

**W E L L I N G T O N**

**M A N A G E M E N T**

**F U N D S**

**(L U X E M B O U R G)**

A Mutual Fund under Luxembourg law

Management Regulations

1 January 2019

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## MANAGEMENT REGULATIONS

These Management Regulations of the Mutual Investment Fund (“Fonds Commun de Placement”) WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG) and any future amendments thereto, occurring in accordance with Article 14 below, shall govern the legal relationship between:

- (1) The Management Company WELLINGTON LUXEMBOURG S.à. r.l, a *société à responsabilité limitée* with its registered office in Luxembourg at 33, avenue de la Liberté, L-1931 Luxembourg (“The Management Company”)
- (2) The Depositary BROWN BROTHERS HARRIMAN (LUXEMBOURG) S.C.A., a *société en commandite par actions* with its registered office in Luxembourg at 80, route d’Esch, L-1470 Luxembourg (“The Depositary”) and
- (3) The subscribers and holders of Units (“The Unitholders”) who shall accept these Management Regulations by the acquisition of such Units.

Terms used in these Management Regulations have the same meaning as defined in the Wellington Management Funds (Luxembourg) prospectus (the “Prospectus”).

### Article 1: THE UMBRELLA FUND

WELLINGTON MANAGEMENT FUNDS (LUXEMBOURG) (hereinafter “the Umbrella Fund”) is a mutual investment fund under the laws of the Grand-Duchy of Luxembourg initially governed by Part I of the law of March 30, 1988 relating to undertakings for collective investment and is now authorized under Part I of the Luxembourg law of December 17, 2010 relating to undertakings for collective investment (the “2010 Law”). The Umbrella Fund qualifies as UCITS under Article 1 paragraph 2) points a) and b) of the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 as may be amended from time to time (the “Directive”), and may therefore be offered for sale in European Union Member States (subject to registration in countries other than Luxembourg). In addition, applications to register the Umbrella Fund may be made in other countries.

The Umbrella Fund is divided in separate Funds (the “Fund”), investing in transferable securities. The Umbrella Fund is managed in the interest of the Unitholders by the Management Company. The assets of the Umbrella Fund shall be held by the Depositary and are separated from those of the Management Company.

Units issued with respect to each Fund may be divided into separate classes with each such class representing an interest in the underlying net assets of the Fund, but with such additional rights, liabilities or other characteristics as are established specifically with respect to such class.

Unitholders are beneficially entitled to the income of a Fund as the Fund earns it. Distributions of a Fund’s earnings are made in accordance with Article 13 and transfers of the earnings pursuant to a redemption of Units in accordance with Article 9.

The entire assets of the Umbrella Fund, which are separate from those of the Management Company, are the joint property of all Unitholders who have equal

rights in proportion to the number of Units of each class they hold in the individual Funds. There is no meeting of the Unitholders. The subscription to or acquisition of Units of each class in the Umbrella Fund implies acceptance of these Management Regulations by the Unitholders.

Neither the Umbrella Fund nor any Fund has legal personality under Luxembourg law. Each Fund is treated as a separate entity for purposes of segregating income, expenses, assets, and liabilities only. Further, each Fund will constitute a joint co-proprietorship between its Unitholders. Each Fund is only liable for its own debts and obligations, and the debts and obligations of another Fund cannot be asserted against it.

The Management Company may decide, at any time, to create new Funds corresponding to different portfolio of assets and to dissolve existing ones at any time.

## **Article 2: THE MANAGEMENT COMPANY**

The Umbrella Fund shall be managed on behalf of the Unitholders by the Management Company, which has its registered office in Luxembourg.

As Management Company will act WELLINGTON LUXEMBOURG S.à r.l, formerly WELLINGTON LUXEMBOURG S.C.A. incorporated under the laws of Luxembourg on 30 August 1991 which has been converted into a *société anonyme* on October 31, 2006 and subsequently into a S.à. r.l on December 5, 2014.

The Management Company is vested with extensive powers, within the limitations of Articles 4 and 5 below, in managing the Umbrella Fund on behalf of the Unitholders, in particular it shall be entitled to buy, sell, subscribe for, exchange and receive any securities and assets and to exercise all the rights directly or indirectly connected with the Umbrella Fund's assets. The Management Company shall determine the investment policy of the Umbrella Fund in accordance with the limitations set out in Articles 4 and 5 below. The Management Company may avail itself of the services of Investment Managers. The Management Company may also entrust its officers or employees with the day-to-day execution of the investment policy and the general management of the Umbrella Fund's assets. The Management Company may, in general, call on information services, consultants and other services.

The Management Company may, however, only be dismissed when a new Management Company takes over the functions and responsibilities of the Management Company as laid down in these Management Regulations within 2 months from the date of having given notice of its replacement.

The Management Company is authorised to file any tax elections and to make any tax certifications with tax authorities outside of Luxembourg as the Management Company deems necessary.

## **Article 3: THE DEPOSITARY**

The Management Company has appointed BROWN BROTHERS HARRIMAN (LUXEMBOURG) S.C.A., a *société en commandite par actions* organised under Luxembourg law, with its registered office in Luxembourg, as Depositary.

Either the Management Company or the Depositary may terminate this contract at any time in writing upon 90 consecutive calendar days' prior written notice. The Depositary Agreement may also be terminated on shorter notice in certain circumstances. The Management Company may, however, only dismiss the Depositary when a new Depositary takes over the functions and responsibilities of the Depositary as laid down in these Management Regulations within 2 months from the date of having given notice. After its dismissal the Depositary must also guarantee to carry out its functions as long as it is necessary for the transfer of the Umbrella Fund's total assets to the new Depositary.

In the event of the Depositary giving notice, the Management Company shall be obliged to appoint a new Depositary to take over the functions and responsibilities of the Depositary in accordance with these Management Regulations. In this case the duties of the Depositary shall continue until the Umbrella Fund's assets have been transferred to the new Depositary.

The Management Company has entrusted the custody of the Umbrella Fund's assets to the Depositary.

The Depositary shall carry out all operations concerning the day-to-day administration of the assets of the Umbrella Fund. The Umbrella Fund's assets, i.e. all liquid assets, securities and other assets permitted by law, shall be held by the Depositary on behalf of the Unitholders of the respective Funds in separate accounts and deposits.

The Depositary may only draw on the Umbrella Fund's assets or make payments to third parties for the Umbrella Fund by order of the Management Company and within the scope of these Management Regulations.

With the approval of the Management Company and under its own responsibility, the Depositary may entrust banks abroad with the deposit of securities of the Umbrella Fund. The Depositary may under its own responsibility and with the consent of the Management Company place securities in collective deposits with correspondents.

The Depositary shall also:

- a) ensure that the sale, issue, redemption, conversion and cancellation of Units effected for the account of the Umbrella Fund or by the Management Company are carried out in accordance with the provisions of the Luxembourg laws and these Management Regulations;
- b) ensure that the net asset value of the Units is calculated in accordance with the Luxembourg laws and these Management Regulations;
- c) carry out the instructions of the Management Company, unless they conflict with the Luxembourg laws or these Management Regulations;

- d) ensure that in transactions involving the assets of the Umbrella Fund, the consideration is remitted to it within the usual time limits;
- e) ensure that the income of the Umbrella Fund is applied in accordance with the Luxembourg laws and these Management Regulations.

