

# **ODDO BHF Polaris Flexible**

PROSPECTUS  
AND MANAGEMENT REGULATIONS

26 February 2020

Along with the Management Regulations – which consist of the General and Special Sections – this Prospectus forms the sales prospectus and, in cases of doubt, takes precedence over the “Key Investor Information”. The Prospectus only applies in conjunction with the Fund’s most recent annual report, the reporting date of which must not be more than 16 months ago. If the reporting date of the annual report is more than 8 months ago, then the buyer is also to be provided with a semi-annual report on the Fund.

The Prospectus, together with the Management Regulations and the “Key Investor Information”, as well as the respective annual and semi-annual reports, are available free of charge from the Management Company, the Custodian and any paying and information agent.

Investors will be provided with the “Key Investor Information” free of charge in a timely manner before they purchase fund units.

No information may be provided and no declarations made where such information/declarations deviate from this Prospectus or the “Key Investor Information”. Any unit purchase based on information or declarations that are not contained in this Prospectus or the “Key Investor Information” shall be exclusively at the buyer’s own risk.

This Prospectus replaces the previous prospectus and enters into force on 26 February 2020.

Units in the Fund are not offered in the United States and may not be offered to, or purchased by, US persons. The Fund units are not registered with the US Securities and Exchange Commission (SEC) in accordance with the United States Securities Act of 1933; nor have they been registered in accordance with the Investment Company Act of 1940. Applicants may have to demonstrate that they are not persons from the US and that they are not buying units on behalf of persons from the US or selling them on to persons from the US.

ODDO BHF Asset Management Lux  
6, rue Gabriel Lippmann  
5365 Munsbach  
Luxembourg  
Tel.: (+352) 457676-1  
Fax: (+352) 458324  
am.oddo-bhf.com

A subsidiary of ODDO BHF Asset Management GmbH

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# Prospectus

## Prospectus

The “ODDO BHF Polaris Flexible” investment fund described in this Prospectus is a fund (*fonds commun de placement*) consisting of securities and other permissible assets that has been set up under Luxembourg law. It is subject to Part I of the amended Luxembourg Law of 2010 on undertakings for collective investment (the “Law of 2010” or “UCITS Law”) and meets the requirements set out in Directive 2009/65/EC of 13 July 2009 as amended by Directive 2014/91/EU. The Fund has been set up for an indefinite period.

## Information on the company

### Management Company

The Fund’s Management Company is ODDO BHF Asset Management Lux (hereinafter referred to as the “Management Company”), a subsidiary of ODDO BHF Asset Management GmbH, Düsseldorf. The Management Company was established for an indefinite period on 7 February 1989 as a public limited company (“*société anonyme*”). The company has its registered office in Munsbach in the Grand Duchy of Luxembourg. The Management Company’s articles of association were published in the *Mémorial, Recueil des Sociétés et Associations*, the official journal of the Grand Duchy of Luxembourg, on 14 March 1989. The articles of association were last amended on 19 September 2019 and were published in *Mémorial C* on 4 October 2019.

The company’s business purpose is the establishment and management of Luxembourg and/or foreign undertakings for collective investment in transferable securities that are authorised in accordance with Directive 2009/65/EC (including any subsequent amendments and supplements) and other undertakings for collective investment pursuant to chapter 15 of the Law of 2010, as well as the establishment and management of Luxembourg and/or foreign alternative investment funds pursuant to Directive 2011/61/EU (including any subsequent amendments and supplements). The company’s business purpose also includes the duties specified in Annex II to the Law of 2010 and in Annex I to the Law of 12 July 2013 on alternative investment fund managers, the list of which is not exhaustive.

The duty of the Management Company is to invest the monies deposited in the Fund in accordance with the investment policy set out in the Management Regulations. The Management Regulations form an integral component of this Prospectus.

### Custodian and Central Administration Agent

CACEIS Bank, Luxembourg Branch, acts as Custodian and Central Administration Agent of the fund.

With the consent of the CSSF, the Management Company concluded an agreement (the “Central Administration Services Agreement”) appointing CACEIS Bank, Luxembourg Branch as Central Administration Agent.

The Central Administration Services Agreement was concluded for an indefinite duration and may be terminated by either party in writing with three months’ notice.

In its capacity as Central Administration Agent, CACEIS Bank, Luxembourg Branch, shall notably perform the calculation of the net asset value of units for each existing unit class, the management of accounts, the preparation of the annual and semi-annual financial statements, the execution of all tasks required as central administration agent as well as the communication with auditors.

In its capacity as the transfer and registration agent, CACEIS Bank, Luxembourg Branch, shall in particular reconcile subscription, redemption and conversion applications and keep and maintain the register of unitholders. In such capacity, CACEIS Bank, Luxembourg Branch, is also responsible for supervising anti-money laundering measures under the AML Regulations. CACEIS Bank, Luxembourg Branch may request documents necessary for identification of investors of registered units.

CACEIS Bank, through its Luxembourg branch (CACEIS Bank, Luxembourg Branch), acts as the Fund’s Custodian (the “Custodian”) in accordance with a custodian agreement dated 1 November 2016 as amended from time to time (the “Custodian Agreement”) and the corresponding provisions of the UCITS Law and the UCITS provisions.

Investors can consult the Custodian Agreement on request at the Fund’s registered office in order to gain better knowledge and understanding of the limited obligations and liability of the Custodian.

CACEIS Bank, which acts via its Luxembourg branch (CACEIS Bank, Luxembourg Branch), is a public limited company (*société anonyme*) established under French law, has its registered office at 1–3, place Vallhubert, 75013 Paris, France, and is entered in the French Commercial and Company Register under the number 692 024 722 RCS Paris. It is a licensed credit institution and its supervisory authorities are the European Central Bank (ECB) and the *Autorité de contrôle prudentiel et de résolution* (ACPR). It has also been authorised to perform banking and central management activities in Luxembourg via its Luxembourg branch.

The Custodian has been entrusted with the safekeeping and management of records relating to the Fund’s assets and verification of ownership and is required to fulfil the obligations set out in section I of the UCITS Law. In particular, the Custodian must ensure the effective and suitable monitoring of the Fund’s cash flows.

In accordance with the UCITS provisions, the Custodian must:

- i. ensure that the sale, issue, repurchase, redemption and cancellation of units is performed in accordance with applicable national law and the UCITS provisions or the Fund's Management Regulations;
- ii. ensure that the value of the units is calculated in accordance with the UCITS provisions, the Fund's Management Regulations and the procedures set out in the UCITS Directive;
- iii. follow instructions issued by the Fund unless they conflict with the UCITS provisions or the Fund's Management Regulations;
- iv. ensure that any remuneration for transactions involving the assets of the Fund is transferred to the Fund within the usual period;
- v. ensure that the income of a fund is used in accordance with the UCITS provisions and the Fund's Management Regulations.

The Custodian may not delegate any of the duties set out in (i) to (v) of this clause.

In accordance with the provisions of the UCITS Directive, the Custodian may, under certain circumstances, entrust all or a portion of the assets held in custody by it or on which it keeps records to the correspondent institution or third-party custodians. The liability of the Custodian shall not be affected by such delegation unless otherwise specified, but only within the framework permitted by the UCITS Law.

Current information on the obligations of the Custodian and conflicts of interest that may arise, any custodial functions delegated by the Custodian, the list of correspondent institutions and third-party custodians and sub-delegates and any conflicts of interest that may arise as a result of such delegation shall be made available to investors on the website [www.caceis.com](http://www.caceis.com) (section "*veille réglementaire*") and is available to investors as a hard copy free of charge from the Custodian on request. Current information on the identity of the Custodian, a description of its duties and any conflicts of interest that could arise, the custodial functions delegated by the Custodian and conflicts of interest that could potentially arise as a result of such delegation shall be made available to investors on the above-mentioned website of the Custodian and on request.

A conflict of interest may arise in numerous situations, in particular if the Custodian delegates its custodial functions or if the Custodian also performs other duties on the Management Company's behalf, such as providing services as a management agent and registrar. These situations and the associated conflicts of interest have been identified by the Custodian. In order to protect the interests of the Fund and its Unitholders and to comply with the applicable provisions, the Custodian has put guidelines and procedures in place to prevent conflicts of interest and to monitor them if they arise. These guidelines and procedures have the following objectives in particular:

(a) Identifying and analysing potential conflicts of interest

(b) Recording, managing and monitoring conflicts of interest:

- either by relying on the existing permanent measures for dealing with conflicts of interest, such as maintaining separate legal units, separating tasks, separating reporting lines, insider lists for employees;
- or by setting up a management system on a case-by-case basis to (i) take appropriate preventative measures, e.g. drawing up a new watch list, establishing a new "Chinese wall", ensuring that transactions are treated as arm's-length transactions and/or informing the Unitholders in question, or to (ii) refuse to perform activities that give rise to a conflict of interest.

The Custodian has implemented a functional, hierarchical and/or contractual separation between the performance of its duties as Custodian and the performance of other duties on behalf of the Management Company, in particular its services as the management agent and registrar.

The Management Company and the Custodian can terminate the Custodian Agreement at any time by giving the other Party 3 months' advance notice in writing. The Management Company can, however, only terminate the agreement with the Custodian if a new custodian is appointed to assume the functions and duties of the Custodian within 2 months. After its agreement is terminated, the Custodian must continue to perform its functions and duties until the entire Fund assets have been transferred to the new custodian.

The Custodian has no discretionary decision-making powers or advisory obligations in respect of the investments made by the Fund. The Custodian offers the Fund services and is not responsible for the preparation of this Prospectus, meaning that it assumes no responsibility for the accuracy of the information contained in this Prospectus or for the validity of the structure of, and investments made by, the Fund.

## **Fund advisor**

The Management Company is given advice by ODDO BHF Trust GmbH, Frankfurt, in connection with its investment decisions.

ODDO BHF Trust GmbH is a subsidiary of ODDO BHF Aktiengesellschaft, Frankfurt am Main. ODDO BHF Trust GmbH is entered in the Commercial Register at the Local Court (*Amtsgericht*) of Frankfurt am Main under the number HRB 24439. The company's business purpose is the management of individual assets invested in financial instruments for others with discretionary decision-making powers (financial portfolio management pursuant to section 1, sub-section 1a, sentence 2 no. 3 of the German Banking Act (KWG)), the provision of advice in connection with investments in financial instruments (investment advice pursuant to section 1, sub-section 1a, sentence 2 no. 1a KWG) and securities analysis, mainly research focusing on financial portfolio management for national and international equities and bonds.

## **Risk management**

In connection with the management of the Fund, the Management Company uses a risk management procedure that allows it to identify, measure, manage and monitor the risk associated with the Fund's investments and their respective share of the overall risk profile in an appropriate manner at all times.

The risk management procedure uses the commitment approach in order to limit the market risk associated with the Fund.

The Management Company aims to ensure that the use of derivatives no more than doubles the Fund's overall risk (leverage effect). In special exceptional cases, however, the leverage effect may exceed this value.

The risk management procedure used is described in sections 7 and 24 of the Management Regulations.

Information on the Fund's risk profile can also be found in the "Key Investor Information".

## Distribution

The Management Company has assigned responsibility for distributing the Fund's units in the Federal Republic of Germany to ODDO BHF Asset Management GmbH, which has its registered office in Düsseldorf. The distribution company is not entitled to accept money or securities from customers. The Management Company is responsible for distributing the units in Luxembourg.

## Investment objectives

The ODDO BHF Polaris Flexible Fund invests, inter alia, in European equities. Investments are also made in sectoral and regional funds, as well as a mixture of other investment vehicles, e.g. fixed-income securities and certificates. Fixed-income security investments are made primarily in government and corporate bonds.

The Fund offers a very flexible investment policy in which the equity allocation may fluctuate significantly, ranging from 25 to 100 percent. Risk is also actively managed through derivative hedging instruments.

The Fund assets can also be invested in all other assets that are permitted in accordance with the Management Regulations.

The aim of an investment in ODDO BHF Polaris Flexible is to participate to the greatest extent possible in value growth on stock markets during upward trends and to limit losses during downturns.

The Fund currency is the euro.

## ODDO BHF Polaris Flexible

Pursuant to the provisions of the Management Regulations, unit classes may be formed for the Fund which differ, in particular, in terms of the investors who may acquire and hold units, the income distribution policy, front-end load, currency of unit value, including the use of currency hedging transactions, management fee, minimum investment amount or any combination of these features. All units participate equally in the income of their unit classes.

If the Fund forms unit classes, any reference in the following to the Fund corresponds to a reference to the respective unit class.

Currently, units in the following unit classes have been issued for the Fund:

- ODDO BHF Polaris Flexible (DRW-EUR),
- ODDO BHF Polaris Flexible (DNW-EUR),
- ODDO BHF Polaris Flexible (CN-EUR),
- ODDO BHF Polaris Flexible (CR-EUR) and
- ODDO BHF Polaris Flexible (CPW-EUR).

Overview of unit classes:

### ODDO BHF Polaris Flexible (DRW-EUR)

Launch:	1 August 2012
Initial issue:	1 August 2012
German securities code (WKN):	A0M003
ISIN:	LU0319572730
Initial issue price:	EUR 55.78 (unit value of the "Dynamisches Total Return Portfolio" sub-fund on 1 August 2012 plus front-end load)
Management fee:	up to 1.75% p.a., currently 1.6% p.a. of net Fund assets
Distribution:	Income is distributed

### ODDO BHF Polaris Flexible (DNW-EUR)

Launch:	1 August 2018
Initial issue:	1 August 2018
German securities code (WKN):	A2JHW1
ISIN:	LU1807158784
Initial issue price:	EUR 50.00
Management fee:	Up to 1.75% p.a., currently 1.3% p.a. of net Fund assets
Distribution:	Income is distributed

Investor profile:

- Investors who purchase units via a financial intermediary that provides independent investment advice in accordance with the MiFID II Directive,
- Investors who purchase units via a financial intermediary, provided that a fee agreement is made whereby the financial intermediary is

- exclusively remunerated by the investor,
- Companies that offer portfolio management services in accordance with the MiFID II Directive,
- Undertakings for collective investment managed by companies in the ODDO BHF Group, and
- Companies in the ODDO BHF Group that offer investment advice under a fee agreement made with the investor.

