics, including the following:

- Environment: Biodiversity & Land Use, Energy & Climate Change, Operational Waste (Non-hazardous), Supply Chain Management, Toxic Emissions & Waste, Water Stress and Other (Environment).
- Customer: Anticompetitive Practices, Customer Relations, Marketing & Advertising, Privacy & Data Security, Product Safety & Quality and Other (Customers).
- Human rights & community: Civil Liberties, Human Rights Concerns, Impact on Local Communities and Other (Human Right & Community).
- Labor rights & supply chain: Child Labor, Collective Bargaining & Union, Discrimination & Workforce Diversity, Health & Safety, Labor Management Relations, Supply Chain Labor Standards and Other (Labor Rights & Supply Chain).
- ESG Score: An internal ESG score is calculated using an ESG scorecard. The scorecard is based on the following topics:
  - Customers,
  - Human rights / community,
  - Labour rights / supply chain and
  - Governance.

These categories are then broken down further into over 20 subcategories which the Investment Manager uses to complete in-depth research on ESG issues impacting a company and assigns scores using a consistent in-house methodology.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

- ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable



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*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

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.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Yes, \_\_\_\_

No



**What investment strategy does this financial product follow?**

The Compartment seeks long-term capital appreciation through investments in the stocks of quality US large cap companies exhibiting strong growth characteristics and share prices that represent attractive returns, with consideration towards companies' environmental, social and governance characteristics.

Environmental, Social and Governance ratings are an important part of the Investment Manager's investment process and are fully integrated into its stock selection, monitoring, and selling processes.

The Investment Manager leverages its own fundamental bottom-up research along with MSCI's input to create an adjusted score that better captures the risk and return associated with each stock.

Each analyst/portfolio manager at the Investment Manager completes in-depth research on ESG issues impacting a company and assigns scores using a consistent in-house methodology.

The Investment Manager stores all ESG communications and developments in centralized folders so that companies' ESG histories and the Investment Manager's

## HEREFORD FUNDS

ESG activities are available to all analyst/portfolio managers. In addition to weekly updates from MSCI, the Investment Manager's investment team utilizes in-depth ongoing monitoring to identify ESG issues not fully captured by MSCI.

ESG scores are included in the Investment Manager's internal summaries and have an impact on its investment decisions. ESG considerations and the implementation of ESG scores and in-house research have both kept the Investment Manager from investing in certain companies and have led to the Investment Manager selling portfolio holdings.

DSM assigns a proprietary ESG score to every company that it researches. Scores range from 0 to 10 (with 10 being the best), and the Investment Manager utilizes MSCI's ESG Controversies as a starting point to make adjustments to ESG scores across five key categories:

- Environment;
- Customers;
- Human rights / community;
- Labour rights / supply chain; and
- Governance.

These categories are then broken down further into over 20 subcategories which the Investment Manager uses to complete in-depth research on ESG issues impacting a company and assigns scores using a consistent in-house methodology."

- *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

### Sector exclusions:

The Compartment may not invest in companies where a significant amount of revenues (greater than 5%) are derived from:

- Tobacco: Companies involved in the production, including key and dedicated components, distribution or retailing of tobacco products
- Fossil fuel: Companies involved in fossil fuel production or services, including companies owning fossil fuel reserves and coal and utilities
- Adult entertainment: Companies involved in the production, distribution or retailing of adult entertainment

### ESG Rating assessment:

Companies must have an internal ESG score greater than 1 in order to be eligible for investment by the Compartment. If a rating falls below a 2, companies must be divested from the portfolio.

The scoring of the existing positions within the Compartment's portfolio is reviewed on an on-going basis.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

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- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Investment Manager does not commit to a minimum rate to reduce the scope of the investments as the exclusions will depend on the investee's assessment with respect to the investment strategy's ESG characteristics.

- **What is the policy to assess good governance practices of the investee companies?**

The investee companies are rated for governance aspects using MSCI ESG Controversy reports as well as in-depth MSCI research reports. A focus is placed on a company's leadership, audits and internal controls, and shareholder rights.

The main factors taken into consideration in this process are:

- Bribery & Fraud,
- Controversial Investments,
- Governance Structures.

The Investment Manager's investment team is responsible for engaging with companies directly by reaching out to investor relations, executive management or the board of directors, when appropriate, in order to better understand ESG matters and potentially influence or identify the need to influence relevant corporate practices. Engagements may take the form of direct in-person meetings, calls, emails, or letters. The length of each engagement will vary based on the materiality of the issue, a company's response, and how the information gathered is integrated into the Investment Manager's investment process. The Investment Manager monitors its engagements on an ongoing basis to evaluate the actions, if any, taken by a company as well as what further action may need to be taken by The Investment Manager.

While the Investment Manager engages with companies on a regular basis, and in some cases has seen actions taken by companies which reflect its engagement suggestions (such as share buy-backs or dividend initiations), the companies the Investment Manager tend to own have strong management teams and governance practices, extensive intellectual property, few or no competitors, sound and sensible employee practices, very few or negligible ESG issues and reasonably long runways to growth. Thus, the Investment Manager recognizes that the risks and return potential related to ESG issues are dynamic and may evolve over time and therefore it continues to monitor this activity and the need for active engagement.

### **What is the asset allocation planned for this financial product?**

- The Investment Manager is planning to invest at least 95% of the Compartment's net assets in investments aligned with E/S characteristics without being qualified as sustainable investments.
- The Investment Manager is planning to invest a maximum of 5% of the Compartment's net assets in investments which will neither be aligned with the environmental or social characteristics, nor qualified as sustainable investments.

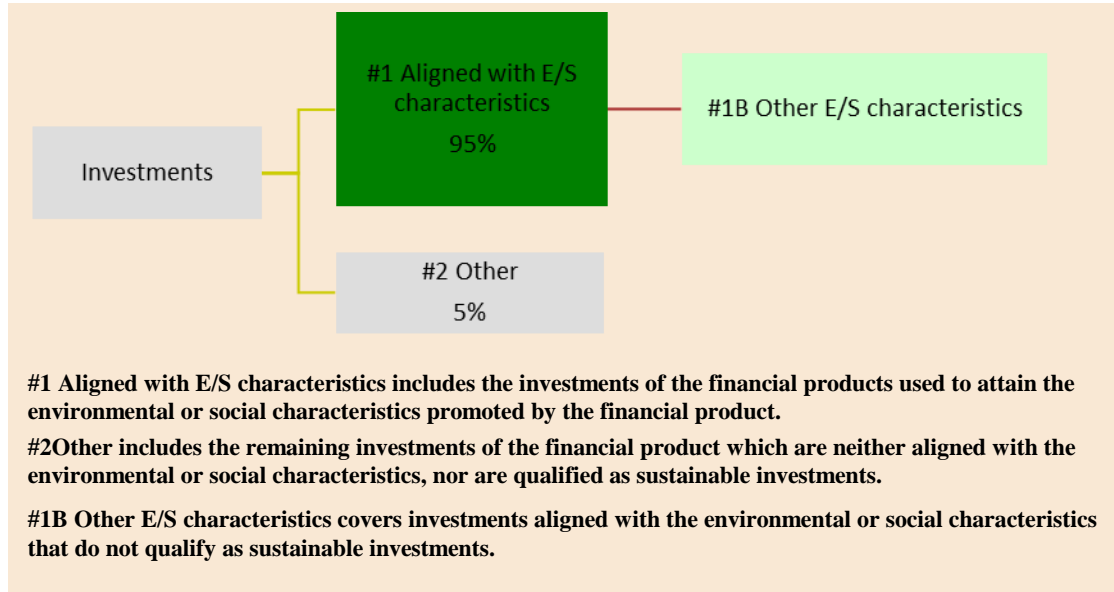
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



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### Asset allocation

describes the share of investments in specific assets.



- *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Should the Compartment use derivatives, they will not be used to attain the environmental or social characteristics promoted by the Compartment.

Taxonomy-aligned activities are expressed as a share of:

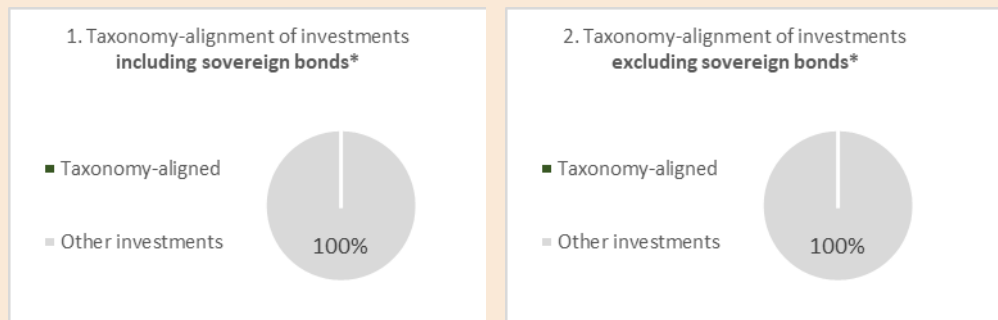
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

There is no minimum extent to which the Compartment's investments (including transitional and enabling activities) with an environmental objective are aligned with the Taxonomy Regulation. Taxonomy Regulation alignment of this Compartment's investments has therefore not been calculated and has as a result been deemed to constitute 0% of the Compartment's portfolio.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*




\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

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**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

- ***What is the minimum share of investments in transitional and enabling activities?***

Not applicable.