The Depositary pays out of the accounts of the Umbrella Fund only such remunerations to the Management Company as are laid down in these Management Regulations.

The Depositary is entitled to remunerations according to these Management Regulations.

In the context of their respective duties, the Management Company and the Depositary must act independently and solely in the interest of the Unitholders.

#### **Article 4: INVESTMENT OBJECTIVE AND POLICY INVESTMENT RESTRICTIONS**

##### **Investment Objective and Policy**

The Umbrella Fund's objective is to achieve long term returns relative to the particular investment style utilized by investing the assets of each Fund in various transferable securities.

Each Fund shall be invested in particular categories of transferable securities according to investment style, geographical areas, industrial sectors, monetary zones and specific types of instruments, as the Management Company may determine.

The Management Company shall determine the denomination currency of each Fund.

##### **Investment Restrictions and Techniques and Instruments**

##### **Investment Restrictions**

###### **A. The assets of the Funds shall comprise only one or more of the following:**

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange of an Other State or dealt in on an Other Regulated Market in an Other State, meaning any State of Europe which is not a Member State, and any State of North America or South America, Africa, Asia, Australia and Oceania;
- (4) Recently issued Transferable Securities and Money Market Instruments, provided that:

- the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on an Other Regulated Market as described under A. (1)-(3) above;
  - such admission is secured within one year of issue;
- (5) units of UCITS and/or other UCIs within the meaning of Article 1 paragraph 2 points a) and b) of the Directive, whether or not established in a Member State or in an Other State, provided that:
- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the Directive;
  - the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (6) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those laid down in EU law;
- (7) financial derivative instruments, e.g. in particular credit default swaps, options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in A. (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
- (i) the underlying consists of instruments covered by this Section A., financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives;

- the counterparties to OTC derivatives transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority; and

- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Umbrella Fund's initiative;

(ii) under no circumstances shall these operations cause the Umbrella Fund to diverge from its investment objectives.

(8) Money Market Instruments other than those dealt on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other State or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or

- issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in A. (1), (2) or (3) above, or

- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those laid down by EU law, or

- issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent listed above and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000 Euro) and which presents and publishes its annual accounts in accordance with directive 78/660/EEC as amended, is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**B. Each Fund may however:**



- (1) Invest up to 10% of its net assets in Transferable Securities or Money Market Instruments other than those referred to above under A. (1) through (4) and (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Umbrella Fund considers this to be in the best interest of the Unitholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. For the purpose of this restriction back-to-back loans are not considered to be borrowings.
- (4) Acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Umbrella Fund shall comply in respect of the net assets of each Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification rules**

For the purpose of calculating the restrictions described under item C. (1) to (5), (8), (9), (13) and (14) hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

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

- (1) No Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - a. upon such purchase more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of one single issuer; or
  - b. the total value of all Transferable Securities and Money Market Instruments of issuers in each of which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivatives transactions made with financial institutions subject to prudential supervision.
- (2) A Fund may invest on a cumulative basis up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.
- (3) The limit of 10% set forth above under C. (1)(a) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).
- (4) The limit of 10% set forth above under C. (1)(a) is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under

applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, “qualifying debt securities” are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Fund invests more than 5% of its net assets in qualifying debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Fund.

- (5) The securities specified above under C. (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under C. (1)(b).
- (6) **Notwithstanding the ceilings set forth above, each Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a EU Member State, by its local authorities, by any other member state of the Organisation for Economic Cooperation and Development (“OECD”), by any member of the G20, Singapore, Hong Kong or by any other non-Member State of the European Union as accepted by the Regulatory Authority and disclosed in the Prospectus or by a public international body of which one or more EU Member State(s) are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the total net assets of such Fund.**
- (7) Without prejudice to the limits set forth hereunder under C. (b), the limits set forth under item (1) are raised to a maximum of 20 % for investments in shares and/or bonds issued by the same body when the aim of the Fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the Regulatory Authority, on the following basis:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

#### ***Bank Deposits***

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

#### ***Financial Derivative Instruments***

- (9) The risk exposure to a counterparty in an OTC derivatives transaction may not exceed 10% of the Fund's net assets when the counterparty is a credit institution referred to in A. (6) above or 5% of its net assets in other cases.
- (10) Investment in financial derivative instruments shall only be made, and within the limits set forth in (2), (5) and (14), provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in C. (1) to (5), (8), (9), (13) and (14). When the Fund invests in index-based financial derivative instruments, these investments do not necessarily have to be combined to the limits set forth in C. (1) to (5), (8), (9), (13) and (14).
- (11) When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of A. (7) (i) second indent and C. (a) (10) and the Section "*Risk Management Process*" hereunder as well as with the risk exposure and information requirements laid down in the sales documents of the Umbrella Fund. When a Fund invests in diversified indices within the limits laid down in A. (7), the exposure to the individual indices will comply with the limits laid down in C. (a) (7).

The Fund may use total return swaps to gain access to the returns of (i) certain bonds or other instruments that provide bond related returns and (ii) to a limited extent, indexes, equities and other eligible assets. The counterparties will be reputable financial institutions specialised in this type of transactions.

#### ***Units of Open-Ended Funds***

- (12) Unless specified in the Section of the Prospectus in relation to the investment objectives and policies of the Funds, no Fund may invest in aggregate more than 10% of its net assets in the units or shares of other UCITS or other UCIs or other Funds.

If specified in the Section of the Prospectus in relation to the investment objectives and policies of the Funds, the following applies:

A Fund may acquire units or shares of UCITS and/or other UCI specified in Section A. (5) above, provided that it does not invest more than 20% of its assets in a single UCITS or UCI.

For the purposes of the application of this investment limit, each sub-fund in a multi-sub-fund undertaking for collective investment, as defined by Article 181 of the Law of 2010, is considered as a separate

issuer, provided that the principle of segregation of the commitments of the different sub-funds with regard to third parties is assured.

Investments in units or shares of UCIs other than UCITS may not in total exceed 30% of the assets of a Fund. If a Fund has acquired units or shares in UCITS and/or other UCIs, the assets of these UCITS or other UCIs are not combined for the purposes of the limits stipulated in Article 43 of the Law of 2010.

When a Fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs are not combined for the purposes of the limits laid down in C. (1) to (5), (8), (9), (13) and (14).

When a Fund invests in the units of other collective investment schemes that are managed by any other company with which the Management Company is linked by (i) common management, (ii) or control, (iii) or by a direct or indirect interest of more than 10% of the capital or the votes, the Management Company or the other company may not charge subscription, conversion or redemption fees on account of the Fund's investment in the units of such other collective investment schemes. Moreover, in such cases, no management fee may be charged to the Fund's assets.

#### ***Combined limits***

(13) Notwithstanding the individual limits laid down in C. (1), (8) and (9) above, a Fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by,
- deposits made with, and/or
- exposures arising from OTC derivatives transactions undertaken with

a single body in excess of 20% of its net assets.

(14) The limits set out in C. (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or financial derivative instruments made with this body carried out in accordance with C. (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of each Fund of the Umbrella Fund.

#### **(b) Limitations on Control**

(15) No Fund may acquire such amount of shares carrying voting rights which would enable the Umbrella Fund to exercise a significant influence over the management of the issuer.