The Management Company may, at its discretion, decline to accept subscriptions until the investor has provided evidence of his qualification as a suitable investor. Units of unit class "(DNW-EUR)" may not be transferred by the investor to third parties. If an investor nevertheless transfers units, the investor is required to report this to the Company within one month of the transfer and to return the units held.

#### **ODDO BHF Polaris Flexible (CN-EUR)**

Launch:	10 December 2018
Initial issue:	10 December 2018
German securities code (WKN):	A2N4YR
ISIN:	LU1874837278
Initial issue price:	EUR 50.00
Management fee:	Up to 1.75% p.a., currently 1.2% p.a., plus a performance-based fee of 10%
Distribution:	None, earnings are reinvested
Investor profile:	<ul style="list-style-type: none"> <li>– Investors who purchase units via a financial intermediary that provides independent investment advice in accordance with the MiFID II Directive,</li> <li>– Investors who purchase units via a financial intermediary, provided that a fee agreement is made whereby the financial intermediary is exclusively remunerated by the investor,</li> <li>– Companies that offer portfolio management services in accordance with the MiFID II Directive,</li> <li>– Undertakings for collective investment managed by companies in the ODDO BHF Group, and</li> <li>– Companies in the ODDO BHF Group that offer investment advice under a fee agreement made with the investor.</li> </ul>

The Management Company may, at its discretion, decline to accept subscriptions until the investor has provided evidence of his qualification as a suitable investor. Units of unit class "(CN-EUR)" may not be transferred by the investor to third parties. If an investor nevertheless transfers units, the investor is required to report this to the Company within one month of the transfer and to return the units held.

#### **ODDO BHF Polaris Flexible (CR-EUR)**

Launch:	10 December 2018
Initial issue:	10 December 2018
German securities code (WKN):	A2N4YQ
ISIN:	LU1874836890
Initial issue price:	EUR 50.00
Management fee:	up to 1.75% p.a., currently 1.5% p.a., plus a performance-based fee of 10%
Distribution:	None, earnings are reinvested

#### **ODDO BHF Polaris Flexible (CPW-EUR)**

Launch:	26 February 2020
Initial issue:	26 February 2020
German securities code (WKN):	
ISIN:	LU2120130302
Initial issue price:	EUR 1,000.00
Management fee:	up to 1.75% p.a., currently 0.8% p.a.
Distribution:	None, earnings are reinvested
Minimum investment:	EUR 10,000,000.00
Investor profile:	The unit class CPW-EUR is intended exclusively for institutional investors who prior to the investment concluded an agreement with the Management Company.

#### **ODDO BHF Polaris Flexible (DNW-EUR)/(DRW-EUR)/(CN-EUR)/(CR-EUR)/(CPW-EUR)**

Fund currency:	Euro
Custodian fee:	Up to 0.1% p.a., currently 0.1% p.a. of net Fund assets
Units:	Global certificate or confirmation of ownership issued by the Central Administration Agent; Unitholders shall not be entitled to the delivery of physical securities

	Euroclear solely issues whole units, no unit holding of fractional units through Euroclear
Front-end load:	Up to 5.0% in favour of the distribution agents
Financial year:	1 September to 31 August
Valuation date:	Any common banking and stock exchange day in Frankfurt am Main and Luxembourg

Definition of performance-based fee:

- For managing the unit classes described in greater detail above, which carry a performance-based fee for each unit issued, the Company may receive a performance-based fee of up to 10% of the amount by which the unit's performance exceeds the performance of the benchmark index at the end of an accounting period (outperformance compared to the benchmark index; i.e., positive deviation of the unit's performance from the benchmark's performance, hereinafter also referred to as "positive benchmark deviation"), but only up to a maximum total amount of five percent of the average net asset value of the respective unit class during the accounting period, which is calculated using the values at the end of each month.
- The expenses charged to the unit class may not be deducted from the performance of the benchmark index before making the comparison.
- If the unit's performance at the end of an accounting period is below the performance of the benchmark index (underperformance compared to the benchmark index; i.e., negative deviation of the unit's performance from the benchmark's performance, hereinafter also referred to as "negative benchmark deviation"), the Company shall not receive any performance-based fee. In a manner analogous to the calculation of the performance-based fee when there is a positive benchmark deviation, an underperformance amount per unit value is now calculated based on the negative benchmark deviation and is carried forward to the next accounting period as a negative carryforward amount ("negative carryforward"). The negative carryforward is not limited by a maximum amount. For the following accounting period, the Company will only receive a performance-based fee if the amount calculated from the positive benchmark deviation at the end of this accounting period exceeds the negative carryforward from the previous accounting period. In this case, the fee entitlement is calculated as the difference between the two amounts. If the amount calculated from the positive benchmark deviation does not exceed the negative carryforward from the previous accounting period, the two amounts are netted against each other. The remaining underperformance amount per unit value is once again carried forward to the next accounting period as the new "negative carryforward". If there is again a negative benchmark deviation at the end of the next accounting period, the existing negative carryforward is increased by the underperformance amount calculated from this negative benchmark deviation. Any underperformance amounts for the past five accounting periods are taken into account in the annual calculation of the fee entitlement. If there are fewer than five previous accounting periods for the unit class, all previous accounting periods are taken into account.
- The performance-based fee can only be withdrawn if the unit value at the end of the accounting period exceeds the unit value at the beginning of the accounting period ("positive unit performance").
- A positive amount per unit value (after deducting any negative carryforward that has to be considered) resulting from a positive benchmark deviation which cannot be withdrawn is also carried forward to the next period ("positive carryforward"). For the annual calculation of the fee entitlement, positive amounts from the past five accounting periods resulting from the positive benchmark deviation are taken into account.

Definition of accounting period

The accounting period begins on 1 September and ends on 31 August of each calendar year. The first accounting period begins with the launch of the respective unit class and ends on 31 August 2020.

Benchmark index

The benchmark index is defined as the EONIA OIS (Euro Overnight Index Swap Average) plus 600 basis points for unit classes subject to performance-based remuneration.

If the benchmark index is discontinued, the Company will choose another appropriate index to replace it.

Calculation of unit performance

Unit performance is calculated using the method of the German Investment Funds Association (BVI). An explanation of the BVI Method is published on the website of the BVI Bundesverband Investment und Asset Management e.V. ([www.bvi.de](http://www.bvi.de)).

Provision

Based on the results of a daily comparison, a notionally accrued performance-based fee is set aside in the unit class for each unit issued or an already posted provision is reversed accordingly. Reversed provisions accrue to the unit class. Performance-based fees can only be withdrawn if corresponding provisions have been made.

General information about EONIA®

The Company uses the EONIA® reference value plus the number of basis points indicated above to calculate the performance-based fee.

EONIA® (Euro OverNight Index Average) is the effective overnight rate for the euro.

In accordance with the extension of the transitional provisions of the EU Benchmark Regulation, EMMI a.i.s.b.l. as administrator has until 31 December 2021 to adapt the EONIA® to the provisions of the Regulation.

The Company has drawn up robust written plans describing the measures it would take if there is a material change in the benchmark index or if it is no longer available.

The "Dynamisches Total Return Portfolio" sub-fund, which was launched on 10 October 2007 in accordance with section II of the Luxembourg Investment Act under the umbrella of "ODDO BHF Exklusiv:", was merged into ODDO BHF Polaris Flexible on 1 August 2012.

The track record of the "Dynamisches Total Return Portfolio" sub-fund since its launch on 10 October 2007 (initial issue price: EUR 50) has been incorporated into ODDO BHF Polaris Flexible. The Management Company points out, however, that past performance is no guarantee of the Fund's future success.

ODDO BHF Polaris Flexible is subject to section I of the Law of 2010.

No securities financing transactions within the meaning of article 3.11 of Regulation (EU) 2015/2365 or total return swaps within the meaning of article 3.18 of that Regulation have been concluded for the Fund.



## General information

Investments in the Fund are based on this Prospectus, including the Management Regulations. These Management Regulations shall enter into force on 26 February 2020 and have been filed with the Commercial Register at the District Court of Luxembourg. A filing notice was published in the Recueil Electronique des Sociétés et Associations (RESA) on 24 February 2020.

Like the Fund, the legal relationships between the Unitholders and the Management Company are also subject to Luxembourg law. The German wording of the Prospectus, including the Management Regulations, is authoritative.

The units in the Fund can be purchased and redeemed against immediate payment at the Management Company or any third party appointed by her, the Custodian and the listed paying agents. However, units in certain unit classes of the Fund may only be acquired and held by certain investors.

The Management Company or any third party appointed by her is entitled to issue units in return for contributions in kind of securities and other assets at its own discretion and at the Unitholder's request. This is subject to the proviso that such securities and other assets are consistent with the investment objectives and the investment policy, as well as the provisions of the Management Regulations. The auditor of the Fund's annual financial statements shall prepare a report that will be made available to all investors in the place where the Management Company has its registered office. The costs for such contributions in kind shall be borne by the investor in question. Units shall be issued at the corresponding issue price, in an amount equal to the valuation assigned by the auditor to the contribution in kind.

The Management Company shall ensure that the information intended for Unitholders is published in a suitable fashion. This includes, in particular, the publication of unit prices in those countries in which units in a fund are distributed to the public. The issue and redemption prices are currently published on the website "www.am.oddo-bhf.com". They can also be requested from the Management Company, the Custodian and the listed information and paying agents.

The Management Company would like to draw Unitholders' attention to the fact that any Unitholder can only assert his/her Unitholder rights as a whole against the UCITS directly if the Unitholder himself/herself is registered in the Unitholder register of the UCITS under his/her own name. In cases in which a Unitholder has invested in a UCITS via an intermediary that makes the investment in its name but on behalf of the Unitholder, then it is not necessarily the case that all Unitholder rights can be asserted directly against the UCITS by the Unitholder. Unitholders are advised to seek information on their rights.

The Fund is subject to tax in the Grand Duchy of Luxembourg in the form of a "subscription tax" ("taxe d'abonnement") on the net Fund assets reported at the end of each quarter. This tax is equal to 0.05 percent p.a. for all unit classes. The income generated by a fund is not subject to tax in Luxembourg. It may, however be subject to any withholding taxes in countries in which the Fund assets are invested. Neither the Management Company nor the Custodian shall obtain receipts on such withholding taxes for all or individual Unitholders.

Unitholders that are not based/do not maintain a permanent establishment in Luxembourg do not have to pay income, gift or inheritance tax on their units or income from units in Luxembourg. They are subject to the respective national tax regulations, about which investors must obtain information. However, Unitholders may be subject to a withholding tax in Luxembourg.

On the date when this Prospectus went to print, the Management Company also managed the following investment funds: ODDO BHF Emerging ConsumerDemand, Grand Cru, HELLAS Opportunities Fund, JD 1 – Special Value, ODDO BHF Exklusiv., Rhein Asset Management (LUX) Fund, SMS Ars selecta and Theme Investing. Separate prospectuses are available for these funds.

## Typical investor profile

ODDO BHF Polaris Flexible invests, inter alia, in European equities. However, the Fund also offers a very flexible investment policy in which the equity allocation may fluctuate significantly, ranging from 25 to 100 percent. Risk is also actively managed through derivative hedging instruments.

The aim of an investment in ODDO BHF Polaris Flexible is to participate to the greatest extent possible in value growth on stock markets during upward trends and to limit losses during downturns.

An investment in ODDO BHF Polaris Flexible is suitable for investors who have already gained experience on the financial markets. Investors must be willing and able to accept larger fluctuations in the value of their units and possibly substantial capital losses.

Units in certain unit classes of the Fund may only be acquired and held by certain investors. They are described in the section "ODDO BHF Polaris Flexible" above.

## Risk information

### General considerations

The fundamental risk associated with the Fund lies in the fact that the Fund may not generate an adequate, risk-adjusted return for the Unitholders. As a result, no guarantee can be provided that the objectives of the investment policy will be achieved.

Investors should be aware of the risks that may be associated with an investment in the Fund and should only make an investment decision after extensive consultations with their legal, tax and financial advisors, accountants or other advisors regarding the suitability of an investment in the Fund given their personal financial/tax situation and other circumstances, the information contained in this Prospectus and the investment policy pursued by the Fund. All in all, investors are advised to seek information on the performance of the Fund from their investment advisors at regular intervals.

**In addition to the price risks associated with the investments, the following risks are to be taken into account:**

#### **Regulatory considerations**

The Fund is subject to Luxembourg law and investors should be aware that the protective regulatory measures taken by the supervisory authorities in their own countries may not apply. Investors should consult their financial advisor or other specialist advisor in order to obtain further information in this regard.

#### **Market risk**

How financial products perform in terms of price or market value depends in particular on the performance of the capital markets, which is influenced in turn both by the general global economic situation and by the overall economic and political conditions in the relevant countries. On a stock exchange in particular, general price performance can also be influenced by irrational factors such as sentiment, opinions and rumours.

#### **Country or transfer risk**

Country risk refers to a scenario in which a foreign debtor cannot perform either on time or at all, despite being solvent, due to the country in which the debtor is based not being able or willing to make transfers. This may result, for example, in payments to which the Fund is entitled not being made or being made in a currency that is no longer convertible due to currency restrictions.

#### **Custody risk**

Custody risk refers to the risk resulting from the general possibility that the Fund will be denied access to the investments held in custody, either in full or in part and to the Fund's detriment, in the event that the Custodian or a Sub-custodian becomes insolvent, breaches its duty of care or engages in abusive practices.

#### **Concentration risk**

Further risks can arise from the fact that the investments focus on certain assets or markets. This means that the Fund assets are particularly reliant on the performance of these assets or markets.