***What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?***

Not applicable.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The “#2 other” portion of the portfolio includes deposits at sight and investments in liquid assets (including deposits, money market instruments and money market funds). These liquid assets do not take into consideration ESG criteria and no minimum environmental or social safeguards will apply to them.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Compartment.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

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**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://www.goup.pictet/asset-services/fund-library/>

## HEREFORD FUNDS

### Hereford Funds – Bin Yuan Greater China Fund

#### Objectives and investment policy

The investment objective of the Compartment is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Greater China Companies, as defined hereafter.

Greater China Companies are companies having their registered office in Greater China and companies organised and located in countries other than in Greater China where a predominant part of their economic activity, alone or on a consolidated basis, is derived from either goods produced, sales made or services performed in countries such as the People's Republic of China, Hong Kong, Taiwan and Singapore (herein together referred to as "Greater China Companies").

Investment exposure will be achieved through equities and equity-linked securities (such as shares, ADRs and GDRs). This also includes investment in China A-Shares through the RQFII schemes and the Shanghai and Shenzhen - Hong Kong Stock Connects. Investors should refer to the "Risk Warning" section for special risk considerations applicable to this Compartment. The Compartment may also invest in investment grade debt securities and convertible bonds, equities and equity related securities of companies outside Greater China and money market instruments.

The Sub-Fund may also invest IPO investments and private placements that are eligible under article 41(1) (a) to (d) of the 2010 Law up to 5% of its net assets.

The Compartment's bottom-up, research driven investment process employs a proprietary score based screening process, supported by a tested database of financial analysis models.

This investment approach will be subject at all times to rigorous risk analysis and disciplined risk management procedures, including diversification, a conservative approach to liquidity, prudent exposure limits, and loss minimization procedures through stringent loss cutting practice. Investment risk will be assessed primarily by drawdown, but also by the volatility of returns.

The Compartment will not invest in companies which are included in the list of exclusion of the Norges Bank<sup>1</sup>.

For the avoidance of doubt, the Compartment will not invest more than 10% of its net asset in UCITS and other UCIs (including open-ended exchange traded funds whose underlying belong to the Compartment's investment universe) (as defined under "Investment Restrictions" 1. (A) (1) d)).

Subject to the limits set out in section "Investment Restrictions", the Compartment may hold no more than 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, for ancillary liquidity purposes in normal market conditions.

Under normal market conditions, the Compartment may invest in liquid assets and debt instruments (including deposits, money market instruments and money market funds) of any kind in order to achieve its investment goals and for treasury purposes.

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<sup>1</sup> The list of companies excluded by the Norges Bank is available on <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>.

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In exceptional market circumstances and on a temporary basis, the Compartment may hold up to 100% of its net assets in liquid assets and investment grade debt instruments (including money market instruments).

The Compartment promotes certain environmental and social characteristics within the meaning of article 8 of SFDR but does not have a sustainable investment objective.

The Investment Manager uses a variety of indicators to attain the promotion of the environmental and social characteristics. For more details about the ESG methodology and restrictions, please refer to the pre-contractual disclosure included in the below Annex.

The Investment Manager integrates Sustainability Risks and opportunities into its research, analysis and investment decision-making processes. The Compartment is managed to promote, among other characteristics, a combination of environmental and social characteristics (as provided under article 8 of SFDR). The Investment Manager also incorporates and evaluates governance factors in the investment decision-making process.

In the context of the Taxonomy Regulation, in view of its ESG strategy, the Compartment promotes environmental characteristics but has no minimum extent to which its investments (including transitional and enabling activities) with an environmental objective are aligned with the Taxonomy Regulation. Therefore, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities, within the meaning of the Taxonomy Regulation. As a consequence thereof, the “do no significant harm” principle does not apply to the investments underlying the Compartment.

### **Investment Manager**

Bin Yuan Capital Limited is licensed by the Hong Kong Securities and Futures Commission to undertake Type 9 (Asset Management) Regulated Activities. The principals are Ping Zhou and Cicy Wu whose profiles are below:

#### **Ping Zhou, CFA**

Ping, a founding and managing partner, has more than 25 years of management and investment experience including 17 years with GE. At GE Asset Management Incorporated ("GEAMI"), Ping was a managing director and responsible for a total of US\$ 5 billion assets including the Emerging Markets (US\$ 3.5 billion in AuM), China Equity (US\$ 400 million in AuM) and China A (US\$ 480 million in AuM) portfolios.

Ping initiated GE China Equity Fund in July 2002. The fund had achieved 22.1% annualized return for the past 9 years and has been one of the top funds in the industry. The GE emerging market fund, which was managed by Ping and one other fund manager, was ranked top ten in 2006.

Ping founded Bin Yuan Capital in 2012 and started 2 strategies in 2013, Greater China Strategy and China A strategy. Both strategies have delivered very strong performance since then. Bin Yuan Capital has attracted large International Institutions that include pension funds, endowments and foundations, and family offices.

He has a BS from Northeastern University magna cum laude and an MBA from Fairfield University. Ping was a holder of the Chartered Financial Analyst designation.

#### **Cicy Wu, CFA**

Cicy, a founding and managing partner of Bin Yuan Capital, has more than 10 years investment experience including 8 years with GE. At GE Asset Management Incorporated ("GEAMI"), Cicy was the assistant portfolio manager for



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the China Equity Strategy (AuM US\$ 400 million) and China A-shares (AuM US\$ 480 million). She joined GE Asset Management in 2006, and prior to that, she worked as an analyst of corporate finance in various GE business.

Cicy and Ping are co portfolio managers for two strategies in Bin Yuan Capital since 2013, Greater China Strategy and China A strategy. Both strategies have delivered very strong performance since then. Bin Yuan Capital has attracted large International institutions that include pension funds, endowments and foundations, and family offices.

Cicy holds a Bachelor Degree from Fudan University in Shanghai. Cicy is also a holder of the Chartered Financial Analyst designation and member of The Association of Chartered Certified Accountants (ACCA). She is a native of China and speaks fluent English and Mandarin.

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### Classes of Shares

The Compartment currently contains the following Classes of Shares available in the currencies ("Class Currencies") indicated. Classes of Shares not denominated in USD may hedge their currency exposure to the US Dollar in the forward currency market.

The Directors will close the current Classes of Shares in this Compartment to subscriptions from new shareholders/investors of the Compartment if the net assets attributable to the Compartment exceed USD 1,000,000,000, i.e. the amount as of which the Compartment strategy becomes capacity constrained (or any other amount as may be decided from time to time by the Directors). If the assets attributable to the Compartment are at such level, (i) new shareholders will only be authorized to subscribe via the Classes of Shares "SCA", "SCP A" and "SCB" and (ii) existing shareholders will be able to add further subscriptions in the Classes of Shares in which they hold shares as long as they are duly identified as such by the Central Administration (for example via a clear reference on order placement so the Central Administration can ascertain that the order is from an existing client).

The Directors may also close some or all of the Classes of Shares in this Compartment to subscriptions from existing shareholders of the Compartment and/or new investors if the assets attributable to the Compartment are at a level, at which, as determined by the Directors and the Investment Manager, is not in the best interests of the Compartment's shareholders to accept further subscriptions, for instance where the size of the Compartment may constrain the ability of the Investment Manager to meet the investment objective.

The Directors may subsequently re-open some or all of the Classes of Shares in the Compartment to further subscriptions from existing and/or new shareholders in agreement with the Investment Manager, at their sole discretion.

Shareholders may ascertain the closed or open status of the Classes of Shares and if the latter are open to existing and/or new shareholders by contacting the Central Administration. Closing the Classes of Shares to new subscriptions from existing and/or new shareholders will not affect the redemption rights of Compartment's shareholders.