- (16) A Fund may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of bonds or of the Money Market Instruments or the net amount of the securities in issue cannot be calculated.

The ceilings set forth above under C. (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s);
- shares in the capital of a company which is incorporated under or organised pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the relevant Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investment policy the restrictions set forth under C., items (1) to (5), (8), (9) and (12) to (16); and
- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of shareholders.

**D. Finally, the Umbrella Fund shall comply in respect of the assets of each Fund with the following investment restrictions:**

- (1) No Fund may acquire commodities including precious metals or certificates representative thereof.
- (2) No Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (3) No Fund may use its assets to underwrite any securities.

- (4) No Fund may issue warrants or other rights to subscribe for its Units in such Fund.
- (5) A Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Fund from investing in non-fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A., items (5), (7) and (8).
- (6) The Umbrella Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A., items (5), (7) and (8).
- (7) The Umbrella Fund will not mortgage, pledge, hypothecate or otherwise encumber as security for indebtedness any securities held for the account of any Fund, except as may be necessary in connection with the borrowings mentioned above under B. item (3), and then such mortgaging, pledging, or hypothecating may not exceed 10% of the Net Asset Value of each Fund. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose.
- (8) A Fund may subscribe, acquire and/or hold units to be issued or issued by one or more Funds of the Umbrella Fund under the conditions provided for by the 2010 Law.
- (9) A Fund may also invest in shares or units of other UCIs, including shares or units of a master fund qualified as a UCITS.

**E. Notwithstanding anything to the contrary herein contained:**

- (1) The ceilings set forth above may be disregarded by each Fund when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such Fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Fund or as a result of the exercise of subscription rights, such Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Unitholders.
- (3) During the six months following its approval, a Fund may derogate from C., items (1) to (9) and (12) to (14), and D. (8).

The Umbrella Fund has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Units of the Umbrella Fund are offered or sold.

**Investment Techniques and Instruments**

**A. General**

Any Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments for the purpose of efficient portfolio management as set forth in detail in the Section on “*Investment Restrictions*” of the Prospectus and in Appendix A.

When these techniques concern the use of financial derivative instruments, the relevant instruments shall conform to the provisions stipulated above in Section A. of the Section “*Investment Restrictions*”. In addition, the provisions stipulated in the Section “*Collateral Management*” below have to be complied with.

Under no circumstances shall these operations cause a Fund to diverge from its investment policy and objectives as laid down in the Section on “*Investment Restrictions*” of the Prospectus and in Appendix A.

Furthermore, the Umbrella Fund may, for efficient portfolio management purposes, enter into securities lending, repurchase and reverse repurchase transactions, in accordance with the CSSF circulars in force from time to time, as well as the ESMA Guidelines 2014/937 on ETFs and other UCITS, and provided that the following rules are complied with:

- All assets received by a Fund with a view to reducing counterparty risk in the context of efficient portfolio management techniques, shall be considered as collateral which is subject to the limits and conditions provided for in the CSSF Circular 08/356 and summarised here below under the Section B. and the Section on “*Collateral Management*”.
- Under no circumstances shall the securities lending, repurchase and reverse repurchase transactions cause a Fund to diverge from its investment objective(s) nor shall they entail the assumption of any substantial supplementary risk.

The Umbrella Fund is subject to the provisions of the European Regulation on Reporting and Transparency of Securities Financing Transactions (the “SFTR”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions (“SFTs”) and total return swaps, as set out below.

The types of SFTs the Funds may use consist of repurchase or reverse-repurchase transactions and securities lending transactions. The Funds may use these SFTs for efficient portfolio management purposes and may use total return swaps for efficient portfolio management purposes and/or investment purposes, in each case in accordance with the Funds’ investment objective and policy and as set forth in Appendix A of the Prospectus.

Subject to the limitations referred to in Appendix A of the Prospectus, and unless otherwise specified in the investment policy section of a Fund, any assets of a Fund may be the subject of such SFTs and total return swaps. The current maximum and expected proportion of each Fund’s assets which may be subject to total return swaps, expressed as the gross sum of notionals as a percentage of the Net Asset Value, is set out in Appendix A of the Prospectus. None of the Funds currently enter into securities lending transactions.

The proportions set out in Appendix A of the Prospectus may be amended by the Management Company from time to time. In such case, the Prospectus will be updated.

The Management Company will also ensure that the counterparty is a credit institution which either has its registered office in a EU Member State or is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA Member State, or an entity subject to regulation as a Consolidated Supervised Entity (“CSE”) by the US Securities and Exchange Commission. Any counterparty which is not located in the EEA or in a country belonging to the Group of Ten (G-10) shall have at least an investment grade rating.

The types of acceptable collateral received by the Funds in respect of SFTs, total return swaps and other financial derivative instruments, as well as the diversification requirements, valuation requirements and limitations on reuse of collateral, are explained in the Section entitled “*Collateral Management*” in Appendix A of the Prospectus.

The Section of the Prospectus entitled “*Risk Factors*” provides a description of the risks associated with the use of SFTs, total return swaps and other financial derivative instruments.

Direct and indirect operational costs and fees incurred in the use of SFTs may be deducted from the revenue delivered to the relevant Fund from the use of such techniques. These costs and fees shall be charged at normal commercial rates and shall not include hidden revenue. The Investment Managers do not receive reimbursements for costs or fees for techniques of this type. All of the revenues arising from total return swaps, net of direct and indirect financing costs, will be retained by the relevant Fund.

## **B. Securities Lending**

Any Fund may enter into securities lending transactions provided that they comply with the following rules:

- (i) A Fund may only lend securities to a counterparty either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialising in this type of transaction.
- (ii) The counterparty to any securities lending transaction must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.
- (iii) As part of any securities lending transaction, a Fund must in principle receive, previously or simultaneously to the transfer of the securities lent, collateral which is issued or guaranteed by an entity that is independent



from the counterparty. For further details, please refer to the Section on *“Collateral Management”*.

(iv) A Fund may only enter into securities lending transactions provided that:

- the volume of those transactions is kept at an appropriate level;
- such transactions are in the best interests of Unitholders;
- it is entitled at all times to request the return of the securities lent, or to terminate any securities lending transaction; and
- such transactions do not jeopardise the management of the relevant Fund’s assets in accordance with its investment policy.

(v) The risk exposure to a counterparty generated through a securities lending transaction must be combined when calculating the exposure limits referred to under items (C). (a) (9) and (13) of the above Section *“Investment Restrictions”*.

### **C. Repurchase and Reverse Repurchase Transactions**

A Fund may, within the limit set out in the CSSF Circular 08/356, enter into repurchase agreement or reverse repurchase transactions consisting of the purchase or sale of securities with a clause reserving for the counterparty or the Fund the right to repurchase the securities from the other party at a price and term specified under the transaction contract.

A Fund may further enter into repurchase or reverse repurchase transactions, consisting of a forward transaction at the maturity of which the Fund or the counterparty has the obligation to repurchase the asset sold and the other party has the obligation to return the asset bought.

A Fund’s involvement in repurchase or reverse repurchase transactions is, however, subject to the following rules:

- (1) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU Law.
- (2) During the life of a purchase transaction which is combined with a right of repurchase, the Fund cannot sell the securities which are the subject of the transaction, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired, unless the Fund has other means of coverage.
- (3) During the life of any reverse repurchase transaction, the Fund may not sell or pledge/give as security the securities purchased under the transaction.
- (4) The Fund must ensure that the level of its exposure to any repurchase transaction is such that it is able, at all times, to meet its redemption obligations to Unitholders.