#### **Settlement risk**

Investments in unlisted securities, in particular, are associated with the risk that settlement by a transfer system cannot be completed as expected because payment or delivery is delayed or is not made as agreed.

#### **Liquidity risk**

The acquisition of assets that are not admitted to trading on the official market of a stock exchange or are not included in an organised market carries a risk of potential problems when it comes to selling the assets on to third parties, in particular.

#### **Legal and tax risk**

The legal and tax treatment of funds may change in a manner that is impossible to foresee or influence. Rectifying errors in the Fund's basis of assessment for previous financial years may result in corrections that from a tax standpoint are detrimental to investors, in that investors may have to bear the tax burden associated with a correction for previous financial years even if they were not invested in the Fund at that time. Conversely, investors may be unable to benefit from a favourable tax correction for the current and previous financial years in which they were invested in the Fund if they redeem or sell their units before the relevant correction is made.

In addition, a correction of tax data may result in taxable income or tax benefits being assessed for tax in a different assessment period to the most appropriate assessment period, which may have a negative effect on the individual investor.

Tax treatment at the level of the investor depends on the investor's personal circumstances and may change in the future.

#### **Counterparty default risk**

The default of an issuer or counterparty can result in the Fund incurring losses. Issuer risk is the impact of particular developments concerning a given issuer, which, together with general trends on capital markets, may affect the price of a security. Even if securities are selected carefully, losses resulting from the deterioration of an issuer's financial situation cannot be ruled out. Counterparty risk is the risk that a party to a reciprocal agreement may fail, wholly or in part, to fulfil its obligation with respect to a receivable. This applies to all agreements concluded for the account of the Fund.

#### **Currency risk**

The Fund's reference currency does not have to be identical to the investment currencies. Where the assets of a fund are invested in currencies other than the respective Fund currency, the Fund receives the income, repayments and revenue from such investments in the currency in question. If the value of this currency falls vis-à-vis the Fund currency, then the value of the Fund will drop.

#### **Political risk/regulatory risk**

The Fund assets can be invested abroad. This entails the risk of detrimental international political developments, changes in government policy, taxation and other legal developments.

### **Inflation risk**

Inflation carries a risk of devaluation for all assets. This includes the assets held by the Fund. The inflation rate may exceed the increase in the value of the Fund.

### **Key person risk**

Funds whose investment performance is very positive in a particular period owe this success inter alia to the aptitude of the individuals in charge and thus to correct decision-making by their management and advisors. However, the composition of the Fund's management and advisors may change. New decision-makers may then be less successful.

### **Changes in investment policy**

Changes in the investment policy within the investment spectrum that is permitted for the Fund assets can result in changes to the content of the risk associated with the Fund assets.

### **Amendment to the Management Regulations; liquidation or merger**

In the Management Regulations for the Fund, the Management Company reserves the right to amend the Management Regulations. In addition, the provisions set out in the Management Regulations give the Management Company the option of liquidating the Fund entirely or merging it with another fund. This means that there is a risk that investors will not be able to achieve the holding period they planned.

### **Credit risk**

Investors should be aware that this type of investment may entail credit risks. Bonds or debt instruments carry a credit risk in respect of the issuer, for which the issuer's credit rating can serve as an indication. Bonds or debt instruments issued by issuers with a poorer rating tend to be seen as having a higher credit risk and a higher risk of issuer default than similar securities issued by issuers with a better rating. If an issuer of bonds/debt instruments encounters financial or economic difficulties, this may have an impact on the value of the bonds/debt instruments (which can drop as far as zero) and on the payments made on these bonds/debt instruments (which can drop as far as zero).

### **Counterparty risk**

When over-the-counter (OTC) transactions are executed, the Fund can be exposed to risks relating to the credit standing of its counterparties and their ability to fulfil the conditions of the corresponding agreements. By way of example, the Fund can execute futures, option and swap transactions or use other derivative techniques that expose the Fund to the risk that its counterparty will not fulfil its obligations under the contract in question. Even if securities are selected carefully, losses resulting from the deterioration of an issuer's financial situation cannot be ruled out.

### **Interest-rate risk**

Investments in fixed-income securities are associated with the possibility that the market interest rate prevailing at the time a security is issued may change. If market interest rates increase compared with interest rates at the time of issue, then the prices of fixed-income securities tend to fall. If, on the other hand, the market interest rate drops, then the price of fixed-income securities rises. This price tendency means that the current yield on the fixed-income security is more or less the same as the current market interest rate. However, these price fluctuations can vary depending on the maturity of the fixed-income securities. Fixed-income securities with shorter maturities tend to offer lower yields than those with longer maturities. Due to their short term of 397 days at the most, money-market instruments tend to be associated with lower price risks. In addition, interest rate movements for different interest-bearing financial instruments denominated in the same currency with comparable residual terms may not be the same.

### **Risks associated with derivatives**

**The Fund incurs additional risks when derivative instruments are used to boost income in connection with the pursuit of the investment objective.** As past experience has shown, many traders have sustained significant losses when using derivatives.

The risk associated with investments made by the Fund can be effectively reduced by using derivative instruments to hedge the Fund assets (known as "hedging"). However, another consequence of hedging is that, if the hedged investment shows positive performance, the Fund will not be able to participate in this positive performance, or can only participate to a limited extent.

Investments on the futures and options market and in swap and currency transactions are associated with investment risks and transaction costs to which the Fund is only exposed as a result of the hedging transaction. Compared with conventional investments, in particular investments in securities, investments on the futures and options markets entail significant additional risks, such as high volatility or lower liquidity. In particular, there is the risk that:

- a) the forecasts regarding future developments in interest rates, securities prices and currency markets will turn out to be incorrect; the following risks can arise in this regard:
  - Changes in the price of the underlying can reduce the value of an option or futures contract. If the price drops and the derivative becomes worthless, the Management Company may be forced to allow the acquired options ("rights") to lapse. Changes in the value of a swap's underlying asset may also result in losses to Fund assets.
  - Purchasing options entails the risk that the options will go unexercised because the prices of the underlying assets fail to move as expected; in such a case, the option premium paid by the Fund will be forfeited.
  - When options are sold, there is a risk that the Fund will be obliged to purchase assets at a higher price than the current market price, or to deliver assets at a lower price than the current market price. The Fund assets will then incur a loss corresponding to the price difference less the option premium collected.
  - Futures contracts also carry the risk that the Fund may be obliged to bear the difference between the price set when the contract was

concluded and the market price at the time the contract is closed out or matures. The Fund would then incur losses. The risk of loss cannot be determined when the futures contract is concluded.

- b) the lack of interplay between the prices of futures and options contracts on the one hand, and the price movements in the securities or currencies hedged using these contracts on the other, means that – depending on the circumstances – full hedging may not be possible;
- c) there may be no liquid secondary market for a particular investment vehicle at a given point in time. This means that it may not be possible to close a derivative position even though it would make sense to do so from an investment policy perspective;
- d) it may not be possible to sell the securities underlying the derivatives at a favourable point in time, or it may be necessary to buy or sell them at an unfavourable point in time;
- e) the use of derivative instruments will result in a potential loss which – depending on the circumstances – may be impossible to predict and could even exceed the amounts paid for the derivative contract;
- f) a counterparty is insolvent or defaults on payment;
- g) an additional financial loss is incurred due to an obligation to make additional payments on derivative transactions that have already been entered into;
- h) the value of Fund assets may be affected more by the leverage effect of options than would be the case if the underlyings were purchased directly;
- i) it may also be necessary to enter into an offsetting transaction (“close-out”), which will incur costs.

#### **Risks associated with investment in target funds**

If the Fund invests its net Fund assets in target funds, then the applicable front-end load/any redemption fees may have to be paid. In addition, it should be noted that, in addition to the costs charged to the net Fund assets in accordance with the provisions of this Prospectus and the Management Regulations, costs will also be incurred for the management and administration of the target funds, the Custodian fee, the costs associated with the auditors, taxes and other costs and fees associated with the target funds, which can result in similar costs being charged several times over. **The above applies (with the exception of front-end loads/redemption fees) even in the event that the acquired target fund is managed by the Management Company itself or by another company affiliated with the Management Company by way of a substantial direct or indirect holding.**

The risks associated with target funds acquired for the Fund are closely related to the risks associated with assets held by such target funds and/or the investment strategies they pursue. Such risks can, however, be reduced by asset diversification within the target funds whose units are purchased, and through diversification within the Fund.

However, as the managers of the individual target funds act independently of one other, a situation may arise in which several target funds are pursuing either the same or opposing investment strategies. This can result in a concentration of existing risks and may cause any opportunities to cancel each other out.

Generally, the Management Company is not in a position to control the management of the target funds. The investment decisions made by these target funds may not necessarily match the assumptions or expectations of the Management Company.

Often, the Management Company will not be informed about the current composition of the target fund in a timely manner. If such composition does not match its assumptions or expectations, it may only be able to react by redeeming target fund units after a significant delay.

Open-ended investment funds in which the Fund acquires units may also temporarily suspend the redemption of units. This would prevent the Management Company from disposing of units in the target fund by returning them to the target fund’s management company or custodian in exchange for payment of the redemption price.

#### **Risk of negative interest on credit balances**

The Management Company invests the Fund’s cash and cash equivalents with the Custodian or other banks for the account of the Fund. In some cases, an interest rate is agreed for these bank balances which is equal to the European Interbank Offered Rate (Euribor) less a certain margin. If Euribor falls to less than the agreed margin, the interest rate on the account in question will be negative. Depending on the interest-rate policy of the European Central Bank, negative interest rates may apply to short-term and medium-term bank deposits, as well as to long-term bank deposits.

#### **Risks in connection with the use of securities lending transactions and repurchase agreements**

If the Management Company, acting for the account of the Fund, grants a securities loan, this means that it shall transfer these securities to a borrower, who shall return securities of an identical type, quantity and rating upon settlement of the transaction (securities lending). The Management Company has no control over the loaned securities for the term of the transaction. If the securities lose value during the term of the transaction and the Management Company wishes to sell them, it must terminate the loan transaction and await completion of the usual settlement cycle, which may give rise to a risk of loss for the Fund.

If the Management Company, acting for the account of the Fund, grants a securities loan, it must arrange to be furnished with sufficient collateral to cover the default of the counterparty. The amount of collateral provided must, at a minimum, be equal to the quoted price of the securities transferred as a securities loan. The borrower must provide further collateral if the value of the lent securities rises, the quality of the furnished collateral falls or the borrower’s economic circumstances deteriorate and the collateral already provided is not sufficient. If the borrower cannot fulfil this obligation to provide additional collateral, then there is a risk that the right to recover the lent securities (claim for re-transfer) will not be fully covered against the default of the counterparty. If the collateral is held at an institution other than the Fund’s Custodian, there is an additional risk that it may not be possible to liquidate the collateral immediately and/or in full in the event of default by the securities borrower.

If the Management Company sells securities under a repurchase agreement, this means that it sells them and undertakes to buy them back at a premium at the end of the term. The buy-back price and the premium to be paid by the seller at the end of the term are set when the transaction is entered into. If the securities sold under the repurchase agreement lose value during the term of the transaction and the Management Company

wishes to sell them in order to limit the losses, it can only do so by exercising its right to early termination. Early termination of the transaction may cause the Fund to incur financial penalties. The premium payable at the end of the term may also turn out to be higher than the returns made by the Management Company from reinvesting the cash received as the selling price.

If the Management Company acquires securities under a repurchase agreement, this means that it buys them and undertakes to sell them again at the end of a specific term. The buy-back price and a premium are set in advance when the transaction is entered into. The securities purchased under the repurchase agreement serve as collateral for the provision of liquidity to the counterparty. The Fund does not benefit from any rise in the value of the securities.

If the Management Company, acting for the account of the Fund, sells securities under repurchase agreements, it must arrange to be furnished with sufficient collateral to cover the default of the counterparty. The Management Company has the right to liquidate the collateral provided if the counterparty defaults during the term of the repurchase agreement. A risk of loss may ensue for the Fund if the collateral provided is no longer sufficient to cover in full the Management Company's claim for re-transfer, for instance because the securities sold under the repurchase agreement have risen in price.

#### **Risks in connection with the receipt of collateral**

The Management Company receives collateral for derivative transactions, securities lending transactions and repurchase agreements. Derivatives, securities that have been lent out or securities sold under repurchase agreements can increase in value. In such cases, the collateral received may no longer be sufficient to cover in full the Management Company's claim against the counterparty for delivery or re-transfer.

The Management Company can invest cash collateral in blocked accounts, in high-quality government bonds or in money-market funds with a short maturity structure. However, the credit institution where the bank deposits are held in custody may default. The performance of government bonds and money-market funds may be negative. When the transaction ends, the collateral invested may no longer be available in full although the Management Company has to return it to the Fund in the amount originally provided. In such cases, the Fund would have to bear the losses incurred in connection with the collateral.

#### **Potential conflicts of interest**

Conflicts of interest may arise for the Management Company. The interests of the investors may conflict with the following interests:

- interests of the Management Company and related enterprises of the Management Company,
- interests of the Management Company's employees,
- interests of any other person directly or indirectly associated with the Management Company by way of a control relationship, or
- interests of other investors in the Fund or another fund.

Circumstances or relationships that may give rise to conflicts of interest include in particular:

- incentive systems for the Management Company's employees,
- employee trades,
- benefits granted to the Management Company's employees,
- acquisition of products issued by related enterprises or in whose issue a related enterprise was involved,
- reallocations within the Fund,
- window-dressing of fund performance at year-end,
- transactions between the Management Company and investment funds or personal portfolios under the Management Company's management,  
or
- trades between investment funds or personal portfolios under the Management Company's management,
- aggregation of multiple orders ('block trades'),
- hiring of related enterprises and persons,
- large individual investments,
- where, following the oversubscription of a share issue, the Management Company has subscribed for shares on behalf of several investment funds or personal portfolios ('IPO allotments'),
- late trading, i.e. transactions made after the close of trading at the known closing price for the day,
- exercising voting rights.