Share Class	Available Class Currencies	Eligibility requirements	Minimum initial subscription amount in USD or currency equivalent	Minimum holding in USD or currency equivalent	Advisory fee	Performance fee level	Redemption fee
AI	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	100,000	100,000	1,25% per annum	None	None
AR	USD, EUR, GBP, RMB	Retail <sup>2</sup>	100,000	100,000	1,25% per annum	None	None
AB	USD, EUR, GBP, RMB	Investment manager share class <sup>3</sup>	100,000	100,000	1,25% per annum	None	None
BI	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	5,000,000	5,000,000	1,00% per annum	None	None
BB	USD, EUR, GBP, RMB	Investment manager share class <sup>3</sup>	5,000,000	5,000,000	1,00% per annum	None	None
CI	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	10,000,000	10,000,000	0,75% per annum	None	None
CB	USD, EUR, GBP, RMB	Investment manager share class <sup>3</sup>	10,000,000	10,000,000	0,75% per annum	None	None

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DI A	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	100,000,000	100,000,000	0,50% per annum	None	None
DI P	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	100,000,000	100,000,000	0,35% per annum	10%	None
DB A	USD, EUR, GBP, RMB, NOK	Investment manager share class <sup>3</sup>	100,000,000	100,000,000	0,50% per annum	None	None
DB P	USD, EUR, GBP, RMB	Investment manager share class <sup>3</sup>	100,000,000	100,000,000	0,35% per annum	10%	None
L1	USD, EUR, GBP, RMB	Initial share <sup>4</sup> class	100,000	100,000	0,75% per annum	None	None
L2	USD, EUR, GBP, RMB	Initial share <sup>4</sup> class	100,000	100,000	0,25% per annum	15%	None
SCA	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	1,000,000	1,000,000	1,00% per annum	None	None
PI	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	5,000,000	100,000	0,50% per annum	10%	None
PB	USD, EUR, GBP, RMB	Investment manager share class <sup>3</sup>	5,000,000	100,000	0,50% per annum	10%	None
SCP	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	1,000,000	1,000,000	0,75% per annum	10%	None
SCB	USD, EUR, GBP, RMB	Institutional <sup>1</sup>	100,000,000	100,000,000	0,75% per annum	None	Up to 1% <sup>5</sup>

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<sup>1</sup> This Class of Shares is available to:

- 1) Investors which qualify as Professional Clients as defined in Annex II, Section I of MiFID II investing:
  - (i) on their own behalf; or
  - (ii) in their own name but on behalf of any of their clients on the basis of a discretionary management mandate;
- 2) Financial intermediaries which, under the relevant legal and/or regulatory requirements, are prohibited from accepting and retaining inducements from third parties, and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
- 3) Financial intermediaries which, under the contractual arrangements they have entered into, are not entitled to accept and retain inducements from third parties and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
  - (iii) and which i) qualify as Institutional Investors within the meaning of Luxembourg regulations and ii) have been approved by the Management Company.

<sup>2</sup> This Class of Shares shall be available to any investors subject to the approval of the Management Company, and if they invest through financial intermediaries, such financial intermediaries are not allowed to accept and retain inducements from third parties.

<sup>3</sup> These Shares shall be reserved for investments made by investors qualifying as Institutional Investors within the meaning of the Law, who are approved by the Investment Manager.

<sup>4</sup> These Shares shall be reserved for investments made by investors qualifying as Institutional Investors within the meaning of the Law, who are approved by the Management Company. These Shares will only be available for such period of time as determined by the Directors in their sole discretion or the net assets of the Compartment equals or is less than USD 40,000,000.

<sup>5</sup> A redemption charge up to 1% will only apply to the shareholders having requested the redemption of their shares within twelve months as from their subscriptions (including subsequent subscriptions).

### **Profile of the typical investor**

The Portfolio is suitable for investors seeking medium to long-term growth through capital appreciation and who want to participate in the medium to long-term growth of the Greater China region.

### **Income distribution policy**

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

### **Reference currency**

The reference currency of the Compartment is the US Dollar.

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### **Performance fees specific to this Compartment**

In relation to the classes for which a performance fee is charged in accordance with the table above, the Advisory Company and the Investment Manager will receive a performance fee (as further described in the investment advisory agreement entered into between the Management Company, the Advisory Company and the Fund), accrued on each Valuation Day, paid yearly, based on the Net Asset Value (the "NAV") per Share, equivalent to such performance level (the "Performance Fee Level") as indicated in the aforementioned table of the performance of the Net Asset Value per Share (measured against the High Water Mark) over the performance of the MSCI China All Shares Net Total Return (Bloomberg ticker MXCNANM Index), since the last Valuation Day at the end of a calculation period, on which a performance fee has been calculated.

The performance fee is calculated on the basis of the NAV per Share after deduction of all expenses, liabilities, and management company fees and advisory fees to which the Management Company and the Advisory Company are entitled (but not performance fee), and is adjusted to take account of all subscriptions, redemptions and dividends.

Any first calculation period shall start on the launch date of the relevant Class and terminate at the last Valuation Day of the next fiscal year, in order to make sure that the first performance fees payment would occur after a minimum period of twelve months. The subsequent calculation periods shall start on the last Valuation Day at the end of the previous calculation period and terminate on the last Valuation Day of each following fiscal year.

The crystallisation frequency is yearly.

The Performance Reference Period, which is the period at the end of which the past losses can be reset, corresponds to the whole life of the Class.

The High Water Mark (HWM) is defined as the greater of the following two figures:

- (i) The last Net Asset Value per share on which a performance fee has been calculated at the end of a calculation period; and
- (ii) the initial Net Asset Value per share.

The High Water Mark will be decreased by the dividends paid to Shareholders.

The High Water Mark is permanent and no reset of past losses for performance fees calculation purpose is foreseen.

No performance fee will be due if the NAV per Share before performance fee turns out to be below the High Water Mark for the calculation period in question.

Performance fee provisions will be made on each Valuation Day. If the NAV per Share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the NAV per Share performance (measured against the High Water Mark) is positive, but the benchmark return is negative, the calculated performance fee will be based on the minimum between:

- the NAV per Share performance (measured against the High Water Mark); and
- Performance Fee Level (%) of the NAV per Share outperformance over the benchmark return.

The objective is to limit the performance fee per share to the absolute performance of the NAV/Share (against the High Water Mark).

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In addition, the performance fee per share cannot exceed the annual performance of the NAV per Share.

If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the outperformance of the NAV per Share against the benchmark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark adjusted by the benchmark performance at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the calculation period.

Examples:

	NAV before	HWM per share	NAV share per	NAV Share Per	Yearly benchmark	Perf Fee	Cap Perf Fee / Annual performance	NAV after Perf Fee
	Perf Fee		performance	Performance yearly	performance (1)			
Year 1:	112.00	100.00	12.00%	12.00%	2.00%	1.00	12.00	111.00
Year 2:	118.00	111.00	6.31%	6.31%	-1.00%	0.81	7.00	117.19
Year 3:	117.00	117.19	-0.16%	-0.16%	-1.00%	0.00	0.00	117.00
Year 4:	121.80	117.19	3.93%	4.10%	2.96%	0.11	4.61	121.69
Year 5:	122.00	121.69	0.26%	0.26%	-4.82%	0.62	0.31	121.69

(1) Benchmark performance since the last Valuation Day at the end of a calculation period, on which a performance fee has been calculated.

With a performance fee rate equal to 10%.

Year 1: The NAV per share performance (12%) is superior to the benchmark performance (2%)  
The excess of performance is 10% and generates a performance fee equal to 1.

Year 2: The NAV per share performance (6,31%) is superior to the benchmark performance (-1%)  
The excess of performance is 7.31% and generates a performance fee equal to 0.81.

Year 3: The NAV per share performance (-0.16%) is superior to the benchmark performance (-1%)  
As the NAV per share performance against the HWM is negative, no performance fee is calculated.

Year 4: The NAV per share performance (3,93%) is superior to the benchmark performance (2.96%)  
The excess of performance is 0.97% and generates a performance fee equal to 0.11.

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Year 5: The NAV per share performance (0,26%) is superior to the benchmark performance since the last performance fees payment (-4.82%).

The excess of performance is 5.08% and generates a performance fee equal to 0,62. As the maximum performance fee is 0.31, the final performance fee is 0,31.

Cut-off	<p>Subscription: prior to 4 p.m. (CET) 2 Luxembourg bank business days prior to the relevant Valuation Day.</p> <p>Redemption: prior to 4 p.m. (CET) 5 Luxembourg business days prior to the relevant Valuation Day.</p> <p>Conversion: prior to 4 p.m. (CET) 2 Luxembourg bank business days prior to the relevant Valuation Day.</p>
Valuation Day (Pricing Day)	<p>Each day that is a bank business day in Luxembourg and on which the Chinese stock exchanges in Mainland China, Hong Kong Exchanges and Clearing Limited are open for trading.</p> <p>24<sup>th</sup> December is not a Valuation Day.</p>
Settlement Day	<p>Subscription: within 2 Luxembourg bank business days following the relevant Valuation Day.</p> <p>Redemption: within 5 Luxembourg bank business days following the relevant Valuation Day.</p> <p>Conversion: within 2 Luxembourg bank business days following the relevant Valuation Day.</p>

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### **Benchmark**

The Compartment is actively managed.

The benchmark index of the Compartment is MSCI China All Shares Net Total Return Index.

It is used for the calculation of the performance fee and for performance comparison purposes.

The Investment Manager is not in any way constrained by the benchmark index in its portfolio positioning. This means the Investment Manager is taking investment decisions without reference to a benchmark index.

The Compartment can deviate significantly from the index.

The Benchmark does not take into account the environmental and social characteristics of the Compartment.