- (5) The Fund may only enter into a repurchase transaction and/or a reverse repurchase transaction provided that it shall be able, at any time, to recall any securities subject to the transaction, the full amount of cash or to terminate the transaction in accordance with the CSSF Circular 08/356.
- (6) The Fund must ensure that upon maturity of these transactions it holds sufficient assets to be able to settle, if applicable, the amount agreed for the restitution of the securities.
- (7) Securities purchased under a repurchase transaction or a reverse repurchase transaction must be compliant with the CSSF Circular 08/356 and the Fund's investment policy and must, together with the other securities that the Fund holds in its portfolio, respect the Fund's applicable investment restrictions.
- (8) The risk exposure to a counterparty generated through these transactions must be combined when calculating the limits referred to above under items C. (a) (9) and (13) of the above Section *"Investment Restrictions"*.

## **Collateral Management**

### **A. General**

As part of OTC financial derivative transactions and securities lending, repurchase and reverse repurchase transactions, a Fund may receive collateral with a view to reduce its counterparty risk.

The purpose of this section is to set the collateral policy that will be followed by all Funds.

### **B. Eligible collateral**

#### **1. General principles**

Collateral received by a Fund may be used to reduce its counterparty risk exposure with a counterparty if it complies with the following principles at all times:

- (a) Liquidity – any collateral received other than cash should be highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the acquisition limits set out under C. (16) of the Section *"Investment Restrictions"*.
- (b) Valuation – collateral received should be valued on at least a daily basis using available market prices and taking into account appropriate haircuts for each asset class; assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- (c) Issuer credit quality – collateral received should be of high quality.

- (d) Correlation – the collateral received by the Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of OTC derivative or securities lending and repurchase transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation to the present point (e), the Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's net asset value.
- (f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
- (g) Collateral received should be capable of being fully enforced by the Umbrella Fund for the account of the Fund at any time without reference to or approval from the counterparty.
- (h) Non-cash collateral received cannot be sold, pledged or reinvested.

## 2. Eligible assets

Collateral received by a Fund will only be taken into account for reducing its counterparty risk exposure with a counterparty if it complies with the above-mentioned criteria and consists mainly of assets which are part of the following list or such other assets that comply with the ESMA requirements:

- (a) Liquid assets. Liquid assets include not only cash and short term bank certificates, but also Money Market Instruments such as defined within the Directive. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets.
- (b) Bonds issued or guaranteed by a member state of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope.
- (c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent.

- (d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below.
- (e) Bonds issued or guaranteed by first class issuers offering an adequate liquidity.
- (f) Shares admitted to or dealt in on a Regulated Market of an EU Member State or on a stock exchange of a member state of the OECD, on the condition that these shares are included in a main index.

The above general collateral eligibility requirements are without prejudice to the more specific requirements which may apply to a Fund.

### **C. Level of collateral**

The Funds do not always require collateral of 100% of the exposure to the counterparty but instead will require collateral where the exposure to the counterparty has reached a minimum threshold level. That minimum threshold level will be determined by the Investment Manager on a counterparty by counterparty basis and will depend on many factors including applicable legal requirements and the credit quality of the counterparty. Daily variation margins will be used if and to the extent required by regulation or otherwise agreed with the counterparty or broker.

### **D. Reinvestment of collateral**

#### **1. Non-cash collateral**

Non-cash collateral received by a Fund may not be sold, re-invested or pledged.

#### **2. Cash collateral**

Cash collateral received by a Fund can only be:

- (a) placed on deposit with credit institutions which either have their registered office in an EU Member State or are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (b) invested in high-quality government bonds;
- (c) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- (d) invested in short-term money market funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out in paragraph B. (1) (e) above.

### **E. Safekeeping of collateral**

Collateral posted in favour of a Fund under a title transfer arrangement should be held by the Depositary or one of its correspondents or sub-custodians. Collateral posted in favour of a Fund under a security interest arrangement (e.g., a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

## **F. Collateral haircuts**

The Umbrella Fund has a policy of generally only accepting non-cash collateral that does not exhibit high price volatility and cash collateral. The haircut applied to the non-cash collateral is determined by the Investment Manager taking into account the characteristics of the assets such as the credit standing of the issuers, the maturity, the currency and the price volatility of the assets. If non-cash collateral that exhibits high price volatility was ever accepted by the Umbrella Fund, the Investment Manager would be required to negotiate appropriate haircuts taking into account the assets characteristic referred to above.

Despite the creditworthiness of the issuer of the assets received as collateral or the assets acquired by the Fund on the basis of cash collateral re-invested, the Fund may be subject to a risk of loss in case of default of the issuer of such assets or in case of default of the counterparties to transactions in which such cash has been re-invested.

## **Risk Management Process**

In accordance with the 2010 Law and other applicable regulations, in particular CSSF Circular 11/512, the Umbrella Fund uses a risk-management process which enables it to monitor and to measure the exposure of the Umbrella Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Umbrella Fund.

Each Fund may invest, according to its investment policy and within the limits laid down in the Section *“Investment Restrictions”*, in financial derivative instruments provided that the global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the Section *“Investment Restrictions”*.

When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in the Section *“Investment Restrictions”*.

When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of this Section *“Risk Management Process”*.

## **Global Exposure**

In relation to financial derivative instruments the Umbrella Fund employs a process for accurate and independent assessment of the value of OTC derivatives and the Umbrella Fund ensures for each of its Fund that its global

exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

The global exposure of the Funds is measured either through the relative or absolute Value-At-Risk (“VaR”) methodology, as indicated in this Section *“Risk Management Process”* and in the individual Fund’s Investment Objectives and Policies. The global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

The VaR approach is a risk measure of the risk of loss on a specific portfolio of financial assets. For a given investment portfolio, probability and time horizon, VaR is defined as a threshold value such that the probability that the mark-to-market loss on the investment portfolio over the given time horizon exceeds this value (assuming normal market conditions and no trading in the investment portfolio) is the given probability level.

The content of this Section *“Risk Management Process”* is subject to change and will be updated on a periodic basis.

**Calculation of the global exposure (when using the relative VaR approach):**

A Fund’s VaR is limited by twice the VaR of a reference portfolio.

**Calculation of the global exposure (when using the absolute VaR approach):**

A Fund’s VaR is limited to 20% of its net asset value.

**Calculation of the global exposure (when using the commitment approach):**

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

## **Article 5: ISSUE AND CONVERSION OF UNITS**

### **A. Issue of Units**

The Management Company may decide to issue classes of units of any type in each Fund that may be characterised by their distribution policy, their minimum investment, their reference currency, their fee level or by other features to be determined by the Management Company. The description of such classes will be provided for in the Prospectus.

Units will be offered on a continuous basis. The minimum initial purchase shall be determined by the Management Company.

If a subscription application is to be carried out on a Dealing Day, the application must be received by the Dealing Deadline or within such a notice period before the relevant Dealing Day as determined by the Management Company from time to time; otherwise the issue price is based on the Net Asset Value per Unit of the relevant class calculated on the following Dealing Day, hence no subscription fee is charged as set out in further detail in the Prospectus. The offering price shall be available for inspection at the registered office of the Management Company and the Administrator.