Benefits in kind (broker research, financial analysis, market and pricing information systems) may accrue to the Management Company in connection with transactions made on behalf of the Fund; such benefits shall be used when taking investment decisions in the interests of the Unitholders.

The Management Company does not receive any rebates on fees and expense reimbursements paid from the Fund to the Custodian or any third parties.

The Management Company grants brokerage fees in the form of broker trail commissions to intermediaries, e.g. credit institutions, on a recurring basis, generally annually. The amount of such commissions is essentially dependent on the volume brokered. Payment is borne by the Management Company. Broker trail commissions do not constitute an additional charge for the Unitholders.

The Management Company employs the following organisational measures to identify, prevent, manage, monitor and disclose conflicts of interest:

- existence of a compliance department, which monitors compliance with applicable laws and regulations and to which conflicts of interests must be notified,
- duties of disclosure,
- organisational measures such as

- segregation of duties and physical segregation,
  - retention of existing and creation of new confidentiality areas and the establishment of an information management system, so as to prevent the misuse of confidential information,
  - allocating responsibilities in such a way as to prevent undue influence,
  - establishing organisational rules and defining and documenting workflows,
- rules of conduct for employees in relation to employee trading, imposition of obligations to comply with insider trading law and training courses,
  - setting principles for the remuneration system and rules on the acceptance, granting and disclosure of benefits,
  - setting rules in relation to the receipt of other benefits in kind,
  - principles for taking account of customers' interests and providing advice that is appropriate to the customers and investments, as well as observation of the agreed investment principles,
  - best execution policy for the acquisition and disposal of financial instruments,
  - proxy voting policy,
  - existence of a conflict-of-interest policy,
  - implementing procedures and measures to prevent transaction costs from having an unreasonable adverse impact on investors' interests,
  - setting a limit for portfolio churn,
  - establishing order cut-off times,
  - investment advisors and fund managers are contractually bound to avoid conflicts of interests.

In accordance with the Law of 2010 and the applicable administrative provisions of the CSSF, the Management Company has sufficient and appropriate structures and control mechanisms in place and, in particular, acts in the best interests of the Fund. Any conflicts of interest resulting from the transfer of duties are described in the organisational guidelines on dealing with conflicts of interest. These are published by the Management Company on its website "www.am.oddo-bhf.com". Insofar as investors' interests are impaired by a conflict of interest, the Management Company will disclose the nature/sources of the existing conflict of interest on its website. When duties are outsourced to third parties, the Management Company ensures that the third parties have taken the measures required to adhere to all of the organisational requirements and the requirements to avoid conflicts of interest as set out in the applicable Luxembourg laws and ordinances, and to monitor adherence to these requirements.

### Specific information on market timing and late trading

The Management Company shall not permit any market timing activities in respect of the Fund and – where necessary – shall take appropriate steps to prevent market timing activities. In order to prevent late trading, the Management Company shall only execute buy and sell orders received after the order acceptance deadline pursuant to section 11, sub-section 7 of the Management Regulations at the price determined on the next but one valuation date.

# Fund Management Regulations

## General Section

### Section 1 The Fund

1. The Fund is a legally dependent fund (*fonds commun de placement*) under the laws of the Grand Duchy of Luxembourg; it is comprised of securities and other assets and is managed by ODDO BHF Asset Management Lux, a public limited company under Luxembourg law (the "Management Company"), in its own name for the joint account of the Unitholders (the "Unitholders"). The Unitholders' stake in the Fund assets reflects the number of units they hold.

2. The Management Company invests the Fund assets separately from its own assets based on the principle of risk diversification. Unit confirmations shall be issued to the Unitholders for the resulting rights pursuant to section 10 of these Management Regulations (the "Fund units").

3. By purchasing units, the Unitholder acknowledges the Management Regulations and all approved and published amendments to the Management Regulations. The latest valid version and all amendments are filed with the Commercial Register at the District Court of Luxembourg and a filing notice is published in the "Recueil Electronique des Sociétés et Associations", the official journal of the Grand Duchy of Luxembourg (the "RESA").

### Section 2 Custodian and Central Administration Agent

CACEIS Bank, Luxembourg Branch, acts as Custodian and Central Administration Agent of the fund.

With the consent of the CSSF, the Management Company concluded an agreement (the "Central Administration Services Agreement") appointing CACEIS Bank, Luxembourg Branch as Central Administration Agent.

The Central Administration Services Agreement was concluded for an indefinite duration and may be terminated by either party in writing with three months' notice.

In its capacity as Central Administration Agent, CACEIS Bank, Luxembourg Branch, shall notably perform the calculation of the net asset value of units for each existing unit class, the management of accounts, the preparation of the annual and semi-annual financial statements, the execution of all tasks required as central administration agent as well as the communication with auditors.

In its capacity as the transfer and registration agent, CACEIS Bank, Luxembourg Branch, shall in particular reconcile subscription, redemption and conversion applications and keep and maintain the register of unitholders. In such capacity, CACEIS Bank, Luxembourg Branch, is also responsible for supervising anti-money laundering measures under the AML Regulations. CACEIS Bank, Luxembourg Branch may request documents necessary for identification of investors of registered units.

1. The Management Company has appointed CACEIS Bank, acting via its Luxembourg branch (CACEIS Bank, Luxembourg Branch), as the Fund's sole Custodian. The function of the Custodian is based on the amended Law of 2010, the directly applicable European law, announcements made by the CSSF, the Prospectus and the Custodian Agreement. The Custodian shall act independently of the Management Company and exclusively in the interests of the Unitholders.

2. The Custodian and the Management Company are entitled to terminate the Custodian's appointment in writing at any time by giving 3 months' advance notice. The termination shall take effect when a bank that meets the conditions set out in the Law of 2010 assumes the obligations and functions of the Custodian in accordance with the Management Regulations. Until that time, the previous Custodian shall continue to perform its duties and functions as Custodian, as set out in article 18 of the Law of 2010, in full in order to protect the interests of the Unitholders.

3. The Custodian shall keep all securities, cash and cash equivalents and other assets of the Fund in safekeeping in blocked accounts or securities deposit accounts over which control may only be exercised in accordance with this Prospectus and the Law of 2010.

4. The Custodian shall ensure that:

- a) the sale, issue, redemption, payout and cancellation of Fund units are carried out in accordance with Luxembourg law and the Fund's Management Regulations;
- b) the value of the Fund units is calculated in accordance with Luxembourg law and the Fund's Management Regulations;
- c) the Management Company's instructions are followed, unless these instructions breach Luxembourg law or the Fund's Management Regulations;
- d) the consideration for transactions involving Fund assets is transferred to the Fund by the usual deadlines;
- e) the Fund's income is used in accordance with Luxembourg law and the Fund's Management Regulations.

5. The Custodian shall ensure that the Fund's cash flows are monitored in an effective, due and proper manner and shall ensure, in particular, that all of the payments made by, or on behalf of, investors in connection with the subscription of units of a Fund have been received and that all monies belonging to the Fund have been posted to cash accounts which:

- a) have been opened in the name of the Fund, in the name of the Management Company acting for the Fund or in the name of the Custodian acting for the Fund;
- b) have been opened with one of the institutions referred to in article 18, sub-section 1, letters a, b and c of Directive 2006/73/EC of the Commission;
- c) are managed pursuant to the principles set out in article 16 of Directive 2006/73/EC.

If the cash accounts are opened in the name of the Custodian acting for the Fund, then neither monies belonging to the institution in question nor monies belonging to the Custodian itself shall be posted to these accounts.

6. a) The following applies to financial instruments within the meaning of the Law of 2010 that can be taken into custody:

- aa) The Custodian shall hold in custody all financial instruments that can be posted for safekeeping to an account for financial instruments and all financial instruments that can be physically handed over to the Custodian.
- ab) The Custodian shall ensure that all financial instruments that can be posted for safekeeping to an account for financial instruments are registered in a due and proper manner in the Custodian's records, in line with the principles set out in article 16 of Directive 2006/73/EC, in separate accounts that were opened in the name of the Fund or the Management Company acting for the Fund, meaning that the financial instruments can be clearly identified at any time as instruments that are the property of the Fund, in accordance with the applicable law.

b) The following applies to other assets:

- ba) The Custodian shall check whether the Fund or the Management Company acting for the Fund is the owner of the assets in question by reviewing the information or documents presented by the Fund or the Management Company and, where available, external evidence to determine whether the Fund or the Management Company acting for the Fund is the owner.
- bb) The Custodian shall keep records of assets for which it has verified that the Fund or the Management Company acting for the Fund is the owner, and shall keep its records up to date.

7. The Custodian shall send the Management Company a comprehensive list of all of the Fund's assets at regular intervals.

8. The assets held in custody by the Custodian shall not be re-used by the Custodian or by a third party to which the custodial function has been transferred for its own account. The term "re-use" shall refer to all transactions relating to assets held in custody, including transfers, pledging, sales and lending. The assets held in custody by the Custodian may only be re-used insofar as:

- a) the assets are re-used for the account of the Fund;
- b) the Custodian follows the instructions issued by the Management Company acting on behalf of the Fund;
- c) the re-use benefits the Fund and is in the interests of the Unitholders and
- d) the transaction is covered by high-quality liquid collateral that the Fund has received on the basis of an agreement on a transfer of title.

The market value of the collateral must, at all times, be at least as high as the market value of the re-used assets, plus a premium.

9. a) The Custodian can only outsource custodial duties pursuant to 6. a) and b) above to another company (Sub-custodian) subject to the following conditions:

- aa) The duties are not transferred with the intention of circumventing the applicable provisions set out in the Law of 2010.
- ab) The Custodian can prove that there is an objective reason for the transfer.
- ac) The Custodian used due skill, care and diligence in selecting and appointing a third party to which it wishes to transfer part of its duties and shall continue to use due skill, care and diligence in its regular checks on, and ongoing control of, third parties to which it has transferred part of its duties and agreements concluded with the third party regarding the duties transferred to it.
- b) The Custodian shall ensure that the Sub-custodian at all times adheres to the following conditions when carrying out the duties assigned to it:
  - ba) The Sub-custodian has an organisational structure and specialist expertise that are appropriate and suitable in light of the nature and complexity of the assets belonging to the Fund or the Management Company acting for the account of the latter that have been entrusted to it.
  - bb) Regarding the custodial duties pursuant to 6. aa) above, the Sub-custodian is subject to effective supervisory regulation, including minimum capital requirements, and supervision within the jurisdiction in question, as well as to regular external auditing to ensure that the financial instruments are in its possession.
  - bc) The Sub-custodian separates the assets belonging to the Custodian's customers from its own assets and from the Custodian's assets in a way that allows them to be clearly identified at any time as the property of customers of a particular custodian.
  - bd) The Custodian shall take all necessary steps to ensure that, in the event the third party becomes insolvent, the assets of the Fund that are held in custody by the third party cannot be distributed to or used for the benefit of the third party's creditors.
- c) If the legal provisions of a third country state that certain financial instruments must be held in custody by a local institution and if there are no local institutions that meet the requirements for an engagement pursuant to 9. bb) above, then the Custodian may only transfer its custodial duties to such a local institution insofar and for as long as is required under the law of the third country and insofar and for as long as there are no local institutions that meet the requirements for sub-custodianship; the first half-sentence shall apply subject to the following conditions:
  - ca) The investors in the Fund in question shall be informed in a due and proper manner, before they make their investment, of the need for such a transfer due to the legal requirements under the law of the third country, of the circumstances justifying the transfer and of the risks associated with such a transfer.
  - cb) The Management Company acting on behalf of the Fund has instructed the Custodian to transfer the safekeeping of these financial instruments to such a local institution. The Sub-custodian can, in turn, transfer these duties on further subject to the same conditions.

The provision of services within the meaning of Directive 98/26/EC of the European Parliament and of the Council by the securities settlement systems specified for the purposes of Directive 98/26/EC or the provision of comparable services by securities settlement systems in a third country shall not be considered tantamount to the transfer of the custodial functions.

10. The Custodian shall be liable to the Fund and its Unitholders for any loss by the Custodian or a third party to which the safekeeping of financial instruments held in custody pursuant to 6. a) has been transferred.

If a financial instrument that is held in custody is lost, the Custodian shall return a financial instrument of the same type to the Management Company acting for the Fund, or shall reimburse a corresponding amount, without delay. The Custodian shall not be liable if it can prove that the loss is attributable to external events that cannot reasonably be controlled and whose consequences could not have been avoided despite all reasonable efforts. The Custodian shall also be liable vis-à-vis the Fund and the investors in the Fund for all other losses incurred by them as a result of negligent or wilful failure on the part of the Custodian to fulfil its obligations under this law.

The liability of the Custodian shall remain unaffected by a transfer to a Sub-custodian pursuant to section 8.

The liability of the Custodian cannot be lifted or restricted by way of an agreement. Any such agreement shall be null and void.

Unitholders in the Fund can assert claims regarding the liability of the Custodian directly or indirectly through the Management Company, provided that this does not lead to the duplication of claims for damages or to the unequal treatment of the Unitholders.

11. When performing its respective duties, the Custodian shall act in an honest, upright, professional and independent manner, and exclusively in the interests of the Fund and its investors.



## Section 3 Management Company

1. The Management Company shall act independently of the Custodian and exclusively in the interests of the Unitholders. The management authority includes the exercise of all rights relating directly or indirectly to the assets of the fund or class of units concerned. It can consult investment advisors and seek the advice of an investment committee on its own responsibility and at its own expense.

2. In accordance with the provisions of these Management Regulations, the Management Company is entitled to use the monies deposited by the Unitholders to buy assets for the Fund, to re-sell these assets and to invest the proceeds elsewhere. It is also authorised to take any other legal actions relating to the management of the Fund's assets.

3. In fulfilling its responsibilities set forth by the 2010 Law, the Management Company is permitted to delegate all or a part of its functions and duties to third parties, provided that it retains responsibility and oversight over such delegates. The resulting costs shall be borne by the Management Company in accordance with the cost provision set out in section 14.