**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Hereford Funds-Bin Yuan Greater China Fund

**Legal entity identifier:** 254900VV3B1TP4S8UF14

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**                        **No**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <p style="margin-left: 40px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 40px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments</p> <p style="margin-left: 40px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 40px;"><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 40px;"><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristic, but <b>will not make any sustainable investments</b></p>
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**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**What environmental and/or social characteristics are promoted by this financial product?**

Through its inclusion and exclusion criteria, the Compartment aims to promote environmental characteristics such as the transition to a low carbon economy ,the reduction of water emission, pollution & waste and the protection of biodiversity as well as social characteristics including social labour management, health and safety, Human Capital Development, Product Safety & Quality , Privacy & Data Security and Controversial Sourcing.

The Investment Manager believes that responsible investment brings superior investment returns and benefits society and people in the long term.

The Investment Manager joined the Net Zero Asset Managers (NZAM) Initiative and established a comprehensive ESG approach focusing on the impact of its investments on the environment and society. Driven by the deep-rooted methodology, it is investing in socially



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

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responsible and environmentally aware companies that create long term corporate value by providing the best products and services to society.

The Compartment's benchmark, MSCI China All Shares Net Total Return Index, has not been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Compartment.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following main sustainability indicators are used to measure the attainment of environmental and social characteristics promoted by the Compartment:

- Environmental indicators: Carbon Emission and Waste Emission.
- Social indicators: Labour Management and Health Safety.

To get a comprehensive ESG score, over 30 ESG metrics are considered:

1. The Environmental score consists of the following factors: Climate Change, Natural Resources, Pollution & Waste, and Environmental Opportunities.
2. The Social score includes the following factors: Human Capital, Product Liability, Stakeholder Opposition, and Social Opportunities.
3. The Governance score has the largest weight and consists of over 20 factors including Board Diversity, Ownership & Control, Conflict of Interest, Business Ethics, and all other governance-related factors.

Monitoring of the sustainability indicators:

- The ratings on those indicators are updated when there is an event or more findings from the Investment Manager's continuous due diligence work.
- The ratings will also be reviewed on a regular basis.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

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*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

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.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



### Does this financial product consider principal adverse impacts on sustainability factors?

Yes, \_\_\_

No

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



### What investment strategy does this financial product follow?

The Compartment aims to achieve long term capital appreciation through investments in high quality sustainable public equities while maintaining a concentrated and liquid portfolio. This is accomplished through a disciplined investment process that considers all risks and opportunities to the performance of the Investment Manager’s investments, including environmental, social, and corporate governance (ESG) factors.

The Investment Manager has established an in-house rating system to quantify the qualitative elements of a company’s ESG risks and exposure, and how to manage those risks and exposures.

To get a comprehensive ESG score, over 30 ESG metrics are considered:

1. The Environmental score consists of the following factors: Climate Change, Natural Resources, Pollution & Waste, and Environmental Opportunities.
2. The Social score includes the following factors: Human Capital, Product Liability, Stakeholder Opposition, and Social Opportunities.
3. The Governance score has the largest weight and consists of over 20 factors including Board Diversity, Ownership & Control, Conflict of Interest, Business Ethics, and all other governance-related factors.

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Exposure is scored on a 1-5 scale:

- 5 representing no exposure and 1 representing very high exposure.
- Management is scored on 1-5 scale, with 5 representing the best practice management and 1 representing no efforts being made.
- A company with high exposure must also have very strong ESG management, whereas a company with limited exposure can have a more modest ESG approach.
- The Compartment avoids companies with a low management rating below 3 if there are exposures.
- The Compartment via screening eliminates companies that are not ESG compliant and qualified.

The company overall ESG score should be higher than 2.5 to remain in the portfolio.

The scoring of the existing positions within the Compartment's portfolio is reviewed on an on-going basis.

The Compartment has deeply integrated the ESG approach in the Investment Manager's risk management framework and investment process. Poor ESG is the key factor in business risk, so at the screening stage, the Compartment eliminates companies that are not ESG compliant and qualified. The whole process is managed by the Investment Manager's in-house team that has accumulated many years of practical experience in the marketplace and was one of the earliest adopters of good ESG practices in China.

It also excludes companies in the list of exclusion of the Norges Bank and companies producing coal-fired power, tobacco as well as any company in the gambling sector.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager in-house rating system referred to in the above question is binding on the Investment Manager for the selection of the targeted assets to be included the Compartment's portfolio.

Additionally, the Compartment undertakes not to invest in companies which are included in the list of exclusion of the Norges Bank (the list of companies excluded by the Norges Bank is available on <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>).

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The implementation of the selection criteria leads to the exclusion of at least 50% of potential investments at the initial ESG screening stage.

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### ● What is the policy to assess good governance practices of the investee companies?

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The governance rating in the Investment Manager's in-house ESG scoring system consists of over 20 factors including Board Diversity, Ownership & Control, Conflict of Interest, Business Ethics, and all other governance related factors. The Investment Manager has kept a record of companies' governance history in the risk files, which tracks companies' management stability, insider trading, dividend ratio, financial risk exposure, disclosure and other factors that would impact ESG rating. The Investment Manager goes beyond a company's financial reporting and digs into the local practice of management actions including pledged shares, exchangeable bonds, inappropriate merger, and acquisition etc. to assess the real substance of the governance.

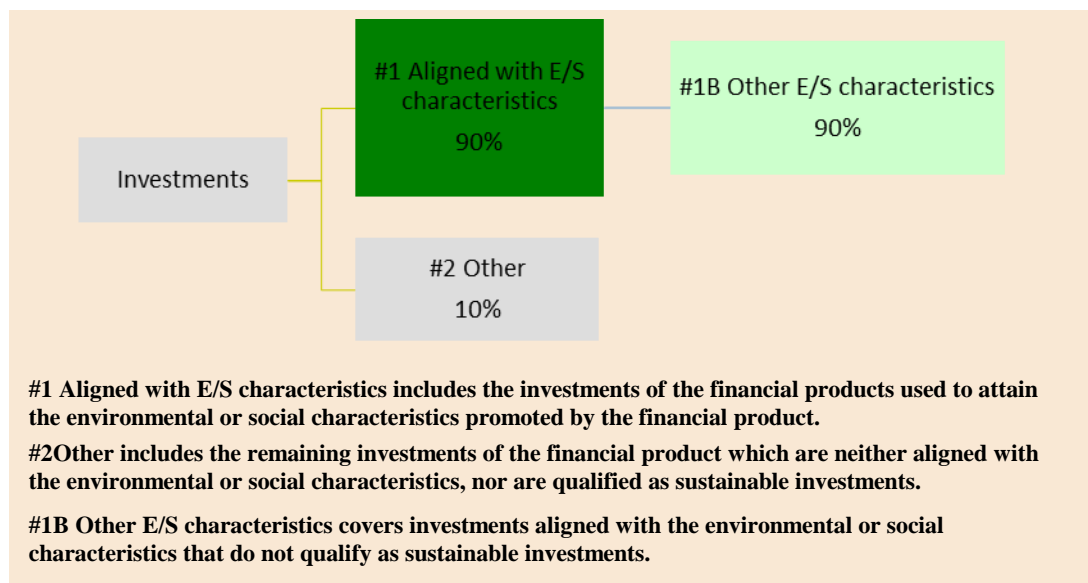
The Compartment will not invest in those companies that have a low ESG rating and the Investment Manager's on the ground due diligence has helped to steer away from investing in low corporate governance companies.



### What is the asset allocation planned for this financial product?

- The Investment Manager is planning to invest at least 90% of the Compartment's net assets in investments aligned with E/S characteristics without being qualified as sustainable investments.
- The Investment Manager is planning to invest a maximum of 10% of the Compartment's net assets in investments which will neither be aligned with the environmental or social characteristics, nor qualified as sustainable investments.

**Asset allocation** describes the shares of investments in specific assets.



### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Should the Compartment use derivatives, they will not be used to attain the environmental or social characteristics promoted by the Compartment.

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Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

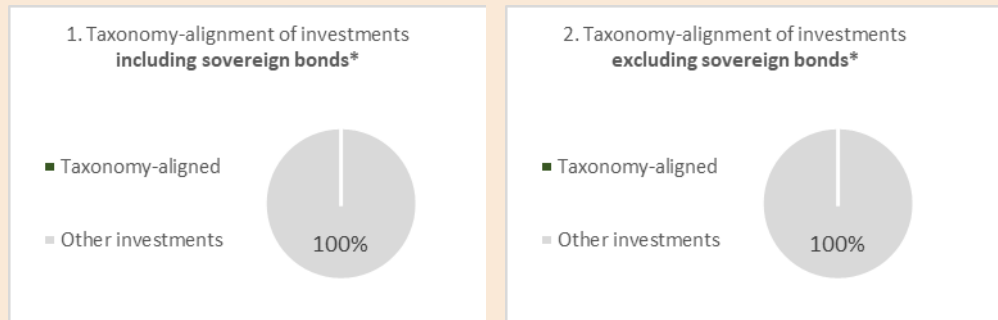
 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Compartment does not currently commit to a minimum percentage of invest in any “sustainable investments” within the meaning of the Taxonomy Regulation, but only within the meaning of the SFDR regulation. Consequently, the taxonomy alignment of this Compartment’s investments has not been calculated and has as result been deemed to constitute 0% of the Compartment’s portfolio.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



### What is the minimum share of socially sustainable investments?

Not applicable.