The Management Company may accept securities as payment for Units provided that the securities meet the investment policy criteria of the Umbrella Fund. In such case, an auditor's report shall be necessary to value the contribution in kind. The relevant Fund will bear the expenses in connection with the establishment of such report if the Management Company, acting in the best interest of the Unitholders, is satisfied that the expenses in connection with the establishment of such report are lower than the transaction costs for acquiring the securities. Otherwise, the expenses in connection with the establishment of such report shall be borne by the subscriber which has chosen this method of payment.

The Umbrella Fund retains the right to offer only one class of Units for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice. In addition, the Umbrella Fund may adopt standards applicable to classes of investors or transactions which permit, or limit investment to, the purchase of a particular class of Units. Investors should consult their financial consultant for information concerning the class of Units eligible for purchase.

Units of the Umbrella Fund may be purchased, subject to the relevant acceptance of the order, at the Administrator's offices. The Units are registered in the name of the relevant investor upon payment of the full purchase price in the currency of the relevant class.

Securities transactions may be made in respect of subscriptions prior to settlement, and as agreed in the subscription documents (which include the Subscription Agreement and the Dealing and Procedures Administration Guide), investors will be liable for any interest, losses or other costs incurred as a result of failing to settle an order within the time frames agreed to in the subscription documents. The Management Company will be entitled to redeem Units from the account of any investor who fails to settle payments within the settlement time frames as set forth in the Prospectus and the subscription documents in an amount sufficient to cover any such liabilities owed to the Umbrella Fund (which include interest, losses or costs), without prior notice to, or approval of, the investor. The Management Company reserves the right to require other settlement procedures (such as a shortened settlement period) for large orders or in other circumstances that, in the Management Company's judgment, present settlement risk.

The Management Company may, within the scope of its sales activities and at its discretion, cease issuing Units, refuse purchase applications and suspend or limit the sale of Units for specific periods or permanently to individuals or corporate bodies in particular countries or areas. The Management Company may also at any time withdraw Units owned by investors excluded from the acquisition or ownership of such Fund Units.

The Management Company, at its discretion, reserves the right to refuse to accept any application for initial or subsequent subscription or to compulsorily redeem Units owned by any Unitholder, without giving any reason. In particular, the Umbrella Fund may not be used as a vehicle for frequent trading in response to short term market fluctuations (so called “market timing”). Accordingly, the Management Company may reject subscriptions (or compulsorily redeem Units) from any investor that it determines is engaged in market timing or other activity which it believes is harmful to the Umbrella Fund or any Fund. The Management Company also may refuse to accept initial or subsequent subscriptions if it believes the Umbrella Fund or any Fund has reached a size that could impact the ability of any Fund to find suitable investments. If a subscription is rejected, subscription proceeds will be returned (without interest) to the subscriber as soon as practicable.

The Management Company may proceed with the split of the Units of any Class of any Fund at any time.

## **B. Conversion of Units**

Except as otherwise provided for in the Prospectus, the Unitholder of a Fund may convert some or all of its Units into the Units of another class of the same Fund or into the same or another class of another Fund without any commission being charged provided however that the Unitholder wishing to convert his Units meets the particular criteria for investment in the class into which he wishes to convert. The Management Company may however decide to levy a conversion charge in respect of one or several classes of Units as described in the Prospectus.

A conversion of Units can either be instructed as an exchange transaction or as corresponding redemption and subscription transactions as set out in further detail in the Prospectus. Such conversions will be effected at the most recently calculated Net Asset Values per Unit of the respective classes/Funds.

## **Article 6: UNIT OWNERSHIP & TRANSFERABILITY**

Units shall be issued in registered form only, pursuant to a Unit confirmation issued upon their issue or conversion. No certificates shall be issued. The ownership shall be evidenced by the mention in the Register of Unitholders. Fractional Units may be issued to the nearest one thousandth of a Unit. Fraction of Units will participate in the transfer of earnings to Unitholders, if any, and in the liquidation proceeds.

A Unitholder may not transfer legal or beneficial ownership of Units other than by redeeming their Units in accordance with Article 9.

## **Article 7: NET ASSET VALUE**

The Net Asset Value of the Units of each class in each Fund is based on the actual market price of the assets of the Fund, including, accrued income less liabilities and provisions for accrued expenses. This is calculated on the basis of the closing price on each Dealing Day by BROWN BROTHERS HARRIMAN (LUXEMBOURG) S.C.A. (the “Administrator”) Investors may purchase and redeem Units of each class in each Fund on each Dealing Day.



The Net Asset Value per Unit in each class is expressed in the currency of the Fund and is calculated by the Administrator by dividing the Net Asset Value of each class of Units of the Fund by the number of its Units of each class in circulation. However, some classes may be priced in another currency than the one of the Fund of the relevant class. The Net Asset Value of such classes will be calculated in the currency of the relevant Fund and then will be expressed in the currency of the class at the exchange rate between the currency of the Fund and the currency of the class at the time the Net Asset Value is calculated.

The total net assets of the Umbrella Fund are expressed in US Dollars and correspond to the difference between the assets of the Umbrella Fund and its total liabilities. For the purpose of this calculation, any portion of the net assets of a Fund that is denominated in another currency is converted into US Dollars at the prevailing exchange rate on the Dealing Day.

The Net Asset Value as well as the issue, conversion and redemption price are available at the Management Company and the Depositary on the Business Day following the Dealing Day at 5.00 p.m. Luxembourg time.

The value of the assets held by each Fund is determined as follows:

- A. the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Management Company may consider appropriate in such case to reflect the true value thereof;
- B. the value of Transferable Securities and Money Market Instruments and any other assets which are quoted or dealt in on any stock exchange shall be based on the latest available closing price and each Transferable Securities and Money Market Instruments and any other assets traded on any other Regulated Market shall be valued in a manner as similar as possible to that provided for quoted securities;
- C. for non-quoted assets or assets not traded or dealt in on any stock exchange or other Regulated Market, as well as quoted or non-quoted assets on such other market for which no valuation price is available, or assets for which the quoted prices are not representative of the fair market value, the value thereof shall be determined prudently and in good faith by the Management Company on the basis of foreseeable purchase and sale prices;
- D. shares or units in underlying open-ended UCIs shall be valued at their last determined and available net asset value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Management Company on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued at their last available stock market value;
- E. Money Market Instruments with a remaining maturity of less than ninety days at the time of purchase or securities whose applicable interest rate or reference interest rate is adjusted at least every ninety days on the basis of

market conditions shall be valued at cost plus accrued interest from its date of acquisition, adjusted by an amount equal to the sum of (i) any accrued interest paid on its acquisition and (ii) any premium or discount from its face amount paid or credited at the time of its acquisition, multiplied by a fraction the numerator of which is the number of days elapsed from its date of acquisition to the relevant Valuation Day and the denominator of which is the number of days between such acquisition date and the maturity date of such instruments;

Money Market Instruments with a remaining maturity of more than ninety days at the time of purchase shall be valued at their market price. When their remaining maturity falls under ninety days, the Management Company may decide to value them as stipulated above;

- F. liquid assets may be valued at nominal value plus any accrued interest or on an amortized cost basis. All other assets, where practice allows, may be valued in the same manner;
- G. the liquidating value of futures, forward and options contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Management Company, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and/or Regulated Markets on which the particular futures, forward or options contracts are traded by the Umbrella Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Management Company may deem fair and reasonable;
- H. all other assets of any kind or nature will be valued at their net realisable value as determined in good faith by or under the responsibility of the Management Company in accordance with generally accepted valuation principles and procedures.