The Management Company can outsource some of the activities for which it is responsible. For the purpose of a more efficient conduct of its business, it has delegated the following functions to third parties: central administration as well as marketing and distribution. For a detailed description of the delegation of the aforementioned functions to third parties, see sections "Central Administration" and "Distribution" of the Prospectus.

The Management Company shall at all times act in the best interests of the Unitholders and according to the provisions set forth by the 2010 Law, the Prospectus and the Management Regulations. In compliance with the relevant articles of the 2010 Law, the Management Company shall meet the requirements imposed by the laws of the Federal Republic of Germany as regards its organization, the delegation requirements, risk management procedures, prudential and supervision rules, rules of conduct applicable to it for the portfolio management of UCITS and the reporting requirements.

## Section 4 Definitions

The following definitions apply:

### CSSF

The Luxembourg Financial Sector Supervisory Commission (*Commission de Surveillance du Secteur Financier*).

### Derivatives

Derivative financial instruments, in particular options, futures and swaps.

### Third country

A country that is not an EU member state.

### Money-market instruments

Instruments that are usually traded on the money market, are liquid and the value of which can be precisely determined at any time.

### Total return swap

A derivatives contract within the meaning of art. 2 no. 7 of Regulation (EU) 648/2012 in which one counterparty transfers the total return on a reference liability, including income from interest and fees, gains and losses from price fluctuations and credit losses, to another counterparty.

### Law of 2010 or UCITS Law

Law of 17 December 2010 on undertakings for collective investment (including subsequent amendments and supplements).

### Equity interests

- Holdings in corporations that are admitted to official trading on an exchange or admitted to or included in another organised market within the meaning of the German Investment Tax Act (*Investmentsteuergesetz, InvStG*);
- Holdings in corporations that are domiciled in an EU member state or another signatory state to the EEA Agreement and are subject to and not exempted from the income tax regime for corporations in that jurisdiction;
- Holdings in corporations that are domiciled in a third country and are subject to and not exempted from the income tax regime for corporations in that location at a rate of at least 15 percent.
- Units in other investment funds, as measured at the percentage actually invested in the above holdings in corporations as published on any given valuation date, or, if no actual percentage is published, at the minimum allocation prescribed in the other investment fund's terms of investment.

### Member state

A member state of the European Union and the signatory states to the Treaty on the European Economic Area within the limits set by this Treaty and the agreements relating to this Treaty.

### OECD state

The term "OECD state", within the meaning of these Management Regulations, shall refer to all states that are members of the Organisation for Economic Co-operation and Development.

### UCI

Undertaking for collective investment.

### UCITS

Undertaking for collective investment in transferable securities which is subject to Directive 2009/65/EC.

#### Directive 2009/65/EC

Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITSs) (including subsequent amendments and supplements).

#### Directive 2014/91/EU

Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITSs) as regards depositary functions, remuneration policies and sanctions.

#### Month-end level

The level on the last working day of each month, i.e. the level calculated at the end of the month.

#### Securities

- Equities and other securities equivalent to equities (“equities”),
- Debt securities and other securitised debt instruments (“debt instruments”),
- All other marketable securities that give rise to the entitlement to purchase securities by way of subscription or exchange, with the exception of the techniques and instruments referred to in section 6.

#### Securities financing transactions

Securities financing transactions within the meaning of article 3.11 of European Union Regulation 2015/2365 of 25 November 2015 (SFTR):

- Repurchase agreements,
- Securities or commodities lending and securities or commodities borrowing,
- Buy-sell back transactions,
- Sell-buy back transactions,
- Margin lending transactions.

## Section 5 Investment principles and investment restrictions

1. The investment objectives and specific investment policy of the Fund are defined on the basis of the following general guidelines in the Special Section of the Management Regulations. Unless specified otherwise in the Special Section of the Management Regulations, the Fund assets will generally be invested in:

- a) securities and money-market instruments that are listed or traded on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
- b) securities and money-market instruments that are traded in a member state on another regulated market which operates regularly and is recognised and open to the public;
- c) securities and money-market instruments that are admitted to official listing on a stock exchange in a country that is not a member state of the European Union or traded in a country that is not a member state of the European Union on another regulated market which is recognised, open to the public and operates regularly;
- d) recently issued securities and money-market instruments, provided that the terms of issue include an undertaking that an application will be made for admission to official listing on a stock exchange or on another regulated market within the meaning of the provisions indicated in a) to c) above, and such admission is granted within a year of issue at the latest;
- e) units of UCITSs authorised according to Directive 2009/65/EC and/or other undertakings for collective investment (UCIs) within the meaning of article 1, sub-section 2, letters a) and b) of Directive 2009/65/EC, whether or not established in a member state, provided that:
  - such other UCIs were authorised under laws which subject them to supervision considered by the CSSF to be equivalent to that laid down in European Community law (this includes, at present, the United States of America, Canada, Switzerland, Hong Kong, Japan, Iceland, Liechtenstein, Norway, Jersey and Guernsey) and co-operation between the authorities is sufficiently ensured;
  - the level of protection for Unitholders under the other UCIs is equivalent to that provided for Unitholders in a UCITS and, in particular, the provisions governing Fund asset segregation, borrowing, lending and uncovered (“short”) sales of securities and money-market instruments are equivalent to the requirements of Directive 2009/65/EC;
  - the business of the other UCIs is covered in semi-annual and annual reports which make it possible to form an assessment of the assets and liabilities, income and transactions during the reporting period;
  - no more than 10 percent of the assets of the UCITSs or other UCIs whose units are to be acquired can, according to their management regulations/articles of association, be invested in aggregate in units of other UCITSs or other UCIs;
- f) 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 in question has its registered office in a member state or, if the credit institution has its registered office in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Community law;
- g) derivative financial instruments (“derivatives”), i.e. in particular options, futures and swaps, including equivalent cash-settled instruments, traded on one of the regulated markets referred to in a), b) and c) above, and/or derivative financial instruments that are not traded on a stock exchange (“OTC derivatives”), provided that:
  - the underlyings of the derivative are instruments within the meaning of items a) to h) of this sub-section, or financial indices, interest rates, foreign exchange rates or currencies in which the Fund can invest pursuant to the investment objectives set out in the “Special Section” of the Management Regulations;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF; and

- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed out by an offsetting transaction at any time at their fair value at the Fund's initiative;
- h) money-market instruments that are not traded on a regulated market and are not covered by the definition set out in section 4, if the issuer or issuer of such instruments is itself subject to provisions on deposit and investor protection, provided that they are:
- issued or guaranteed by a central, regional or local authority or central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which at least one member state belongs, or
  - issued by a company whose securities are traded on the regulated markets referred to in a), b) and c) above, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by European Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by European Community law, or
  - issued by other issuers belonging to the categories approved by the CSSF, provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second or third indent, and provided that the issuer is either a company with equity of at least ten million euros (EUR 10,000,000) which prepares and publishes its annual financial statements in accordance with Fourth Council Directive 78/660/EEC, or is an entity which, within a group of companies which includes one or more listed companies, is dedicated to the financing of this group, or is an entity which is dedicated to using a bank credit facility to finance the securitisation of liabilities.

2. The Fund can also:

- a) invest up to 10 percent of its net Fund assets in securities or money-market instruments other than those referred to in sub-section 1;
- b) hold up to 49 percent of its net Fund assets in cash and cash equivalents and invest in money-market instruments;
- c) take out short-term loans equal to up to 10 percent of its net Fund assets. Cover transactions in connection with the sale of options or the acquisition or sale of forward contracts and futures shall not be deemed to constitute "borrowing" within the meaning of this investment restriction.
- d) acquire foreign currencies as part of a "back-to-back" transaction.

3. Risk limitation

- a) The Fund may invest no more than 10 percent of its net Fund assets in securities or money-market instruments from one and the same issuer. The Fund may invest no more than 20 percent of its net Fund assets in deposits with one and the same institution. The counterparty default risk in connection with transactions executed by a Fund using OTC derivatives may not exceed 10 percent of its net Fund assets if the counterparty is a credit institution within the meaning of sub-section 1f). In other cases, the maximum limit is 5 percent of the net Fund assets.
- b) The total value of the securities and money-market instruments of issuers with which the Fund invests more than 5 percent of its net Fund assets in each case must not exceed 40 percent of the value of its net Fund assets. This limit does not apply to deposits and other transactions involving OTC derivatives executed with financial institutions subject to prudential supervision.

Notwithstanding the individual upper limits specified under a), the Fund may invest no more than 20 percent of its net Fund assets with one and the same institution in a combination of:

- securities or money-market instruments issued by this institution, and/or
  - deposits with this institution, and/or
  - transactions involving OTC derivatives executed with this institution.
- c) The upper limit referred to in a) sentence 1 amounts to a maximum of 35 percent if the securities or money-market instruments are issued or guaranteed by a member state, by its local authorities, by a third country or by public international bodies to which at least one member state belongs.
  - d) The upper limit referred to in a) sentence 1 amounts to a maximum of 25 percent for certain bonds if these bonds are issued by a credit institution which has its registered office in a member state and is subject by law to special prudential supervision designed to protect bondholders. In particular, revenue deriving from the issue of these bonds must be invested, in accordance with the statutory provisions, in assets which, during the entire term of the bonds, sufficiently cover the liabilities resulting from the bonds and which, in the event of default on the part of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

Where the Fund invests more than 5 percent of its net Fund assets in the bonds referred to in the sub-section above which are issued by one and the same issuer, the total value of these investments shall not exceed 80 percent of the value of the net assets of the Fund.

- e) The securities and money-market instruments referred to in c) and d) shall not be taken into account for the purpose of applying the investment limit of 40 percent referred to in b). The limits provided for in a), b), c) and d) shall not be combined, and thus investments made in securities or money-market instruments issued by one and the same issuer pursuant to a), b), c) and d) or in deposits with that issuer or in derivative instruments with the same issuer shall not exceed 35 percent of the net assets of the Fund.

Management Companies which are included in the same group for the purposes of consolidated financial statements as defined in Directive 83/349/EEC or in accordance with recognised international accounting standards shall be regarded as a single issuer for the purpose of calculating the investment limits provided for in a) to e).

The Fund may make a cumulative investment of up to 20 percent of its net Fund assets in securities and money-market instruments issued by one and the same group.

- f) Without prejudice to the investment limits laid down in j), k) and l), the upper limits set out in a) to e) for investments in equities and/or debt instruments issued by one and the same issuer shall be at most 20 percent if, according to the Special Section of the Management Regulations, the aim of the Fund's investment strategy is to replicate a certain equity or debt security index which is recognised by the CSSF. This is subject to the proviso that
  - the composition of the index is sufficiently diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.
- g) The limit provided for in f) shall be 35 percent where this is justified by exceptional market conditions, in particular in regulated markets where certain securities or money-market instruments are highly dominant. An investment up to this limit shall be permitted only for a single issuer.

h) By way of derogation from the provisions set out in a) to e), the CSSF can authorise the Fund, in accordance with the principle of risk diversification, to invest up to 100 percent of its net Fund assets in securities and money-market instruments belonging to different issues that are issued or guaranteed by a member state or its local authorities, an OECD state or a public international body to which one or more member state(s) belong(s).

The CSSF grants such authorisation only if it considers that the UCITS Unitholders enjoy protection equivalent to that of UCITS Unitholders complying with the limits laid down in articles 43 and 44 of the Law of 2010.

Such UCITSs must hold securities from at least six different issues. Within this context, securities from any single issue shall not account for more than 30 percent of the Fund assets.

The UCITSs referred to in h) shall make express mention in their Management Regulations of the states, local authorities or public international bodies issuing or guaranteeing the assets in which the UCITSs intend to invest more than 35 percent of their net Fund assets.

In addition, the UCITSs referred to in h) must include a prominent statement in their prospectuses or marketing communications drawing attention to such authorisation and indicating the states, local authorities and public international bodies in whose assets they intend to invest or have invested more than 35 percent of their net Fund assets.

i) Up to 10 percent of the net Fund assets can be invested in units in other investment funds insofar as these are UCITSs and/or other UCIs within the meaning of sub-section 1 e).

If the Fund has acquired units in a UCITS and/or another UCI, then the investment assets of the UCITS or other UCI in question shall not be combined for the purposes of the upper limits referred to in a) to e).

If the Fund acquires units in other UCITSs and/or other UCIs that are managed, directly or indirectly, by the same management company or by any other company with which the Management Company is affiliated by common management or control, or by a substantial direct or indirect holding, then that management company or other company may not charge any fees for the subscription or redemption of units of such other UCITSs and/or other UCIs by the Fund. The front-end loads, redemption fees and management fees paid by the Fund shall be specified in the respective annual report.

Only units in open-ended target funds can be purchased.

j) The Management Company may not acquire for the Fund, or for any of the UCITSs it manages, voting shares in a volume that would enable it to exercise significant influence over the management of the issuer.

k) Further, in aggregate the Fund may acquire no more than:

- 10 percent of the non-voting shares of one and the same issuer;
- 10 percent of the debt securities of one and the same issuer;
- 25 percent of the units of one and the same UCITS and/or other UCI;
- 10 percent of the money-market instruments of one and the same issuer.

The limits set out in the second, third and fourth indents can 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 the units issued, cannot be calculated.

l) The provisions set out in j) and k) above do not apply to:

la) securities and money-market instruments issued or guaranteed by a member state or its local authorities;

lb) securities and money-market instruments issued or guaranteed by a third country;

lc) securities and money-market instruments issued by public international bodies to which one or more member state(s) belong(s);

ld) shares in companies set up under the law of a country that is not a member state insofar as:

- this company invests its assets primarily in securities of issuers from this country;
- based on the laws of this country, an investment made by the Fund in the capital of such a company is the only way of acquiring securities of issuers in this country; and
- this company adheres to the investment restrictions set out in a) to e) and i) to k) above when making its investments.

m) At least 25 percent of the net Fund assets will be invested in equity interests within the meaning of section 4 of these Management Regulations.