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**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The “#2 other” portion of the portfolio includes deposits at sight and investments in liquid assets (including deposits, money market instruments and money market funds). These liquid assets do not take into consideration ESG criteria and no minimum environmental or social safeguards will apply to them.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Compartment.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

- *How does the designated index differ from a relevant broad market index?*

Not applicable.

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.

### Reference

**benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://www.group.pictet/asset-services/fund-library/>

## **Hereford Funds – IIFL Focused India Fund**

### **Objectives and investment policy**

The investment objective of the Compartment is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Indian companies or companies deriving a significant portion of their business from India.

Investment exposure will be achieved through equities and equity-linked securities (such as listed shares, ADRs and GDRs). Investors should refer to the "Risk Warning" section for special risk considerations applicable to this Compartment.

### **Investment Strategy**

The primary objective of the strategy adopted by the Compartment is to run a concentrated portfolio, consisting of the team's high conviction investment ideas. The strategy will be market cap agnostic and there will not be any restriction on the sectors in which it can invest.

The investment philosophy is centered around buying growing businesses, with above average return on capital economics, backed by managements with a track record of good governance and valued at a reasonable risk/reward ratio.

One of the Investment Manager's key frameworks is the SCDV framework (Secular, Cyclical, Defensive, and Value traps). The Investment Manager defines these in purely quantitative terms and classifies its universe into these categories. This framework gives the Investment Manager the opportunity to generate alpha through market cycles. Stocks in the secular segment generally tend to offer higher earnings growth and high return on equity across market cycles. Further, the Investment Manager's ability to switch weights between the cyclical and defensive categories depending on market cycles and macroeconomic turns offers us the flexibility to capture shifts in market cycles.

This framework is used as a screening tool wherein the strategy is largely based on bottom up stock selection, with a top down view. Sector pricing power trends and interest rates combined with bottom up stock selection play a significant part in the Investment Manager's tactical calls.

### **Investment Restrictions**

For the avoidance of doubt, the Compartment will not invest more than 10% of its net assets in UCITS and other UCIs (including open-ended exchange traded funds whose underlying belong to the Compartment's investment universe) (as defined under "Investment Restrictions" 1. (A) (1) d)).

Investments in ADRs and GDRs will be limited to 10% of the Compartment's net assets.

Subject to the limits set out in section "Investment Restrictions", the Compartment may hold no more than 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, for ancillary liquidity purposes in normal market conditions.

Under normal market conditions, the Compartment may invest in liquid assets and debt instruments (including deposits money market instruments and money market funds) of any kind in order to achieve its investment goals and for treasury purposes.

In exceptional market circumstances and on a temporary basis, the Compartment may hold up to 100% of its net assets in liquid assets and investment grade debt instruments (including money market instruments).



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The Compartment may use futures and options on securities, financial indices and interest rates for different purposes (i.e. hedging and efficient portfolio management).

For Classes of Shares not denominated in USD, the Compartment shall not hedge their currency exposure to the US Dollar. Further, the investments in this Compartment shall remain subject to fluctuation in exchange rate as the underlying investment will predominantly be in INR while the functional currency of the Share Class is USD. As such, 100% of the Compartment's investments may be exposed to the foreign currency exchange risk.

### **Sustainability approach**

The Investment Manager will integrate sustainability and ESG risks in its investment decision making process (the "Sustainability Risks").

The material ESG risk factors are analysed alongside traditional financial factors and are considered in forming investment decisions.

Data collection is mainly through primary sources drawn from public documents provided by companies with supplementation from third party sources. The result of the ESG risk score will not be binding on the Investment Manager which will at its discretion decide to divest or engage with a company when considering Sustainability Risks integration.

While the Investment Manager will integrate ESG and Sustainability Risks in its investment decision making process, the Investment Manager does not currently consider principal adverse impacts of investment decisions on sustainability factors.

The Compartment does not promote environmental or social characteristics within the meaning of SFDR (article 8) nor is it classified as a pursuing a sustainable investment objective (article 9). The investments underlying this Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

### **Investment Manager**

IIFL Asset Management Ltd ("IIFL") has been appointed as Investment Manager to manage the investment and reinvestment of the assets of the Compartment.

IIFL was incorporated in India as a public limited company incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013.

IIFL is a subsidiary of the IIFL Wealth Management Group (publicly listed company in India) with its head office in Mumbai, India. IIFL acts as an investment manager to various private and public funds in India and provides investment advisory services to eligible investors including large institutions and high net-worth individual investors.

It is also registered as "Portfolio Manager" under the Securities Exchange Board of India (SEBI) Regulations, 1993. Under this registration, it also provides non-binding investment advisory services to eligible investors. It also acts as investment manager to IIFL Mutual Fund and various Alternative Investment Funds i.e. IIFL Venture Fund (Category I Alternative Investment Fund), IIFL Private Equity Fund (Category II Alternative Investment Fund) and IIFL Opportunities Fund (Category III Alternative Investment Fund). IIFL is registered with the SEC under the US Advisers Act.

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The key personnel of IIFL are Mr. Anup Maheshwari and Mr. Manoj Shenoy, whose biographies are set out below.

### **Manoj Shenoy, Chief Executive Officer**

Manoj joined the IIFL Wealth group (IIFLW) in April 2020 as Executive Director following IIFLW's acquisition L&T Capital Markets Limited (LTCM). He is responsible for scaling up growth and developing robust processes keeping in line with customer centricity. Manoj with his stellar experience plays a pivotal role in areas of product innovation, digitalization and expanding our reach.

Manoj has close to three decades of experience in the financial services industry. Prior to joining IIFL Wealth & Asset Management, he was CEO at L&T Financial Services - Wealth Management business. Besides a successful stint as CEO of EFG Wealth Management India, a subsidiary of EFG Bank - a boutique Swiss Private Bank, Manoj was also Executive Director at Anand Rathi Financial Services.

Mr. Shenoy holds a bachelor's degree in engineering from Bangalore University.

### **Anup Maheshwari, Chief Investment Officer**

Mr. Maheshwari has over 26 years of work experience in the financial service sector and is also the Chief Investment Officer of IIFL. He joined IIFL from DSP BlackRock Investment Managers (a joint venture between BlackRock and the DSP Group in India) in August 2018. He was associated with DSP BlackRock since July 1997 and was last designated as the Chief Investment Officer, Equities. Anup managed DSP BlackRock's India funds from May 2001 to June 2018. For a brief period between December 2005 and May 2006, he was the CIO at HSBC Asset Management before returning to DSP BlackRock. Previously he was also associated with Chescor, a British fund management firm managing three offshore India equity funds.

He has a Bachelor of Commerce from Bombay University and Post Graduate Diploma in Management from Indian Institute of Management, Lucknow.

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### Classes of Shares

The Compartment currently contains the following Classes of Shares available in the currencies ("Class Currencies") indicated.

Share Class	Available Class Currencies	Eligibility requirements	Minimum initial subscription amount in USD or currency equivalent	Subsequent minimum subscription in USD or currency equivalent	Minimum holding in USD or currency equivalent	visory fee	performance fee level
<b>AI</b>	USD, EUR, GBP	Institutional <sup>1</sup>	100,000	10,000	100,000	1,00% per annum	None
<b>AR</b>	USD, EUR, GBP	Retail <sup>2</sup>	100,000	10,000	100,000	1,00% per annum	None
<b>AB</b>	USD, EUR, GBP	Investment manager share class <sup>3</sup>	100,000	10,000	100,000	1,00% per annum	None
<b>BI</b>	USD, EUR, GBP	Institutional <sup>1</sup>	5,000,000	100,000	5,000,000	0,75% per annum	None
<b>BB</b>	USD, EUR, GBP	Investment manager share class <sup>3</sup>	5,000,000	100,000	5,000,000	0,75% per annum	None
<b>L1</b>	USD, EUR, GBP	Initial share <sup>4</sup> class	100,000	10,000	100,000	0,25% per annum	None
<b>L2</b>	USD, EUR, GBP	Initial share <sup>5</sup> class	100,000	10,000	100,000	0,50% per annum	None

<sup>1</sup> This Class of Shares is available to:

- 1) Investors which qualify as Professional Clients as defined in Annex II, Section I of MiFID II investing:
  - (i) on their own behalf; or
  - (ii) in their own name but on behalf of any of their clients on the basis of a discretionary management mandate;
- 2) Financial intermediaries which, under the relevant legal and/or regulatory requirements, are prohibited from accepting and retaining inducements from third parties, and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
- 3) Financial intermediaries which, under the contractual arrangements they have entered into, are not entitled to accept and retain inducements from third parties and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
  - (iii) and which i) qualify as Institutional Investors within the meaning of Luxembourg regulations and ii) have been approved by the Management Company.