Whenever a foreign exchange rate is needed in order to determine the Net Asset Value of a Fund the last available mean rate at 11.00 a.m. EST will be used.

The Management Company is authorized to apply other adequate valuation principles for the total assets of the Umbrella Fund and the assets of an individual Fund if the aforementioned valuation criteria appear impossible or inappropriate, or due to extraordinary circumstances or events.

In the case of extraordinary circumstances, the Management Company may cancel a valuation and replace it with another valuation.

In the case of extensive or unusually large redemption applications, the Management Company may establish the value of the Units of the relevant Fund on the basis of the prices at which the necessary sales of securities are effected. In such an event, the

same basis for calculation shall be applied for conversion and subscription applications submitted at the same time.

Funds may suffer dilution of the net asset value per Units due to investors buying or selling Units at a price that does not take into account dealing and other costs arising when the Investment Manager makes or sells investments to accommodate cash inflows or outflows. To counteract this, a partial swing pricing mechanism may be adopted to protect Unitholders' interests. If on the Valuation Point on any Dealing Day, the aggregate net transactions in Units for a Fund exceeds a pre-determined threshold, as determined by the Management Company from time to time, the net asset value may be adjusted upwards or downwards to reflect net inflows and net outflows respectively. The extent of the price adjustment will be set by the Management Company to reflect dealing and other costs. Such adjustment will be disclosed in the Prospectus. In any other cases where there are net subscriptions or redemptions in the Fund and the Management Company reasonably believes that imposing a swing price is in the best interests of existing Unitholders, the Management Company may, at its discretion, impose one.

#### **Article 8: SUSPENSION OF THE VALUATION OF THE TOTAL NET ASSETS AND OF THE ISSUE, CONVERSION AND REDEMPTION OF UNITS**

The Management Company may temporarily suspend the calculation of the total Net Asset Value and hence the issue, conversion and redemption of Units for one or more Funds when:

- stock exchanges or markets which are the basis for the valuation of a major part of the applicable Fund's assets or foreign exchange markets for currencies in which the Net Asset Value or a considerable portion of its assets are denominated, are closed, except on regular public holidays, or when trading on such a market is limited or suspended or temporarily exposed to severe fluctuations;
- political, economic, military or other emergencies beyond the control, liability and influence of the Management Company render the disposal of such Fund's assets impossible under normal conditions or such disposal would be detrimental to the interests of the Unitholders;
- disruptions in the communications network or any other reason make it impossible to determine the value of a considerable part of such Fund's net assets;
- limitations on exchange operations or other transfers of assets render it impracticable for the Umbrella Fund to execute business transactions, or where purchases and sales of the applicable Fund's assets cannot be effected at the normal conversion rates;
- following the suspension of the calculation of the net asset value per share/unit, the issue, redemption and/or conversion at the level of a master fund in which the Fund invests in its quality as feeder fund of such master fund.

#### **Article 9: REDEMPTION OF UNITS**

The Management Company shall redeem Units of any Fund at the redemption price on each Dealing Day in Luxembourg against surrender of the corresponding Units.

If a redemption application is to be carried out on a Dealing Day, the application must be received by the Dealing Deadline or within such a notice period before the relevant Dealing Day as determined by the Management Company from time to time; otherwise the redemption will be effected on the basis of the Net Asset Value per Unit calculated on the following Dealing Day.

There shall be no redemption fee as set out in further detail in the Prospectus.

The redemption price of Units in any Fund may be more or less than the acquisition cost to the Unitholder depending on the Net Asset Value per Unit of the Fund at the time of redemption.

Since provisions must be made for an adequate portion of liquid funds in the Umbrella Fund's assets, in normal circumstances, payment for redeemed Units is effected as soon as practicable after the determination of the redemption price (but no later than ten business days thereafter) unless statutory or legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Depositary, make it impossible to transfer the redemption amount to the country in which the Unitholder requesting the redemption is resident.

If a redemption will reduce the net assets of a Fund by more than 10%, the Management Company may, in its discretion, reduce the redemption in such proportion that no more than 10% will be redeemed. The unredeemed portion shall be redeemed at the next Dealing Day and will be dealt with before any subsequent request for redemption.

If redemption requests are received on a particular Valuation Date the implementation of which would result, in the discretion of the Management Company, in the need to realise Fund assets at a discount to their carried value, the Management Company may direct the transfer agent to reduce the relevant redemption proceeds in an amount the Management Company determines is necessary to reduce or mitigate any discount or reduction in Net Asset Value per Unit which is expected to be incurred by the remaining Unitholders. Alternatively, the Management Company may direct the transfer agent to apply a partial swing pricing mechanism payable to the relevant Fund to best protect existing or remaining Unitholders. Any decision to apply a partial swing pricing mechanism will be taken by the Management Company on the recommendation of the Investment Manager.

In the event of extensive or unusually large redemption applications, the Depositary and the Management Company may decide to delay the settlement of the redemption applications until it has sold the corresponding assets of the Umbrella Fund without unnecessary delay. The Management Company may also, at its discretion and/or at the request of a Unitholder wishing to redeem, pay all or a portion of the redemption proceeds in securities owned by the applicable Fund. The nature and type of investments to be transferred in any such case shall be determined by the Management Company on a fair and equitable basis as confirmed by the auditor of the Umbrella Fund and without material prejudice to the interests

of the remaining Unitholders. The relevant Fund will bear the expenses in connection with the establishment of such report if the Management Company, acting in the best interest of the remaining Unitholders, is satisfied that the expenses in connection with the establishment of such report are lower than the transaction costs for realising the securities. Otherwise, the expenses in connection with the establishment of any auditor's report for this purpose shall be borne by the redeeming Unitholder. Furthermore, any costs of such transfers shall be borne by the Unitholders benefiting from the redemption in kind, and the Unitholder additionally will bear any cost and market risk associated with converting in kind redemption proceeds to cash.

On payment of the redemption price, the corresponding Unit ceases to be valid.

#### **Article 10: RESTRICTION ON OWNERSHIP OF UNITS**

The Management Company is permitted to discontinue temporarily, cease definitively or limit the issuance of Units at any time to persons or corporate entities resident or established in certain countries and territories.

The Management Company may exclude certain persons or corporate entities from the acquisition of Units, if such action is necessary for the protection of the Unitholders and of the Umbrella Fund, as a whole. In this connection, the Management Company may (a) reject in its discretion any subscription for Units; and (b) redeem at any time the Units owned by Unitholders (i) who are excluded from or limiting as to purchasing or holding Units, (ii) who have failed to fulfill any condition of investing in the Umbrella Fund, including conditions agreed to in the Umbrella Fund's subscription documents, or (iii) whose Unit ownership the Management Company believes is not in the best interest of the Umbrella Fund.