When investing in equity interests, the requirements of article 41 of the Law of 2010 with regard to the regulated market are taken into account.

4. Notwithstanding any provisions to the contrary herein:

a) the Fund is not required to comply with the investment limits laid down in sub-sections 1 to 3 when exercising subscription rights attaching to securities or money-market instruments which form part of its Fund assets;

b) if these provisions are exceeded for reasons beyond the control of the Fund or as a result of subscription rights, the Fund shall place a priority on striving to remedy that situation within the framework of its sales transactions, while taking due account of the interests of its Unitholders;

c) Notwithstanding its obligation to adhere to the principle of risk diversification, during a six-month period following its authorisation, the Fund may deviate from the provisions set out in sub-section 3 (Risk limitation).

d) the Fund's Board of Directors is authorised to impose additional investment restrictions if this is necessary in order to comply with the statutory and administrative law provisions in countries in which the units of the Fund are offered or sold.

## Section 6 Techniques for efficient portfolio management

Pursuant to CSSF Circular 14/592, techniques for efficient portfolio management can be used for the Fund. This also includes, inter alia, any type of derivative transactions, as well as securities lending transactions and repurchase agreements.

The techniques and instruments shall be used in accordance with the statutory requirements. These techniques and instruments shall be used in the best interests of the Fund.

The corresponding risk information is provided in the chapter entitled “Risk information” in the Prospectus. Information on direct and indirect costs and fees in connection with techniques and instruments for efficient portfolio management is set out in section 14, Costs. This means that, with the exception of the direct and indirect costs referred to in the Prospectus and the Management Regulations, all income associated with the other techniques and instruments will benefit the Fund.

#### 1. Use of derivatives

- a) Provided that it has a suitable risk management system in place, the Fund can invest in all derivatives derived from assets that may be acquired for the Fund, or from interest rates, exchange rates, currencies or financial indices that have a sufficient level of diversification, represent an adequate benchmark for the market to which they refer and are published in an appropriate manner. Such derivatives include, in particular, options, financial futures and swaps, as well as combinations of these. These can be used not only for hedging purposes, but also as part of the investment strategy.
- b) Trading in derivatives is carried out within the investment limits and serves to ensure the efficient management of the Fund assets and the management of the investment maturities and risks.

#### 2. Securities financing transactions

The Prospectus indicates and explicitly states whether or not the Fund engages in securities financing transactions. If the Fund does, in fact, engage in securities financing transactions, then the Prospectus will contain a general description of the securities financing transactions and total return swaps used by the Fund and the rationale for their use. The Prospectus shall also indicate:

- the overall data to be reported for each type of securities financing transaction and total return swap,
- the types of assets that may be used in such transactions,
- the maximum proportion of the assets under management that can be used for such transactions,
- the proportion of the assets under management that is likely to be used for such transactions,
- the criteria used to select counterparties,
- the collateral accepted, with regard to asset types, issuer, maturity, liquidity as well as the diversification and correlation strategies,
- a description of the collateral valuation methodology used and its rationale, and whether daily mark-to-market and daily variation margins are used,
- a description of the risks linked to securities financing transactions and total return swaps as well as risks linked to collateral management,
- a description of custodial arrangements for assets used in securities financing transactions and total return swaps and for collateral received,
- any restrictions (legal or self-imposed) on the continued use of collateral,
- the sharing of returns generated by securities financing transactions and total return swaps.

#### 3. Securities lending transactions

- a) The Fund is authorised to make securities from its own assets available to a counterparty for a certain period of time in return for a fee that is in line with prevailing market rates. The Fund shall ensure that all of the securities transferred within the context of securities lending can be transferred back at any time and that all of the securities lending agreements entered into can be terminated at any time.
  - b) Insofar as the Fund’s investment guidelines do not contain any further restrictions, the Fund is entitled to execute securities lending transactions. The applicable restrictions are set out in CSSF Circular 08/356, as amended.
  - c) These transactions can be entered into for one or more of the following purposes: Risk reduction, cost-cutting and the generation of an increase in capital or returns with a risk level that corresponds to the risk profile of the Fund and the provisions on risk diversification that apply to it. These transactions can be executed in respect of 100 percent of the Fund, provided that the transaction volume is always kept at a reasonable level or the return of the securities lent can be requested in such a way that the Fund can meet its redemption obligations at all times and provided that these transactions do not pose any risk to the management of the Fund assets in accordance with the Fund’s investment policy. The risks associated with these transactions shall be managed as part of the Management Company’s risk management process.
  - d) The Fund may only execute securities lending transactions in accordance with the provisions set out below:
    - The Fund may only lend securities via a standardised system operated by a recognised clearing house or via a securities lending programme operated by a first-class financial institution, provided that such financial institution specialises in such transactions and is subject to prudential rules considered by the CSSF to be comparable those laid down by European Community law.
    - The borrower of securities must be subject to prudential rules considered by the CSSF to be comparable those laid down by European Community law.
    - If the counterparty is a financial institution that falls under article 41, sub-section 1, letter f) of the Law of 2010, the counterparty risk associated with one or more securities lending transaction(s) vis-à-vis an individual counterparty (which, for the purposes of clarification, can be reduced by using collateral) may not exceed 10 percent of the assets of the Fund or, in all other cases, 5 percent of its assets.
  - e) The Management Company shall disclose the total value of the securities lent in the Fund’s annual and semi-annual reports.
  - f) Securities lending transactions can also be executed synthetically (“Synthetic Securities Lending”). Synthetic securities lending means a situation in which a security in the Fund is sold to a counterparty at the current market price and the sale is executed subject to the proviso that the Fund simultaneously receives a securitised option without leverage from the counterparty, giving the Fund the right, at a later point in time, to demand the delivery of securities of the same type, quality and amount as the securities that were sold. The price of the option (“option price”) corresponds to the current market price from the sale of the securities less the securities lending fee, the income (e.g. dividends, interest payments, corporate actions) from the securities that can be claimed back upon exercising the option and the exercise price of the option. The option is exercised at the exercise price during the term. If, during the term of the option, the security underlying the synthetic securities lending transaction is sold in implementation of the investment strategy, this may also be done by selling the option at the prevailing market price less the exercise price.
- #### 4. Repurchase agreements
- a) Unless stipulated otherwise in the Fund’s investment guidelines, the Fund may execute repurchase agreements consisting of the purchase and sale of securities and containing the right or the obligation of the seller to repurchase the securities sold from the buyer at a price and subject to conditions that have been agreed to contractually by both Parties, and it may enter into reverse repurchase agreements that consist of futures transactions upon the maturity of which the seller (counterparty) is obliged to buy back the securities sold, and the Fund is obliged to return the securities received within the scope of the transaction (collectively referred to as “repurchase agreements”).

- b) The Fund may be either the buyer or the seller either in individual repurchase agreements or in a series of ongoing repurchase agreements. Participation in these transactions is, however, subject to the following provisions:
- The Fund may only buy or sell securities within the scope of a repurchase agreement if the counterparty to this transaction is subject to prudential rules considered by the CSSF to be comparable those laid down by European Community law.
  - If the counterparty is a financial institution that falls under article 41, sub-section 1, letter f) of the Law of 2010, the counterparty risk associated with one or more repurchase agreement(s) vis-à-vis an individual counterparty (which, for the purposes of clarification, can be reduced by using collateral) may not exceed 10 percent of the assets of the Fund or, in all other cases, 5 percent of its assets.
  - During the term of a repurchase agreement in which the Fund is the buyer, the Fund may sell the securities forming the subject matter of the agreement only after the counterparty has exercised its right to repurchase these securities or the deadline for repurchase has elapsed, unless the Fund has other cover assets.
  - The Fund shall ensure that it can demand the return of the full monetary amount at any time or can terminate the repurchase agreement, either at the total amount accrued or at a mark-to-market value. If the return of the monetary amount can be demanded at a mark-to-market value at any time, then the mark-to-market value of the repurchase agreement should be used to calculate the net asset value of the Fund.
  - The Fund shall ensure that it can demand the return of the securities underlying the repurchase agreement or can terminate the agreed repurchase transaction at any time. Forward repurchase agreements with a maturity of up to 7 days are to be considered as agreements under which the Fund can demand the return of the assets at any time.
  - The securities purchased by the Fund within the scope of a repurchase agreement must be consistent with the Fund’s investment policy and investment restrictions and be limited to:
    - ba) short-term bank certificates or money-market instruments according to the definition set out in Directive 2007/16/EC of 19 March 2007,
    - bb) bonds of non-governmental issuers that provide adequate liquidity, or
    - bc) assets referred to in section 6 under “Securities lending transactions”.
- c) As at the cut-off date of its annual and semi-annual reports, the Management Company shall disclose the total amount of open repurchase transactions.

5. Collateral management for transactions involving OTC derivatives and techniques for efficient portfolio management

- a) The Management Company can receive collateral in connection with transactions involving OTC derivatives, securities lending transactions and reverse repurchase agreements to reduce the counterparty risk.
- b) The Management Company only accepts cash or securities to secure the obligations. Cash in the form of bank deposits may be held in blocked accounts with the Custodian of the Fund or, with the Custodian’s consent, at another credit institution.
- c) The cash received as collateral shall not be reinvested. Non-cash collateral that is accepted shall not be sold, reinvested or pledged.
- d) The Management Company adheres to the statutory requirements for collateral management for transactions involving OTC derivatives and techniques for efficient portfolio management and, in particular, adheres to the requirements set out in ESMA Guidelines 14/937.

Haircuts will be applied to collateral provided in order to reflect market price risks, exchange rate risks and liquidity risks associated with the underlying collateral.

The Management Company pursues a haircut strategy in which different haircuts are to be applied depending on the type of collateral in question and the risks associated with it.

Depending on the nature of the collateral received, e.g. the counterparty’s credit rating, the maturity, the currency and the price volatility of the assets, the valuation haircut ranges set out below shall be applied:

Collateral type	Valuation haircuts
Cash in the Fund currency	0 percent
Cash in a currency other than the Fund currency, but only EUR, CHF, USD	Up to 10 percent
Bonds and/or other debt instruments or debt securities, with fixed or variable interest rates	Up to 10 percent
In exceptional cases, other assets that meet the collateral requirements can be accepted	up to 30 percent

- e) No unsecured OTC transactions shall be executed. However, a minimum transfer amount, commonly around EUR 250,000, is often agreed for collateral, which may mean in a current case that no immediate collateral is furnished because this minimum amount is not reached.
- f) Securities lending transactions are collateralised in full. The collateral value is equal to the listed price of the securities transferred plus the associated income. The collateral provided by the borrower may not fall below the collateral value plus a customary market premium.
- g) In cases involving securities lending, the collateral must have been received before or at the time at which the lent securities are transferred. If the securities are lent via intermediaries, then the transfer of the securities may be made before the collateral is received, provided that the intermediary guarantees the due and proper execution of the transaction. This intermediary may furnish collateral in place of the borrower of securities.
- h) As the furnishing of cash as collateral gives rise to a credit risk for the Management Company vis-à-vis the manager of this collateral, this is subject to the 20 percent limit set out in article 43, sub-section 1 of the Law of 2010. In addition, such cash collateral may not be held in custody by the counterparty unless it is legally protected from the consequences of default on the part of the counterparty.
- i) The Management Company shall ensure that it can assert its rights with regard to the collateral if an event occurs that requires the rights to be exercised, i.e. the collateral must be available at all times, either directly or via the intermediary of a first-class financial institution or a wholly-owned subsidiary of such institution in a form that allows the Management Company to appropriate or liquidate the assets provided as collateral if the counterparty fails to meet its obligation to return the

securities lent.

- j) For the duration of the agreement, the collateral cannot be provided or pledged as collateral elsewhere unless the Management Company has other cover assets.
- k) A fund that accepts collateral for at least 30 percent of its assets should have an appropriate stress test strategy in place to ensure that stress tests are performed at regular intervals both under normal and under exceptional liquidity conditions so that the fund can evaluate the liquidity risk associated with the collateral. The strategy for liquidity stress testing should include requirements for the following aspects at the very least:
  - ka) Concept for stress test scenario analysis including calibration, certification and sensitivity analysis;
  - kb) Empirical approach to impact assessment, including the back-testing of liquidity risk estimates;
  - kc) Reporting frequency and reporting thresholds/loss tolerance threshold(s);
  - kd) Loss mitigation measures, including haircut strategy and gap risk protection.

## Section 7 Risk management procedure

In connection with the management of the Fund, a risk management procedure is used to allow the Management Company to monitor and measure the risk associated with the Fund's investments and their respective share of the overall risk profile of the investment portfolio at all times.

The Management Company monitors the Fund in accordance with the Law of 2010 and the applicable administrative provisions of the CSSF, in particular CSSF Regulation 10-4. It reports to the CSSF on the risk management procedures used on a regular basis.

- a) Within the context of the risk management procedure, the Management Company uses the following methods:

### Commitment approach

The commitment approach is based on the market value of the underlyings. The commitment approach method involves converting the positions from derivative financial instruments into their corresponding underlying equivalents using the delta approach. The netting and hedging effects between derivative financial instruments and their underlyings are taken into account.

### VaR approach

The VaR (value-at-risk) is a measure of risk that corresponds to the potential loss incurred by the Fund with a specified probability (confidence level) during a certain time period.

### Relative VaR approach

Under the relative VaR approach, the VaR of the Fund may not exceed by more than 2x the VaR of a derivative-free benchmark portfolio with the same market value. The benchmark portfolio provides an accurate reflection of the investment policy pursued by the Fund.

### Absolute VaR approach

Under the absolute VaR approach, the VaR of the Fund may not exceed a certain limit in relation to the Fund assets.

- b) The risk management procedure used to limit market risks is specified for the Fund in the Management Regulations.
- c) The Management Company aims to ensure that the use of derivatives no more than doubles the overall risk associated with the Fund assets (leverage effect). In special exceptional cases, however, the leverage effect may exceed this value.