<sup>2</sup>

This Class of Shares shall be available to any investors subject to the approval of the Management Company, and if they invest to the extent they subscribe through financial intermediaries, such financial intermediaries are not allowed to accept and retain inducements from third parties.

<sup>3</sup>

These Shares shall be reserved for investments made by investors qualifying as Institutional Investors within the meaning of the Law, who are approved by the Investment Manager.

<sup>4</sup>

These Shares shall be reserved for investments made by investors qualifying as Institutional Investors within the meaning of the Law, who are approved by the Management Company. These Shares will only be available for such period of time as determined by the Directors in their sole discretion or the net assets of the Compartment equals or is less than USD 25,000,000.

<sup>5</sup>

These Shares shall be reserved for investments made by investors qualifying as Institutional Investors within the meaning of the

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Law, who are approved by the Management Company. These Shares will only be available for such period of time as determined by the Directors in their sole discretion or the net assets of the Compartment equals or is less than USD 50,000,000.

### Profile of the typical investor

The Portfolio is suitable for investors seeking medium to long-term growth through capital appreciation and who want to participate in the medium to long-term growth of India.

### Income distribution policy

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

### Reference currency

The reference currency of the Compartment is the US Dollar.

Cut-off	Subscription: prior to 4 p.m. (CET) 1 Luxembourg <u>bank business</u> day prior to the relevant Valuation Day. Redemption: prior to 4 p.m. (CET) 1 Luxembourg <u>business</u> day prior to the relevant Valuation Day. Conversion: prior to 4 p.m. (CET) 1 Luxembourg <u>business</u> day prior to the relevant Valuation Day.
Valuation Day (Pricing Day)	Each day that is a bank business day in Luxembourg and India and on which the Indian Stock Exchanges are open for trading. 24th December is not a Valuation Day.
Settlement Day	Subscription: within 2 Luxembourg bank business day following the relevant Valuation Day. Redemption: within 5 Luxembourg bank business days following the relevant Valuation Day. Conversion: within 5 Luxembourg bank business days following the relevant Valuation Day.

### Benchmark

The Compartment shall be actively managed.

The Compartment shall use the MSCI India Investable Market Index (IMI) as its benchmark purely for comparison purposes.

The Investment Manager is not in any way constrained by the benchmark index in its portfolio positioning.

This implies that the Investment Manager is taking investment decisions without reference to the benchmark index and the Compartment can deviate significantly from the index.

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### **Hereford Funds – Bin Yuan Healthcare Fund**

#### **Objectives and investment policy**

The investment objective of the Compartment is to provide long term capital growth, measured in USD, primarily through investment in equities and equity-linked securities of Chinese healthcare companies, as defined hereafter.

The Compartment strategy investment objectives are to identifying and invest in socially and environmentally aware healthcare-related companies that create long term corporate value by providing leading products and services.

Investment exposure will be achieved through equities and equity-linked securities (such as shares, ADRs and GDRs). This also includes investment in China A-Shares through the RQFII schemes and the Shanghai and Shenzhen - Hong Kong Stock Connects. Investors should refer to the "Risk Warning" section for special risk considerations applicable to this Compartment. The Compartment may also invest in investment grade debt securities and convertible bonds, equities and equity related securities of companies outside Greater China<sup>1</sup> (but still remaining in Asia) and money market instruments. In the event of downgrading in the credit ratings of a security or an issuer relating to a security from “investment grade” to “non-investment grade”, the Investment Manager will seek to remedy this situation by selling the securities taking due account of the interest of the Compartment’s shareholders. The Compartment’s bottom-up, research driven investment process employs a proprietary score based screening process, supported by a tested database of financial analysis models.

The Sub-Fund may also invest IPO investments and private placements that are eligible under article 41(1) (a) to (d) of the 2010 Law up to 5% of its net assets.

This investment approach will be subject at all times to rigorous risk analysis and disciplined risk management procedures, including diversification, a conservative approach to liquidity, prudent exposure limits, and loss minimization procedures through stringent loss cutting practice. Investment risk will be assessed primarily by drawdown, but also by the volatility of returns.

The Compartment will not invest in companies which are included in the list of exclusion of the Norges Bank<sup>2</sup>.

For the avoidance of doubt, the Compartment will not invest more than 10% of its net asset in UCITS and other UCIs (including open-ended exchange traded funds whose underlying belong to the Compartment's investment universe) (as defined under "Investment Restrictions" 1. (A) (1) d)).

Subject to the limits set out in section “Investment Restrictions”, the Compartment may hold no more than 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, for ancillary liquidity purposes in normal market conditions.

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<sup>1</sup> For the purpose of this Compartment, Greater China means People’s Republic of China, Honk Kong, Taiwan and Macao.

<sup>2</sup> The list of companies excluded by the Norges Bank is available on <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>.

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Under normal market conditions, the Compartment may invest in liquid assets and debt instruments (including deposits, money market instruments and money market funds) of any kind in order to achieve its investment goals and for treasury purposes.

In exceptional market circumstances and on a temporary basis, the Compartment may hold up to 100% of its net assets in liquid assets and investment grade debt instruments (including money market instruments).

Investments in ADRs and GDRs will be limited to 10% of the Compartment's net assets.

Further, the investments in this Compartment shall remain subject to fluctuation in exchange rate as the underlying investment will predominantly be in RMB and HKD while the functional currency of the Share Class is USD. As such, 100% of the Compartment's investments may be exposed to the foreign currency exchange risk.

The Compartment promotes certain environmental and social characteristics within the meaning of article 8 of SFDR but does not have a sustainable investment objective.

The Investment Manager uses a variety of indicators to attain the promotion of the environmental and social characteristics. For more details about the ESG methodology and restrictions, please refer to the pre-contractual disclosure included in the below Annex.

The Investment Manager integrates Sustainability Risks and opportunities into its research, analysis and investment decision-making processes. The Compartment is managed to promote, among other characteristics, a combination of environmental and social characteristics (as provided under article 8 of SFDR). The Investment Manager also incorporates and evaluates governance factors in the investment decision-making process.

In the context of the Taxonomy Regulation, in view of its ESG strategy, the Compartment promotes environmental characteristics but has no minimum extent to which its investments (including transitional and enabling activities) with an environmental objective are aligned with the Taxonomy Regulation. Therefore, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities, within the meaning of the Taxonomy Regulation. As a consequence thereof, the "do no significant harm" principle does not apply to the investments underlying the Compartment.

### **Investment Manager**

Bin Yuan Capital Limited is licensed by the Hong Kong Securities and Futures Commission to undertake Type 9 (Asset Management) Regulated Activities. The Portfolio managers are Ping Zhou and Lily Qian whose profiles are below:

#### **Ping Zhou, CFA**

Ping, a founding and managing partner, has more than 25 years of management and investment experience including 17 years with GE. At GE Asset Management Incorporated ("GEAMI"), Ping was a managing director and responsible for a total of US\$ 5 billion assets including the Emerging Markets (US\$ 3.5 billion in AuM), China Equity (US\$ 400 million in AuM) and China A (US\$ 480 million in AuM) portfolios.

Ping initiated GE China Equity Fund in July 2002. The fund had achieved 22.1% annualized return for the past 9 years and has been one of the top funds in the industry. The GE emerging market fund, which was managed by Ping and one other fund manager, was ranked top ten in 2006.

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Ping founded Bin Yuan Capital in 2012 and started 2 strategies in 2013, Greater China Strategy and China A strategy. Both strategies have delivered very strong performance since then. Bin Yuan Capital has attracted large International Institutions that include pension funds, endowments and foundations, and family offices.

He has a BS from Northeastern University magna cum laude and an MBA from Fairfield University. Ping was a holder of the Chartered Financial Analyst designation.

### **Lily Qian, CFA**

Lily, a partner of Bin Yuan Capital, has 11 years investment experience including 4 years with GE Asset Management Incorporated. Lily is the research director for Bin Yuan Capital. Lily started her career in 2008. In the first 2 years, Lily worked in GE Healthcare's business across a number of departments in Shanghai, Beijing and Paris. After that, Lily was the analyst for the China Equity Strategy (AUM \$470 million) and China A Shares (AUM \$480 million), covering the healthcare, automotive, finance and property sectors.

Lily holds a Bachelor of Economics from Fudan University in Shanghai. Lily is also a holder of the Chartered Financial Analyst designation. She is a native of China and speaks fluent English and Mandarin.

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### Classes of Shares

The Compartment currently contains the following Classes of Shares available in the currencies ("Class Currencies") indicated.

Share Class	Available Class Currencies	Eligibility requirements	Minimum initial subscription amount in USD or currency equivalent	Minimum holding in USD or currency equivalent	Advisory fee	Performance fee level
AI	USD, EUR, GBP, RMB, NOK	Institutional <sup>1</sup>	100,000	100,000	1,00% per annum	None
AR	USD, EUR, GBP, RMB, NOK	Retail <sup>2</sup>	100,000	100,000	1,00% per annum	None
AB	USD, EUR, GBP, RMB, NOK	Investment manager share class <sup>3</sup>	100,000	100,000	1,00% per annum	None
L1	USD, EUR, GBP, RMB, NOK	Initial share <sup>4</sup> class	100,000	100,000	0,50% per annum	None
PI	USD, EUR, GBP, RMB, NOK	Institutional1	100,000	100,000	0,50% per annum	10%
PB	USD, EUR, GBP, RMB, NOK	Investment manager share class <sup>3</sup>	100,000	100,000	0,50% per annum	10%

<sup>1</sup> This Class of Shares is available to:

- 1) Investors which qualify as Professional Clients as defined in Annex II, Section I of MiFID II investing:
  - (i) on their own behalf; or
  - (ii) in their own name but on behalf of any of their clients on the basis of a discretionary management mandate;
- 2) Financial intermediaries which, under the relevant legal and/or regulatory requirements, are prohibited from accepting and retaining inducements from third parties, and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
- 3) Financial intermediaries which, under the contractual arrangements they have entered into, are not entitled to accept and retain inducements from third parties and which:
  - (i) invest in their own name but on behalf of any of their Professional Clients; or
  - (ii) invest on behalf of Professional Clients;
  - (iii) and which i) qualify as Institutional Investors within the meaning of Luxembourg regulations and ii) have been approved by the Management Company.

<sup>2</sup> This Class of Shares shall be available to any investors subject to the approval of the Management Company, and if they invest through financial intermediaries, such financial intermediaries are not allowed to accept and retain inducements from third parties.



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- <sup>3</sup> These Shares shall be reserved for investments made by investors qualifying as Institutional Investors within the meaning of the Law, who are approved by the Investment Manager.
- <sup>4</sup> These Shares shall be reserved for investments made by investors qualifying as Institutional Investors within the meaning of the Law, who are approved by the Management Company. These Shares will only be available for such period of time as determined by the Directors in their sole discretion or the net assets of the Compartment equals or is less than USD 25,000,000.

### Profile of the typical investor

The Portfolio is suitable for investors seeking medium to long-term growth through capital appreciation and who want to participate in the medium to long-term growth of the Greater China region.

### Income distribution policy

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

### Reference currency

The reference currency of the Compartment is the US Dollar.

Cut-off	Subscription: prior to 4 p.m. (CET) 2 Luxembourg bank business days prior to the relevant Valuation Day.  Redemption: prior to 4 p.m. (CET) 5 Luxembourg bank business days prior to the relevant Valuation Day.  Conversion: prior to 4 p.m. (CET) 2 Luxembourg bank business days prior to the relevant Valuation Day.
Valuation Day (Pricing Day)	Each day that is a bank business day in Luxembourg and on which the Chinese stock exchanges in Mainland China, Hong Kong Exchanges and Clearing Limited are open for trading.  24 <sup>th</sup> December is not a Valuation Day.
Settlement Day	Subscription: within 2 Luxembourg bank business days following the relevant Valuation Day.  Redemption: within 5 Luxembourg bank business days following the relevant Valuation Day.  Conversion: within 2 Luxembourg bank business days following the relevant Valuation Day.

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### **Performance fees specific to this Compartment**

In relation to the classes for which a performance fee is charged in accordance with the table above, the Advisory Company and the Investment Manager will receive a performance fee (as further described in the investment advisory agreement entered into between the Management Company, the Advisory Company and the Fund), accrued on each Valuation Day, paid yearly, based on the Net Asset Value (the "NAV") per Share, equivalent to such performance level (the "Performance Fee Level") as indicated in the aforementioned table of the performance of the Net Asset Value per Share (measured against the High Water Mark) over the performance of the MSCI China Health Care Index (Bloomberg ticker MXCN0HC Index), since the last Valuation Day at the end of a calculation period, on which a performance fee has been calculated.

The performance fee is calculated on the basis of the NAV per Share after deduction of all expenses, liabilities, and management company fees and advisory fees to which the Management Company and the Advisory Company are entitled (but not performance fee), and is adjusted to take account of all subscriptions, redemptions and dividends.

Any first calculation period shall start on the launch date of the relevant Class and terminate at the last Valuation Day of the next fiscal year, in order to make sure that the first performance fees payment would occur after a minimum period of twelve months. The subsequent calculation periods shall start on the last Valuation Day at the end of the previous calculation period and terminate on the last Valuation Day of each following fiscal year.

The crystallisation frequency is yearly.

The Performance Reference Period, which is the period at the end of which the past losses can be reset, corresponds to the whole life of the Class.

The High Water Mark (HWM) is defined as the greater of the following two figures:

- (i) The last Net Asset Value per share on which a performance fee has been calculated at the end of a calculation period; and
- (ii) the initial Net Asset Value per share.

The High Water Mark will be decreased by the dividends paid to Shareholders.

The High Water Mark is permanent and no reset of past losses for performance fees calculation purpose is foreseen.

No performance fee will be due if the NAV per Share before performance fee turns out to be below the High Water Mark for the calculation period in question.

Performance fee provisions will be made on each Valuation Day. If the NAV per Share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.

If the NAV per Share performance (measured against the High Water Mark) is positive, but the benchmark return is negative, the calculated performance fee will be based on the minimum between:

- the NAV per Share performance (measured against the High Water Mark); and
- Performance Fee Level (%) of the NAV per Share outperformance over the benchmark return.

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The objective is to limit the performance fee per share to the absolute performance of the NAV/Share (against the High Water Mark).

In addition, the performance fee per share cannot exceed the annual performance of the NAV per Share.

If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.

In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the outperformance of the NAV per Share against the benchmark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark adjusted by the benchmark performance at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the calculation period.

Examples:

	NAV before	HWM per share	NAV per share performance	NAV Per Share Performance yearly	Yearly benchmark performance (1)	Perf Fee	Cap Perf Fee / Annual performance	NAV after Perf Fee
Year 1:	112.00	100.00	12.00%	12.00%	2.00%	1.00	12.00	111.00
Year 2:	118.00	111.00	6.31%	6.31%	-1.00%	0.81	7.00	117.19
Year 3:	117.00	117.19	-0.16%	-0.16%	-1.00%	0.00	0.00	117.00
Year 4:	121.80	117.19	3.93%	4.10%	2.96%	0.11	4.61	121.69
Year 5:	122.00	121.69	0.26%	0.26%	-4.82%	0.62	0.31	121.69

(1) Benchmark performance since the last Valuation Day at the end of a calculation period, on which a performance fee has been calculated.

With a performance fee rate equal to 10%.

Year 1: The NAV per share performance (12%) is superior to the benchmark performance (2%)  
The excess of performance is 10% and generates a performance fee equal to 1.

Year 2: The NAV per share performance (6,31%) is superior to the benchmark performance (-1%)  
The excess of performance is 7.31% and generates a performance fee equal to 0.81.

Year 3: The NAV per share performance (-0.16%) is superior to the benchmark performance (-1%)  
As the NAV per share performance against the HWM is negative, no performance fee is calculated.

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Year 4: The NAV per share performance (3,93%) is superior to the benchmark performance (2.96%)  
The excess of performance is 0.97% and generates a performance fee equal to 0.11.

Year 5: The NAV per share performance (0,26%) is superior to the benchmark performance since the last performance fees payment (-4.82%).

The excess of performance is 5.08% and generates a performance fee equal to 0,62. As the maximum performance fee is 0.31, the final performance fee is 0,31.

### **Benchmark**

The Compartment is actively managed.

The benchmark index of the Compartment is MSCI China Health Care Index (MXCN0HC Index).

It is used for the calculation of the performance fee and for performance comparison purposes.

The Investment Manager is not in any way constrained by the benchmark index in its portfolio positioning.

This means the Investment Manager is taking investment decisions without reference to a benchmark index.

The Compartment can deviate significantly from the index.

The Benchmark does not take into account the environmental and social characteristics of the Compartment.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** Hereford Funds-Bin Yuan Healthcare Fund

**Legal entity identifier:** 222100MBVVOZIWJ72W07

## Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ____%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ____%</b>	<input type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___ of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristic, but <b>will not make any sustainable investments</b>

**What environmental and/or social characteristics are promoted by this financial product?**

Through its inclusion and exclusion criteria, the Compartment aims to promote environmental characteristics such as the transition to a low carbon economy ,the reduction of water emission, pollution & waste and the protection of biodiversity as well as social characteristics including social labour management, health and safety, Human Capital Development, Product Safety & Quality , Privacy & Data Security and Controversial Sourcing.

The characteristics promoted by the Compartment consist of:



**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

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- Identifying and investing in socially and environmentally aware healthcare-related companies that create long term corporate value by providing leading products and services.
- Excluding companies which are included in the list of exclusion of the Norges Bank (<https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>).

The Compartment's benchmark, MSCI China Health Care Index (MXCN0HC Index), has not been designated as a reference benchmark for the purpose of attaining the environmental or social characteristics promoted by the Compartment.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following main sustainability indicators are used to measure the attainment of environmental and social characteristics promoted by the Compartment:

- Environmental indicators: Carbon Emission and Waste Emission.
- Social indicators: Labour Management and Health Safety

To get a comprehensive ESG score, 30 ESG metrics are considered:

4. The Environmental score consists of the following factors: Climate Change, Natural Resources, Pollution & Waste, and Environmental Opportunities.
5. The Social score includes the following factors: Human Capital, Product Liability, Stakeholder Opposition, and Social Opportunities.
6. The Governance score has the largest weight and consists of over 20 factors including Board Diversity, Ownership & Control, Conflict of Interest, Business Ethics, and all other governance-related factors.

Monitoring of the Sustainability indicators:

- The ratings on those indicators are updated when there is an event or more findings from the Investment Manager's continuous due diligence work.
- The ratings will also be reviewed on a regular basis.

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable

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*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

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.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Yes, \_\_\_\_

No



**What investment strategy does this financial product follow?**

The Compartment aims to achieve long term capital appreciation through investments in high quality sustainable public equities while maintaining a concentrated and liquid portfolio. This is accomplished through a disciplined investment process that considers all risks and opportunities to the performance of the Investment Manager’s investments, including environmental, social, and corporate governance (ESG) factors.

The Investment Manager has established an in-house rating system to quantify the qualitative elements of a company’s ESG risks and exposure, and how to manage those risks and exposures.

To get a comprehensive ESG score, over 30 ESG metrics are considered:

1. The Environmental score consists of the following factors: Climate Change, Natural Resources, Pollution & Waste, and Environmental Opportunities.
2. The Social score includes the following factors: Human Capital, Product Liability, Stakeholder Opposition, and Social Opportunities.

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3. The Governance score has the largest weight and consists of over 20 factors including Board Diversity, Ownership & Control, Conflict of Interest, Business Ethics, and all other governance-related factors.

Exposure is scored on a 1-5 scale:

- With 5 representing no exposure and 1 representing very high exposure.
- Management is scored on 1-5 scale, with 5 representing the best practice management and 1 representing no efforts being made.
- A company with high exposure must also have very strong ESG management, whereas a company with limited exposure can have a more modest ESG approach.
- The Compartment avoids companies with a low management rating below 3 if there are exposures.
- The Compartment via screening eliminates companies that are not ESG compliant and qualified.

The company overall ESG score should be higher than 2.5 to remain in the portfolio.

The scoring of the existing positions within the Compartment's portfolio is reviewed on an on-going basis.

The Compartment has deeply integrated the ESG approach in the Investment Manager's risk management framework and investment process. Poor ESG is the key factor in business risk, so at the screening stage, the Compartment eliminates companies that are not ESG compliant and qualified. The whole process is managed by Investment Manager's in-house team that has accumulated many years of practical experience in the marketplace and was one of the earliest adopters of good ESG practices in China.

It also excludes companies in the list of exclusion of the Norges Bank and companies producing coal-fired power, tobacco as well as any company in the gambling sector.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager in-house rating system referred to in the above question is binding on the Investment Manager for the selection of the targeted assets to be included the Compartment's portfolio.

Additionally, the Compartment will not invest in companies which are included in the list of exclusion of the Norges Bank (the list of companies excluded by the Norges Bank is available on <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>).

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The implementation of the selection criteria leads to the exclusion of at least 50% of potential investments at the initial ESG screening stage.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.



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**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

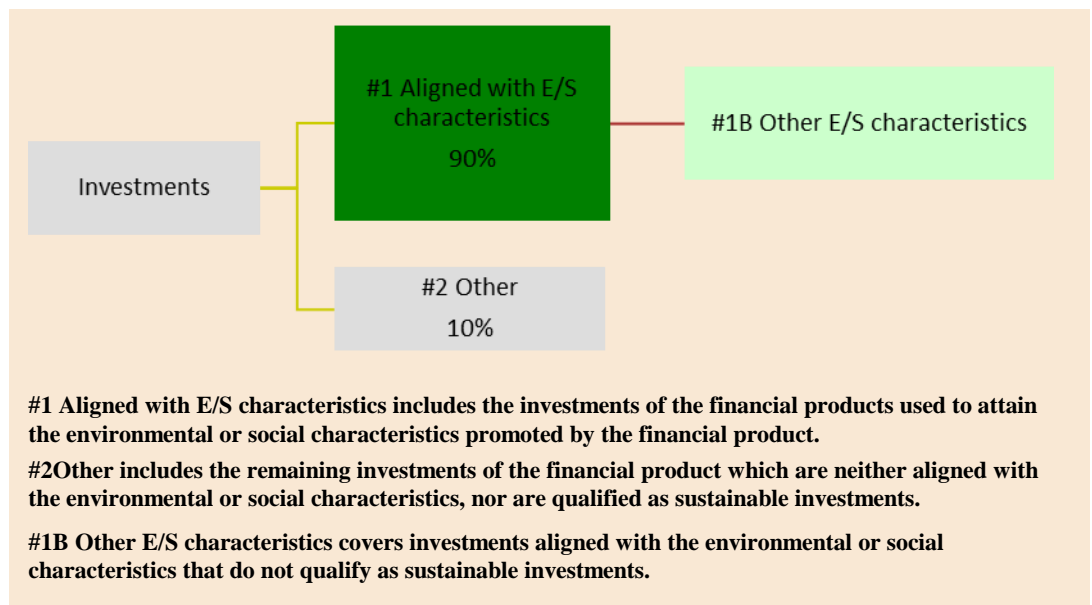
### ● What is the policy to assess good governance practices of the investee companies?

The governance rating in the Investment Manager's in-house ESG scoring system consists of over 20 factors including Board Diversity, Ownership & Control, Conflict of Interest, Business Ethics, and all other governance related factors. The Investment Manager has kept a record of companies' governance history in the risk files, which tracks companies' management stability, insider trading, dividend ratio, financial risk exposure, disclosure and other factors that would impact ESG rating. The Investment Managers goes beyond a company's financial reporting and digs into the local practice of management actions including pledged shares, exchangeable bonds, inappropriate merger, and acquisition etc. to assess the real substance of the governance.

The Compartment will not invest in those companies that have a low ESG rating and the Investment Manager's on the ground due diligence has helped to steer away from investing in low corporate governance companies.

### What is the asset allocation planned for this financial product?

- The Investment Manager is planning to invest at least 90% of the Compartment's net assets in investments aligned with E/S characteristics without being qualified as sustainable investments.
- The Investment Manager is planning to invest a maximum of 10% of the Compartment's net assets in investments which will neither be aligned with the environmental or social characteristics, nor qualified as sustainable investments.



### ● *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Should the Compartment use derivatives, they will not be used to attain the environmental or social characteristics promoted by the Compartment.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

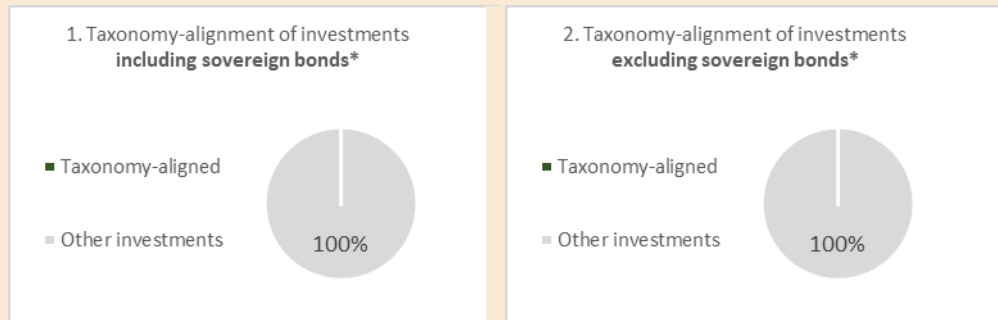
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### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

There is no minimum extent to which the Compartment's investments (including transitional and enabling activities) with an environmental objective are aligned with the Taxonomy Regulation. Taxonomy Regulation alignment of this Compartment's investments has therefore not been calculated and has as a result been deemed to constitute 0% of the Compartment's portfolio.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

#### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

### What is the minimum share of investments in transitional and enabling activities?

Not applicable.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.



### What is the minimum share of socially sustainable investments?

Not applicable.

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### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The “#2 other” portion of the portfolio includes deposits at sight and investments in liquid assets (including deposits, money market instruments and money market funds). These liquid investments do not take into consideration ESG criteria and no minimum environmental or social safeguards will apply to them.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Compartment.

#### **Reference**

**benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

Not applicable.

- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

Not applicable.

- *How does the designated index differ from a relevant broad market index?*

Not applicable.

- *Where can the methodology used for the calculation of the designated index be found?*

Not applicable.



### **Where can I find more product specific information online.**

More product-specific information can be found on the website:

<https://www.group.pictet/asset-services/fund-library/>