The Management Company, the Depositary or any other person (including any individual, corporation, partnership, association or other entity) may not offer or sell any Units to any other person for reoffering or resale, directly or indirectly to any United States Person, except in a transaction which does not violate the securities laws of the United States of America or to any person in any country or any other jurisdiction where action or approval for that purpose is required, or shall directly or indirectly result in an offer or sale of any Units, or in the distribution or publication of any prospectus or other offering material in any country or other jurisdiction, except in conformity with the laws and regulations relating to the placement of securities in the jurisdiction where so made.

As used in this paragraph "United States Person" means any citizen or resident of the United States of America, any corporation, trust, partnership, corporation or other entity created or organized in or under the laws of the United States or any state thereof or having its principal place of business in the United States, any legal entity (other than an entity where all of the owners of the entity have limited liability) that is directly or indirectly majority owned by United States Persons and in which such person bear unlimited responsibility for the obligations and liabilities of such entity, any collective investment vehicle that is majority owned by United States Persons, or any estate or trust the income of which is subject to United States federal income tax, regardless of source except that shares may be offered, sold or delivered to a US Person who is not deemed to be a US Person under file 902 (o) of Regulation S under the US Securities Act of 1933. All offers and issuances of Units will be in conformity with the foregoing.

## **Article 11: CHARGES AND EXPENSES**

The Management Company shall be paid an administrative fee out of the assets of each of the Funds attributable to the relevant Unit Class. This administrative fee is calculated as a percentage of the daily net assets of that Unit Class, accrued daily in the net asset value of the relevant Unit Class and paid monthly in arrears. The administrative fee rate will vary across Funds and Unit Classes reflecting the differing expenses of such Funds and/or Unit Classes but the maximum administrative fee that is paid shall not exceed 0.25% per annum for all Unit Classes with the exception of certain Unit Classes as indicated in the Prospectus where the maximum administrative fee that is paid shall not exceed 0.40% per annum.

The purpose of the administrative fee is to provide a fixed rate of fees which covers the expenses of the Funds which expenses might otherwise be subject to fluctuation over time. The administrative fee ensures that the Funds are protected from these fluctuations, which would not be the case if the Funds had chosen to pay such charges directly. Any increase in the maximum rate of the administrative fee shown above will only be implemented upon giving not less than 1 months' notice to affected Unitholders.

The administrative fees are fixed which means that the Management Company, or other Wellington Management affiliate elected by the Management Company will bear any costs and expenses incurred by the relevant Unit Classes in any period in excess of the administrative fee charged to the Unit Classes. The Management Company will at all times be entitled to receive the entire amount of the administrative fee paid to it and retain the portion which exceeds the actual operating expenses incurred by the relevant Unit Classes during any period, if any. The Management Company in its discretion may choose to waive a portion of the administrative fee at any time where the Management Company considers it appropriate to do so taking into account the level of assets in a particular Fund.

Further the Management Company may instruct the Umbrella Fund to pay a portion of the administrative fee directly out of the assets of the Fund to any third party service providers. In such case the administrative fee due to the Management Company will be reduced by the same amount.

The administrative fee covers the following expenses, if applicable to the relevant Unit Class:

- Depositary fees and reasonable out of pocket expenses;
- Administrator fees and reasonable out of pocket expenses;
- Transfer Agent fees and reasonable out of pocket expenses;
- Management Company fees relating to the provision, procuring, overseeing and/or monitoring of various services to the Umbrella Fund and the Funds by the Management Company and its affiliates, including, but not limited to, administrative, domiciliary, corporate, company secretarial, risk management, regulatory compliance and reporting services and fees incurred by affiliates of the Management Company and payable to third parties providing infrastructure and other support services;
- fees in consideration of the services provided by the Distributor (and its affiliates) in establishing, servicing on an ongoing basis and administering

relationships with financial intermediaries and distributors and the cost incurred, including the costs of performing diligence on financial intermediaries/distributors, the additional oversight of third parties service providers, and the provision of additional marketing support ;

- fees of Managers of the Management Company who are not employed by affiliates of the Management Company as well as reasonable out of pocket expenses incurred in discharging their Management Company duties;
- Auditor's fees and reasonable out of pocket expenses;
- professional costs (including, without limitation, the fees and disbursements of counsel, consultants, tax and other advisers or third party support services) that may be incurred by the Management Company, the Depositary, the correspondents or the Administrator while acting in the interest of the Unitholders;
- the cost of taking out and maintaining any insurance policy in relation to the Umbrella Funds, the Management Company and/or the Managers;
- the Luxembourg *taxe d'abonnement* being 0.05% per annum for some Unit classes as indicated in the Prospectus or 0.01% per annum for other Unit classes as indicated in Prospectus;
- any start-up costs associated with the creation of a new Fund or class and the offer of its Units;
- the costs associated with preparing and/or filing, translating, distributing, or maintaining any materials or documents of the Umbrella Fund, including, without limitation, the prospectus (as well as any amendments or supplements), Key Investor Information Documents, Fact sheets, websites, annual and semi-annual reports or other documents as may be required under the Management Regulations or under the applicable laws or regulations as well as registration or private placement costs incurred for purposes of distributing Units of the Umbrella Fund (including any paying agents', lawyers', auditors' and other experts' fee in connection with the foregoing, as well as any administrative charges or taxes incurred) and the costs associated with ratings and/or ranking of Funds;
- fees payable to third parties for unit class currency management services in relation to the execution of currency hedging transactions for Hedged Unit Classes.

The following expenses are not covered by the administrative fee and will be paid by the Umbrella Fund out of the assets of each Fund:

- investment management fees;
- performance fees;
- distribution fees;
- all taxes (including, without limitation, all income and franchise taxes but excluding the Luxembourg *taxe d'abonnement*), levies, duties or similar charge which may be due on or with respect to the assets and the income of the Umbrella Fund;
- all costs (including brokerage fees) of purchasing or selling assets of the Umbrella Fund including but not limited to brokerage charges, subscription and redemption charges, anti-dilution levies, implicit transactions costs, costs associated with execution/trading or settlement platforms, costs associated with derivative use and any losses incurred in connection therewith are for the account of the relevant Fund;

- the costs of borrowing including interest expenses;
- any extraordinary expenses, such as litigation (for instance, fees connected with the filing of class action lawsuits), exceptional measures, particularly, legal, business or tax expert appraisals or legal proceedings undertaken to protect shareholders' interests and all similar charges and expenses.

Such fees, duties and charges will be charged to a Fund or Unit Class in respect of which they were incurred or, where an expense is not considered by the Managers to be attributable to any one Fund, the expense will be allocated by the Managers with the approval of the Depositary, in such manner and on such basis as the Managers in their discretion deem fair and equitable.

Unitholders in several Unit Classes as defined in the Prospectus will be paid a distribution fee, out of the assets of the relevant Fund attributable to those Unit Classes. The distribution fee is calculated as a percentage of the daily net assets attributable to those Units held by the relevant Unitholder, accrued daily in the net asset value of the relevant Unit Class and paid quarterly in arrears at the annual rates set out in the Prospectus.

The distribution fee is paid to intermediaries holding the relevant Unit Classes outlined in the Prospectus to compensate them for distribution and Unitholder services provided to underlying beneficial owners of these Units. Investors considering investing via an intermediary should be aware of these fees and the potential for conflicts of interest that they create where, for example, an intermediary might be incentivised to recommend a particular Fund, or Unit Class within a Fund, that has a higher distribution fee.