The Management Company calculates the leverage effect in accordance with the administrative provisions of the responsible supervisory authorities and applying the commitment approach.

Information on the risk profile of the Fund, which is consistent with the techniques and instruments set out above, can also be found in the "Key Investor Information".

## Section 8 Adherence to purchase limits

The restrictions set out in section 5 relate to the time of purchase. If the percentages are exceeded at a later date due to price developments or for reasons other than additional purchases, then the Management Company shall immediately take steps to reduce the percentages to the prescribed range, taking the interests of the Unitholders into account.

## Section 9 Non-permitted trades

The following transactions are prohibited for the Fund:

1. Securities and money-market instruments whose sale is subject to restrictions on the basis of contractual agreements may not be acquired for the Fund;
2. Liabilities which – together with the loans referred to in section 5, sub-section 2 c) – exceed 10 percent of net Fund assets may not be assumed for the Fund in connection with the acquisition of securities, money-market instruments or other financial instruments specified in section 5, sub-section 1 e), g) and h) that are not fully paid-up;
3. Loans may not be granted for the Fund, nor suretyships assumed for third parties;
4. Uncovered ("short") sales of securities, money-market instruments or other financial instruments specified in section 5 sub-section 1 e), g) and h) may not be executed for the Fund;
5. Fund assets may not be pledged, encumbered, have title transferred or be assigned as collateral for the Fund, unless this is required as part of a transaction that is permitted in accordance with these Management Regulations;
6. Precious metals and precious-metal certificates may not be acquired for the Fund.

## Section 10 Fund units and unit classes

1. The Unitholders are co-owners of the Fund's assets in the amount of their Units. Units in the Fund are only issued in registered form. Units may be provided, inter alia, through Clearstream Banking, Euroclear, FundSettle, Vestima and/or other centralised management systems, whereby a global certificate may be issued in certain circumstances. Unitholders are advised that Euroclear will only accept deliveries for whole Units. Unitholders are not entitled to receive physical certificates. Units may only be purchased for holding in custody accounts.

2. The units are generally transferable, unless restrictions are imposed in the Prospectus. When a unit is transferred, the rights securitised therein shall also be transferred.

3. All Fund units have the same rights, unless the Management Company decides to issue different unit classes within the Fund.

4. The Management Company may define different unit classes for the Fund. From the date of their issue, all units are entitled to an equal share of the income, price gains and liquidation proceeds of their respective unit class.

- a) Unit classes may be formed for the Fund which differ, in particular, in terms of the investors who may acquire and hold units, income distribution policy, front-end load, currency of unit value, including the use of currency hedging transactions, management fee, minimum investment amount or any combination of these features. Unit classes may be formed at any time at the Management Company's discretion.
- b) Existing unit classes will be listed separately in the Prospectus as well as in the annual and semi-annual reports. The features defining each unit class are described in detail in the Prospectus and in the annual and semi-annual reports.
- c) Assets may only be acquired for the Fund as a whole and not for an individual unit class.
- d) Currency hedging transactions may be entered into exclusively for the benefit of a single currency unit class. For currency unit classes with a currency hedge in favour of this unit class's currency (reference currency), the Management Company may, notwithstanding section 5 of the Management Regulations, use exchange rate or currency derivatives with the aim of preventing losses in unit value resulting from foreign exchange losses on Fund assets that are not denominated in the unit class's reference currency.
- e) The unit value shall be calculated separately for each unit class by allocating exclusively to such unit class the costs of launching new unit classes, the income available for distribution, the management fee and the gain or loss on currency hedges relating to a particular unit class, including, where relevant, any income equalisation.

## Section 11 Issuance and redemption of Fund units

1. Fund units are issued by the Management Company or any third party appointed by her on each valuation date. The valuation date can be any banking and stock exchange day in Frankfurt am Main and Luxembourg. The number of Fund units that can be issued is in principle unlimited. The Management Company or any third party appointed by her does, however, reserve the right to suspend the issue of Fund units either temporarily or in full or to reject subscription applications and also to buy Fund units back in exchange for payment of the redemption price if this appears necessary to safeguard the interests of the Unitholders or the public interest or to protect the Fund or the Unitholders. Any payments made shall be reimbursed interest-free without delay in such cases.

2. The Fund units can be purchased, in exchange for immediate payment, from the Management Company, the Custodian and Central Administration Agent and the paying agents, or via distribution agents acting as intermediaries authorised by the Management Company.

3. The Management Company or any third party appointed by her is entitled to issue units in return for contributions in kind of securities and other assets at its own discretion and at the Unitholder's request. This is subject to the proviso that such securities and other assets are consistent with the investment objectives and the investment policy, as well as the provisions of the Management Regulations. The auditor of the Fund's annual financial statements shall prepare a report in that respect which will be made available to all investors in the place where the Management Company has its registered office. The costs for such contributions in kind shall be borne by the investor in question. Units shall be issued at the corresponding issue price, in an amount equal to the valuation assigned by the auditor to the contribution in kind.

4. The Unitholders can request the redemption of the Fund units on any valuation date by submitting redemption orders to the Management Company, the Custodian, Central Administration Agent or the paying agents. The Management Company or any third party appointed by her is obliged to redeem the Fund units on any valuation date at the applicable redemption price for the account of the Fund. The redemption price shall be disbursed immediately after the valuation date in the currency specified for the Fund (the "Fund currency").

5. In the event of large-scale redemption requests, the Management Company or any third party appointed by her reserves the right, subject to the prior consent of the Custodian, only to redeem the Fund units at the currently valid redemption price after it has sold corresponding assets without delay, while nevertheless safeguarding the interests of all Unitholders.

6. The Custodian is only obliged to make payment insofar as there are no statutory provisions, e.g. foreign exchange law provisions or other circumstances for which the Custodian is not responsible, standing in the way of the transfer of the redemption price.

7. Purchase and sale orders that are received by 2 p.m. on a valuation date at the Central Administration Agent shall be settled at the issue and redemption price calculated on the next valuation date.

## Section 12 Issue and redemption price

1. The issue and redemption price for the units of a unit class shall be calculated by the Management Company under the supervision of the Custodian or an agent appointed by the Management Company in Luxembourg. To calculate it, the value of the assets belonging to the unit class less the liabilities of the Fund (the "net asset value") shall be divided by the number of units of the unit class in circulation (the "unit value"). The following should be noted:

- Assets that are officially listed on a stock exchange are valued at the last available closing price;
- Assets that are not officially listed on a stock exchange but are traded on a regulated market or on other organised markets are also valued at the last available closing price;



- Assets that are neither listed on a stock exchange nor included in another organised market or for which no trading price is available shall be valued at the current market value that is appropriate based on a careful assessment using suitable valuation models and taking the current market conditions into account;
- Assets whose prices are not in line with the market and all other assets are valued at the probable liquidation value, which must be determined with caution and in good faith;
- Cash and cash equivalents are measured at face value plus interest;
- Investment units are valued at the last redemption price that has been determined and can be obtained;
- Fixed-term deposits are valued at the agreed return, provided an agreement whereby the fixed-term deposit may be terminated at any time has been concluded between the Management Company and the financial institution holding the fixed-term deposits in custody and the agreed return corresponds to the liquidation value;
- Assets that are not denominated in the Fund currency are converted into the Fund currency at the mid-rate for the previous day.

2. When the issue price is calculated, a front-end load can be added to the unit value to settle issue costs incurred by the Management Company. The amount of this front-end load is set out in the “Special Section” of the Management Regulations. Insofar as stamp duties or other charges are incurred in a country in which the Fund units are issued, then the issue price shall be increased accordingly.

3. The redemption price shall be the unit value calculated pursuant to sub-section 1 unless stipulated otherwise in the “Special Section” of the Management Regulations.

4. The issue price and the redemption price per unit are published on a regular basis on the website [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com).

## Section 13 Temporary suspension of price calculation

1. The calculation of the net asset value and the issue and redemption of units can be temporarily suspended by the Management Company or any third party appointed by her if and for as long as:

- a stock exchange or another regulated market on which a significant proportion of the Fund's securities are traded is closed or trading is restricted or suspended, except on ordinary weekends and public holidays;
- the acquisition or sale of assets is restricted due to the limited investment horizon of a fund on the market;
- amounts paid as consideration for purchases or sales cannot be transferred;
- it is not possible to calculate the net asset value in a due and proper manner due to a political, economic, monetary or other emergency;
- the calculation of the unit value of target funds in which a significant proportion of Fund assets is invested has been suspended.

2. Unitholders who have offered their Fund units for redemption shall be informed without delay of the suspension and resumption of the calculation of the net asset value.

## Section 14 Costs

1. The Management Company is entitled to a fee for managing the Fund and the Custodian is entitled to a fee for the work assigned to it by law and in accordance with the Management Regulations. In addition, the Custodian shall receive a processing fee for each transaction that it executes on behalf of the Management Company. These fees are governed by the “Special Section” of the Management Regulations (section 26).

2. The Management Company can also charge the Fund for the following costs:

- a) The costs incurred in connection with the acquisition and sale of assets, with the exception of front-end loads and redemption fees for units in target funds that are managed by the Management Company itself or by another company affiliated with the Management Company by way of a substantial direct or indirect holding;
- b) Standard bank fees for transactions involving securities, money-market securities and other assets and rights of the Fund and for their safekeeping;
- c) The costs associated with the preparation, official review, filing and publication of the Management Regulations, including any amendment procedures and other agreements and regulations relating to the Fund, as well as settlement and the costs associated with approval procedures involving the responsible authorities;
- d) The costs associated with the preparation, printing and dispatch of the Prospectus and the annual and semi-annual reports, fact sheets, Key Investor Information and other notifications to the Unitholders in the relevant languages, the costs of publishing the issue and redemption prices and all other notices;
- e) The costs associated with providing information to investors in a durable format, with the exception of notifications about fund mergers and measures relating to breaches of investment limits or calculation errors affecting the calculation of the unit value;
- f) The costs of Fund administration and other management costs, including the costs of stakeholder organisations;
- g) Fees charged by the auditor and tax consultant;
- h) Any costs associated with rate-hedging transactions, securities lending transactions and securities repurchase agreements;
- i) An appropriate share of the costs of advertising and costs directly related to the offering and sale of units;
- j) Costs for legal advice incurred by the Management Company or the Custodian when acting in the interests of the Unitholders;
- k) Any taxes levied on the Fund assets, income and expenses, at the Fund's expense. This includes, in particular, the subscription tax (taxe d'abonnement);
- l) The costs of any listing(s) on the stock exchange and the fees charged by the supervisory authorities and/or costs to register the units for public distribution in various countries, including fees charged by representatives, tax representatives and the paying agents in the countries in which the units are authorised for public distribution;
- m) The costs associated with having the Fund rated by internationally recognised rating agencies;

- n) The costs of liquidating the Fund;
- o) Costs for third parties due to the exercise of voting rights at Annual General Meetings for assets of the Fund;
- p) The costs incurred by the Management Company to calculate key tax-related figures, up to an amount of EUR 3,000;
- q) Costs incurred in connection with the technical establishment of procedures for measuring and analysing the Fund's performance and risk;
- r) Costs for the provision by third parties of analysis material or services in relation to one or more financial instruments or other assets or in relation to the issuers or potential issuers of financial instruments or in close connection with a particular industry or market, up to an amount of 0.1 percent per annum of the average value of the Fund assets based on the net asset value as determined each trading day.

The amounts paid as fees and costs shall be set out in the annual reports.

All costs shall be charged first to current income, then to capital gains and finally to the Fund assets.

The costs and processing fees associated with the purchase or sale of assets shall be included in the purchase price/deducted from the proceeds on disposal.

## Section 15 Accounting

1. The Fund and its accounts shall be audited by an auditing firm appointed by the Management Company.
2. The Management Company shall publish an audited annual report for the Fund no later than four months after the end of each financial year.
3. The Management Company shall publish an unaudited semi-annual report for the Fund no later than two months after the end of the first half of the financial year.
4. The reports can be obtained from the Management Company, the Custodian and the paying and information agents.

## Section 16 Disclosure of information

### Remuneration policy

The Management Company has put in place a remuneration policy and remuneration practices that comply with the statutory provisions, in particular with the principles set out in articles 111 and 111ter of the Law of 2010, and applies this policy and these practices. The policy and practices are consistent with the risk management procedure set by the Management Company, are conducive to the latter and neither encourage the assumption of risks that are inconsistent with the risk profiles and the Management Regulations and/or the articles of association of the funds managed by it nor prevent the Management Company from acting conscientiously and in the Fund's best interests.

The remuneration policy and remuneration practices include fixed and variable salary components and voluntary pension benefits.

The remuneration policy and remuneration practices apply to the categories of employees, including the management, risk-takers, employees who exercise control functions and employees whose total remuneration puts them at the same income level as the management and risk-takers whose activities have a material impact on the risk profiles of the Management Company or the funds it manages.

The remuneration policy pursued by the Management Company is consistent with a solid and effective risk management system and complies with the business strategy, objectives, values and interests of the Management Company, the UCITSs it manages and their investors. It includes measures to avoid conflicts of interests. Compliance with the remuneration principles, including their implementation, is audited once a year. Fixed and variable components of total remuneration are in reasonable proportion to each other. The fixed remuneration accounts for a sufficiently large proportion of the total remuneration to allow the entirely flexible structuring of the variable remuneration. It is also possible for no variable remuneration to be paid.

The measurement of the variable remuneration is set out in a multi-year financial plan in a manner that is commensurate with the holding period of the investors in the UCITS that is managed by the Management Company. This is designed to ensure that the measurement procedures are based on the longer-term performance of the UCITS and that the current payments of the performance-based components of the remuneration policy are distributed over the entire period.

The details of the current remuneration policy, including a description of how the remuneration and other benefits are calculated, as well as the identity of the individuals responsible for allocating the remuneration and other benefits, including the composition of the remuneration committee if such a committee exists, can be accessed free of charge on the website of the Management Company at [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com) and are made available free of charge as a hard copy on request.

### Other disclosures

The following information is published in the annual report:

- Total amount of remuneration paid in the last financial year, broken down into the fixed and variable remuneration paid by the Management Company to its employees, the number of beneficiaries and, where appropriate, all amounts paid directly by the UCITS itself, including performance fees;
- Total amount of remuneration paid;
- Description of how the remuneration and other benefits were calculated;
- The outcome of the assessments referred to in article 14b, sub-section 1, letters c and d of Directive 2014/91/EU, including all of the irregularities that have arisen;
- Material changes to the remuneration policy that has been adopted.

The following information is made available to investors on request:

- Change of Custodian;
- Changes in the duties of the Custodian and resulting conflicts of interest;
- Changes in Sub-custodians and conflicts of interest that could arise as a result.

## Section 17 Duration, liquidation and merger of the Fund

1. The Fund has been established for an indefinite period; it can, however, be liquidated at any time by way of a resolution passed by the Management Company.
2. If the Fund is liquidated, this shall be published in the RESA and also in two daily newspapers. For this purpose, the Management Company shall select, in addition to a Luxembourg daily newspaper, daily newspapers in the countries in which the units are authorised for public distribution. Issuance of units shall cease on the date when the resolution to liquidate the Fund is passed. The assets shall be sold and Custodian shall distribute the liquidation proceeds, less the liquidation costs and fees, among the Unitholders in accordance with their respective shares pursuant to instructions from the Management Company or, where appropriate, the liquidators appointed by it or by the Custodian with the consent of the supervisory authorities. Liquidation proceeds that have not been collected by Unitholders by the end of the liquidation process shall, insofar as is required by law, be converted into the currency of the Grand Duchy of Luxembourg and deposited by the Custodian, for the account of the eligible Unitholders, with the “Caisse de Consignation” in Luxembourg, where these amounts shall be forfeited if they have not been claimed by the statutory deadline.
3. By way of a resolution of the Board of Directors, the Fund can be merged with another fund that falls under the scope of Directive 2009/65/EC as a result of its investment policy (merger). In accordance with the provisions set out in sub-section 2 above, this resolution shall be published one month before its entry into force. The merger shall be implemented in the same way as a liquidation of the Fund, with the simultaneous assumption of all assets by the absorbing fund. By way of derogation from the liquidation of the Fund pursuant to sub-section 2, investors in the Fund receive units in the absorbing fund, the number of which shall be calculated based on the unit value ratio of the fund in question at the time of incorporation and, where appropriate, the settlement of fractional amounts. The implementation of the merger shall be monitored by the Fund’s auditor. Taking section 13 of these Management Regulations into account, the investors have the option of redeeming their units free of charge within the aforementioned period.

## Section 18 Amendments to the Management Regulations

1. The Management Company can amend the Management Regulations either in full or in part at any time with the consent of the Custodian.
2. Amendments to the Management Regulations shall be published in the RESA.

## Section 19 Forfeiture of claims through the statute of limitations

Claims of the Unitholders against the Management Company or the Custodian can no longer be asserted in court after a period of 5 years has passed since the claim arose. This shall not apply in the event the Fund is liquidated pursuant to section 17 of the Management Regulations (“General Section”).

## Section 20 Place of performance, place of jurisdiction and contractual language

1. The place of performance is the Management Company's registered office.
2. All legal disputes between Unitholders, the Management Company and the Custodian shall be subject to the jurisdiction of the competent court in the Grand Duchy of Luxembourg. The Management Company and the Custodian are entitled to subject themselves and the Fund to the law and jurisdiction of other countries in which the Fund units are distributed, insofar as investors based there assert claims against the Management Company or the Custodian relating to the subscription and redemption of Fund units.
3. The German wording of these Management Regulations shall be authoritative. The Management Company and the Custodian can declare translations into the languages of countries in which Fund units are authorised for public distribution to be binding on themselves and the Fund.

# Fund Management Regulations

## Special Section

The following additional provisions apply to the **ODDO BHF Polaris Flexible Fund**:

### Section 21 Custodian

The Custodian is CACEIS Bank, Luxembourg Branch.

### Section 22 Investment policy

The ODDO BHF Polaris Flexible Fund invests, inter alia, in European equities. Investments are also made in sectoral and regional funds, as well as a mixture of other investment vehicles, e.g. fixed-income securities and certificates. Fixed-income security investments are made primarily in government and corporate bonds.

The Fund offers a very flexible investment policy in which the equity allocation may fluctuate significantly, ranging from 25 to 100 per cent. Risk is also actively managed through derivative hedging instruments.

The Fund assets can also be invested in all other assets that are permitted in accordance with the Management Regulations.

The aim of an investment in ODDO BHF Polaris Flexible is to participate to the greatest extent possible in value growth on stock markets during upward trends and to limit losses during downturns.

### Section 23 Investment principles

The Management Company may purchase the following assets for the Fund:

- a) Securities and money-market instruments pursuant to section 5, sub-section 1a) to d) and h)
- b) Units in other investment funds pursuant to section 5, sub-section 1e)
- c) Deposits which are repayable on demand or have the right to be withdrawn and mature in no more than 12 months pursuant to section 5, sub-section 1f), and
- d) Derivative financial instruments (derivatives) pursuant to section 5, sub-section 1g).

### Section 24 Risk management

The risk management procedure uses the commitment approach in order to limit the market risk associated with the Fund.

### Section 25 Fund currency, issue and redemption price

1. The Fund currency is the euro.
2. The front-end load for some unit classes to cover the issue costs (section 12, sub-section 2) shall be up to 5.0 percent of the unit value. Detailed information on this subject is provided in the Prospectus and in the Key Investor Information document (KIID).
3. The Management Company is entitled to issue units in return for contributions in kind of securities and other assets at its own discretion and at the Unitholder's request. This is subject to the proviso that such securities and other assets are consistent with the investment objectives and the investment policy, as well as the provisions of the Management Regulations. The auditor of the Fund's annual financial statements shall prepare a report that will be made available to all investors in the place where the Management Company has its registered office. The costs for such contributions in kind shall be borne by the investor in question. Units shall be issued at the corresponding issue price, in an amount equal to the valuation assigned by the auditor to the contribution in kind.
4. The Management Company shall ensure that the unit prices are published in a suitable manner in the countries in which the Fund is distributed to the public.

### Section 26 Costs

1. The basic fee for managing the Fund shall be up to 1.75 percent p.a., based on the net asset value that is calculated daily. The Management Company is free to charge a lower management fee or no management fee for one or more unit classes.

In addition, the Management Company may charge a performance-based fee for individual unit classes. More information on this subject can be found in the Prospectus.

2. By law and in accordance with the General Section, the Custodian shall receive a fee of up to 0.10 percent p.a., based on the net asset value that is calculated daily.
3. The fees shall be paid out at the end of each month.

## Section 27 Income distribution policy

The Management Company intends to distribute the ordinary net income generated within two months of the end of the financial year. Realised capital gains, unrealised increases in value and capital gains from previous years can also be distributed. Distributions shall be paid out on the units issued on the distribution date.

Distribution amounts that are not claimed within 5 years of publication of the distribution declaration shall be forfeited, pursuant to section 19 of the General Section, in favour of the Fund. Irrespective of the above, the Management Company is entitled to pay out distribution amounts claimed after expiry of the limitation period to the Unitholders, charging them against the Fund assets.

## Section 28 Financial year

The Fund's financial year shall commence on 1 September and end on 31 August of the following year.

## Section 29 Entry into force

These Management Regulations enter into force on 26 February 2020.

# Annex

## Information for investors in the Federal Republic of Germany

### Distribution in the Federal Republic of Germany

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has been informed of the distribution of the units. Neither the Management Company nor the Fund is subject to the supervision of the German Federal Financial Supervisory Authority or to any other state supervision by a German authority.

#### 1. Distribution agent in the Federal Republic of Germany

ODDO BHF Asset Management GmbH  
Herzogstrasse 15  
40217 Düsseldorf

#### 2. Paying agent in the Federal Republic of Germany

ODDO BHF Aktiengesellschaft  
Bockenheimer Landstrasse 10  
60323 Frankfurt am Main

Subscription and redemption orders and exchange offers can be submitted to the above-mentioned German paying agent. Redemption payments, any profit distributions and other payments to Unitholders can be made via the German paying agent.

#### 3. Information agents in the Federal Republic of Germany

ODDO BHF Asset Management GmbH  
Herzogstrasse 15  
40217 Düsseldorf

ODDO BHF Aktiengesellschaft  
Bockenheimer Landstrasse 10  
60323 Frankfurt am Main

The following information and documents can be consulted/are available as hard copies free of charge from the paying and information agents specified:

- the Prospectus (including the Management Regulations),
- the Key Investor Information,
- the annual and semi-annual reports,
- the valid issue and redemption prices,
- all other information and documents to be published in the Grand Duchy of Luxembourg.

Issue and redemption prices are published on the website [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com). Notices to investors shall also be made via the website [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com).

In addition, investors in Germany shall be notified in a durable format in the following cases:

- Suspension of the redemption of Fund units,
- Termination of the management of the Fund or its liquidation,
- Amendments to the Management Regulations, insofar as the amendments are inconsistent with the investment principles that have applied to date, affect key investor rights or relate to remuneration and expense reimbursements that can be taken from the Fund assets,
- Merger of the Fund in the form of merger notifications,
- Conversion of the Fund into a feeder fund or changes to a master fund.

## Annex

### Information for investors in Austria

#### **Paying and information agent in Austria**

Deutsche Bank AG  
Fleischmarkt 1  
1010 Vienna

Redemption orders for these funds can be submitted to the Austrian paying agent. The Austrian paying agent will also carry out settlement and disbursement of the redemption price in co-operation with the Management Company and the Custodian.

The current version of the articles of association of the investment company, the Prospectus, the annual and semi-annual reports and the issue and redemption prices are available free of charge from the Austrian paying agent; other information and documents can also be consulted there.

Notices to investors shall also be made via the website [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com).

## Annex

### Information for investors in France

**The unit class ODDO BHF Polaris Flexible (CPW-EUR) is not intended for investors resident in France.**

#### **Centralising Correspondent in France**

ODDO BHF SCA  
12, boulevard de la Madeleine  
75009 Paris

Subscription and redemption orders and exchange offers can be submitted to the above mentioned French centralizing correspondent. Redemption payments, any profit distributions and other payments made to the unitholders can be made via the French centralising correspondent.

The following information and documents can be consulted/are available as hard copies free of charge from the centralising correspondent:

- the Prospectus (incl. the Management Regulations),
- the Key Investor Information,
- the annual and semi-annual reports,
- the valid issue and redemption prices,
- all other information and documents to be published in the Grand Duchy of Luxembourg.

The issue and redemption prices of the units are published on the website [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com). Notifications to investors are made available via the website [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com).

## Annex

### Information for investors in Italy and Spain

**The unit class ODDO BHF Polaris Flexible (CPW-EUR) is not intended for investors resident in Italy and Spain.**

Notices to investors are made available via the website [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com).

# General information

## **Management Company**

ODDO BHF Asset Management Lux  
6, rue Gabriel Lippmann  
5365 Munsbach

Postal address:  
Postfach 258  
2012 Luxembourg

Tel.: (+352) 457676-1  
Fax: (+352) 458324

## **Management**

Monika Anell

Udo Grünen

Holger Rech

Karl Stäcker

Also member of the management team of  
ODDO BHF Asset Management GmbH, Düsseldorf  
and member of the Executive Board of BVI Bundesverband  
Investment und Asset Management e.V., Frankfurt am Main

## **Board of Directors**

Karl Stäcker

Chairman

Guy de Leusse

Also COO of ODDO BHF Asset Management SAS, Paris

Stephan Tiemann

Also Director (authorised signatory) of ODDO BHF Asset Management GmbH, Düsseldorf

## **Shareholder of ODDO BHF Asset Management Lux**

ODDO BHF Asset Management GmbH  
Herzogstrasse 15  
40217 Düsseldorf

## **Auditor**

KPMG Luxembourg, Société coopérative  
Cabinet de révision agréé  
39, Avenue John F. Kennedy  
1855 Luxembourg

## **Custodian and Central Administration Agent**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffér  
2520 Luxembourg

## **Paying agent in the Grand Duchy of Luxembourg**

CACEIS Bank, Luxembourg Branch  
5, allée Scheffér  
2520 Luxembourg

## **Distribution agent in the Grand Duchy of Luxembourg**

ODDO BHF Asset Management Lux  
6, rue Gabriel Lippmann  
5365 Munsbach



**Information agents in the Federal Republic of Germany.**

ODDO BHF Asset Management GmbH

Herzogstrasse 15

40217 Düsseldorf

ODDO BHF Aktiengesellschaft

Bockenheimer Landstrasse 10

60323 Frankfurt am Main

**Paying agent in the Federal Republic of Germany**

ODDO BHF Aktiengesellschaft

Bockenheimer Landstrasse 10

60323 Frankfurt am Main

and its branch offices

**Distribution agent in the Federal Republic of Germany**

ODDO BHF Asset Management GmbH

Herzogstrasse 15

40217 Düsseldorf

**Paying and information agent in Austria**

Deutsche Bank AG

Fleischmarkt 1

1010 Vienna

**Fund Advisor for the ODDO BHF Polaris Flexible Fund**

ODDO BHF Trust GmbH

Bockenheimer Landstrasse 10

60323 Frankfurt am Main

**Other funds managed by the Management Company**

Grand Cru

HELLAS Opportunities Fund

JD 1 – Special Value

ODDO BHF Emerging ConsumerDemand

ODDO BHF Exklusiv:

Rhein Asset Management (LUX) Funds

SMS Ars selecta

Theme Investing

Current information on the bodies and equity of the Management Company and the Custodian can be found in the latest annual/semi-annual report.