#### **Article 12: BUSINESS YEAR, AUDIT**

The Umbrella Fund's business year shall end on the last day of December each year. The annual statement of account of the Management Company shall be audited by the statutory auditor of the Management Company and the Umbrella Fund's annual report by an auditor appointed by the Management Company.

To establish the balance sheet of the Umbrella Fund which shall be expressed in US Dollars, the assets of each Fund shall be converted from its relevant currency into US Dollars.

#### **Article 13: DISTRIBUTION POLICY**

The Management Company may decide, after the closing of the annual accounts, whether and to what extent net investment income and net realised capital gains will be distributed with respect to any Fund.

Distributions to the Unitholders of Distributing Unit Classes of the Funds will generally be declared and paid annually within one month following the end of the financial year. Unitholders of Accumulating Unit Classes who wish to receive the earnings of a Fund must request a redemption of Units, in compliance with Article 9.

Annual distributions and distributions on other than annual frequency may be decided by the Management Company.



The payment of distributions must not result in the Net Asset Value of the Umbrella Fund falling below the minimum capital amount prescribed by law.

Entitlements to distribution and sums not claimed within five years from the due date shall be forfeited and the corresponding assets shall be returned to the respective Fund.

#### **Article 14: AMENDMENTS TO THESE MANAGEMENT REGULATIONS**

The Management Company may amend these Management Regulations in full or in part at any time in the interest of the Unitholders and with the consent of the Depositary.

Amendments to these Management Regulations shall enter into effect at the time indicated above the signatures.

## **Article 15: ANNOUNCEMENTS**

The Net Asset Value per Unit and the issue, conversion and redemption price per Unit shall be available at the registered office of the Management Company and of the Administrator every bank working day in Luxembourg.

The audited annual report, which shall be published within four months following the close of the accounting year, and all interim reports, which shall be published within two months following the close of the relevant period shall be available to Unitholders at the registered offices of the Management Company and of the Administrator.

Any amendments to these Management Regulations and the liquidation of the Umbrella Fund shall be published on the *“Recueil électronique des sociétés et associations”* (“RESA”), the central electronic platform of the Grand Duchy of Luxembourg. The dissolution of the Umbrella Fund shall further be published in the *“Luxemburger Wort”* and in one newspaper of wider circulation abroad.

Amendments to the Management Regulations and notices to Unitholders about the suspension of the calculation of Net Asset Value and of the issue, conversion and the redemption of Units, the liquidation of the Umbrella Fund shall be published in the newspapers of countries where Units are offered or sold.

## **Article 16: DURATION OF THE UMBRELLA FUND – DISSOLUTION OF THE UMBRELLA FUND – LIQUIDATION OF FUNDS / MERGER OF THE UMBRELLA FUND – MERGER OF FUNDS**

### A) Duration of the Umbrella Fund – Dissolution of the Umbrella Fund – Liquidation of Funds

The Umbrella Fund and the Funds shall be established for an indefinite period.

Unitholders, their heirs and any other beneficiaries may not demand the dissolution or division of the Umbrella Fund.

The Umbrella Fund may be liquidated at any time by mutual agreement of the Management Company and the Depositary.

Furthermore, liquidation shall take place if required according to Article 22 of the 2010 Law. Notice must be given without delay by the Management Company or the Depositary in accordance with Article 15 above. No Units may be issued or converted as soon as the event giving rise to liquidation occurs; however the redemption of Units will remain possible provided that all Unitholders are treated equally. The Management Company shall dispose of the Umbrella Fund’s assets in the best interest of the Unitholders and the Depositary shall distribute the net liquidation proceeds, after deduction of liquidation charges and expenses, to the Unitholders in proportion to their holdings, in accordance with the directions of the Management Company. Proceeds which cannot be distributed to the Unitholders at the close of liquidation shall be deposited with the *“Caisse de Consignation”* in Luxembourg until expiry of the prescription period.

In the event that the Management Company considers that changes in the political, economic, military, regulatory or business environments, or reductions in the scale of a Fund's total net assets compromise the effective management of a Fund, then, the Management Company is also empowered to liquidate at any time one or more Funds. A notice of such liquidation to the Unitholders shall be published in such newspapers as the Management Company may decide. If there are only registered Unitholders, no such publication is required. Registered Unitholders shall then receive such notice by registered mail. No Units may be converted after the date of the decision to liquidate a Fund. However, the redemption of Units will remain possible provided that all Unitholders are treated equally. The Management Company shall redeem the Units of the concerned Fund and reimburse the Unitholders in proportion to their respective holdings. The liquidation proceeds which cannot be distributed at the close of liquidation of the Fund shall be deposited at the *Caisse de Consignation* in Luxembourg.

#### B) Merger of the Umbrella Fund – Merger of Funds

##### 1) The Umbrella Fund

The Management Company may decide to proceed with a merger (within the meaning of the 2010 Law) of the Umbrella Fund, either as receiving or absorbed UCITS, with:

- another Luxembourg or foreign UCITS (the “**New UCITS**”); or
- a fund thereof,

and, as appropriate, to redesignate the Units of the Umbrella Fund concerned as units of this New UCITS, or of the relevant fund thereof as applicable.

In case the Umbrella Fund involved in a merger is the receiving UCITS (within the meaning of the 2010 Law) or in case the Umbrella Fund involved in a merger is the absorbed UCITS (within the meaning of the 2010 Law), and hence ceases to exist, solely the Management Company will decide on the merger and effective date thereof.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the Unitholders.

##### 2) Funds

The Management Company may decide to proceed with a merger (within the meaning of the 2010 Law) of any Fund, either as receiving or absorbed Fund, with:

- another existing or new Fund within the Umbrella Fund or another fund within a New UCITS (the “**New Fund**”); or
- a New UCITS,

and, as appropriate, to redesignate the Units of the Fund concerned as units of the New UCITS, or of the New Fund as applicable.

Such a merger shall be subject to the conditions and procedures imposed by the 2010 Law, in particular concerning the merger project and the information to be provided to the Unitholders.

Unitholders will in any case be entitled to request, without any charge other than those retained by the Umbrella Fund or the Fund to meet disinvestment costs, the repurchase or redemption of their Units, in accordance with the provisions of the 2010 Law.

#### **Article 17: EXPIRY OF CLAIMS**

Unitholders' claims against the Management Company shall cease to be valid five years after the date of the occurrence giving rise to the claim.

#### **Article 18: APPLICABLE LAW, JURISDICTION AND LANGUAGE REFERENCE**

These Management Regulations are governed by Luxembourg law.

The *Tribunal d'Arrondissement* shall have jurisdiction over any disputes between the Unitholders, the Management Company and the Depositary, and Luxembourg law shall apply.

The Management Company and the Depositary nevertheless submit themselves and the Umbrella Fund to the jurisdiction of any country in which Units are offered and sold, in respect of claims by Unitholders solicited by sales agents appointed in the respective country.

The English-language version of these Management Regulations shall be binding; the Management Company and the Depositary nevertheless admit the use of translations approved by them, into the languages of countries in which Units are offered and sold, and these shall be binding in respect of such Units sold to investors in these countries.

These amended Management Regulations come into effect on 1 January 2019.

The Management Company

The Depositary

\_\_\_\_\_  
Name:  
Title: Manager  
Date:

\_\_\_\_\_  
Name:  
Title: Manager  
Date:

\_\_\_\_\_  
Name:  
Title:  
Date: