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# **PROSPECTUS**

## **RELATING TO AN OFFER OF UNITS OF**

### **NIKKO AM GLOBAL UMBRELLA TRUST**

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This prospectus (this "Prospectus") is valid only if it is accompanied by the latest available annual report and, where applicable, by the non-audited semi-annual report, if published since the last annual report. These reports form an integrant part of this Prospectus. The key investor information document (the "KIID") of the relevant Class of the relevant Sub-Fund is to be provided prior to any subscription and is available free of charge at the registered office of the Management Company and of the Depositary and on the website: <http://www.nikkoam.lu>

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

December 2016

NIKKO AM GLOBAL UMBRELLA TRUST (the "Fund") is organized as an umbrella fund ("*Fonds commun de placement à compartiments multiples*") and registered under Part I of the Luxembourg law of 17th December 2010 relating to undertakings for collective investment, as amended (the "2010 Law").

The directors of the Management Company (together hereafter referred to as the "Board of Directors" or the "Directors" and individually referred to as a "Director") as set out in this Prospectus accept responsibility for the information contained in this Prospectus as being accurate at the date of publication.

The distribution of this Prospectus and the offering of Units may be restricted in certain jurisdictions: persons into whose possession this Prospectus comes are required by the Management Company to be aware of and to observe such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Persons interested in purchasing Units should be aware of (a) the legal requirements within their own countries for the purchase of Units, (b) any foreign exchange restriction which may be applicable, and (c) the income and other tax consequences of purchase, exchange and redemption of Units.

The Units have not been registered under the Securities and Exchange Law of Japan and may not be publicly offered or sold in Japan or to or for the benefit of residents of Japan except pursuant to an exemption available under the Securities and Exchange Law of Japan.

The Fund is not registered under the United States Investment Company Act of 1940 and accordingly is restricted in the number of beneficial holders of its Units that may be United States persons and in the percentage of its outstanding Units that may be owned by certain United States persons. The Management Regulations of the Fund (as defined hereafter) contain provisions designed to prevent the holding of its Units by United States persons, under circumstances that would cause the Management Company to violate United States law, and require the immediate redemption or purchase under certain conditions of Units purchased or beneficially owned by United States persons. The Units have not been registered under the United States Securities Act of 1933 (the "Securities Act") and may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or to or for the benefit of a United States person, unless pursuant to an exemption from United States registration requirements available under United States laws, any applicable statute, rule or interpretation. For this purpose, a "United States person" as defined under Regulation S promulgated under the Securities Act includes a natural person resident in the United States of America, a partnership organised or existing in any state, territory or possession of the United States of America, a corporation organised under the laws of the United States of America or of any state, territory or possession thereof, or any estate or trust, other than an estate or trust the income of which comes from sources outside the United

States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purposes of computing United States federal income tax.

The term "United States person" does not include a branch or agency of a United States bank or insurance company that is operating outside of the United States for valid business reasons as a locally regulated branch or agency engaged in banking or insurance business and not solely for the purpose of investing in securities not registered under the Securities Act.

Further, Unitholders are required to notify the Management Company immediately in the event that they become United States persons as defined in the United States Internal Revenue Code. For this purpose, a United States person includes a citizen or resident alien of the United States of America, a partnership or corporation created or organised in or under the law of, the United States of America, a trust where such trust is subject to the United States' jurisdiction and one or more United States persons have the authority to control all or substantial decisions of the trust, and an estate that is subject to US tax on its worldwide income from all sources. The Management Company reserves the right to repurchase any Units which are or become owned, directly or indirectly, by a United States person or if the holding of the Units by any person is unlawful or detrimental to the interests of the Fund.

The basic terms of the U.S. Foreign Account Tax Compliance Act of 2010 ("FATCA") and the related intergovernmental agreement entered into between the United States of America and the Grand-Duchy of Luxembourg on March 28, 2014 as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "FATCA Law") currently appear to include the Fund as a Foreign Financial Institution, such that in order to comply, the Management Company may require all Unitholders of the Fund to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned legislation. Despite anything else herein contained and as far as permitted by Luxembourg laws, the Management Company shall have the right to:

- withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any unitholding in the Fund;
- require any Unitholder or beneficial owner of the Units to promptly furnish such personal data as may be required by the Management Company in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to an immediate payer of U.S. source withholdable payment with respect to such a payment and to any tax or regulatory authority, as may be required by law or such authority;
- report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning payments to Unitholders with FATCA status of a non-participating foreign financial institution;

- withhold the payment of any dividend or redemption proceeds to a Unitholder until the Management Company holds sufficient information to enable it to determine the correct amount to be withheld.

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offering of Units and, if given or made, such information or representations must not be relied on as having been authorised by the Management Company. Neither the delivery of this Prospectus nor the allotment or issue of Units shall, under any circumstances, create any implication that there has been no change in the affairs of the Management Company or the Fund since the date hereof. In case of material changes in the information contained herein, this Prospectus will be updated.

Investors should note that the price of Units and the income from them may fall as well as rise and they may not get back the amount they originally invested. Future earnings and investment performance can be affected by many factors not necessarily within the control of the Management Company or its Directors or officers. For example, changes in exchange rates between currencies may cause the value of an investment to fluctuate. No guarantees as to future performance of, or future returns from, the Fund can be given by the Management Company, or by any Director or officer of the Management Company, by any investment manager or investment sub-manager or by any of their directors or officers. Investors should also be aware that a sales charge may be charged on the acquisition of Units rather than evenly over the life of the investment.

References in this Prospectus to "YEN", "USD", "EURO" and "AUD" are to the lawful currencies of Japan, the United States of America, the member states of the EU participating in the European Monetary Union and Australia, respectively.

If not otherwise specified, all references herein to times and hours refer to Luxembourg local time.

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

#### Data Protection

Pursuant to data protection law applicable in Luxembourg (including, but not limited to, the Luxembourg Law of 2 August 2002 on the Protection of Persons with regard to the Processing of Personal Data, as amended from time to time) any personal data provided in connection with an investment in the Fund may be held on computer and processed by the Management

Company, the Investment Manager(s) and Investment Sub-Manager(s), the Depositary, the Registrar, Transfer and Administrative Agent (each as defined hereafter) and their affiliates (together hereafter the "Entities") as data processor or data controller, as appropriate. Personal data may be processed for the purposes of processing subscription and redemption orders, maintaining registers of Unitholders and carrying out the services provided by the Entities as well as to comply with legal or regulatory obligations including, but not limited to, legal obligations under applicable anti-money laundering law and FATCA, common reporting standard ("CRS") or similar laws and regulations (e.g. at OECD or EU level).

Personal data may also be used in connection with investments in other investment fund(s) managed by the Management Company or the Investment Manager(s) and their affiliates. Personal data shall be disclosed to third parties where necessary for legitimate business interests only. This may include disclosure to third parties such as governmental or regulatory bodies including tax authorities, auditors, accountants, investment managers, investment advisers, paying agents and subscription and redemption agents, distributors, as well as permanent representatives in places of registration and any other agents of the Entities who may process the personal data for carrying out their services and complying with legal obligations as described above.

Investors are also informed that, as a matter of general practice, telephone conversations and instructions may be recorded as proof of a transaction or related communication. Such recordings will benefit from the same protection under Luxembourg law as the information contained in the application form and shall not be released to third parties, except in cases where the Management Company or/and the Administrative Agent are compelled or entitled by law or regulation to do so.

By subscribing for Units, investors consent to the aforementioned processing of their personal data and in particular, the disclosure of their personal data to, and the processing of their personal data by the parties referred to above, including affiliates situated in countries outside of the European Union which may not offer a similar level of protection as that deriving from Luxembourg data protection law. Investors acknowledge that the transfer of their personal data to these parties may occur via, and/or their personal data may be processed by, parties in countries (such as, but not limited to, the United States) which may not have data protection requirements deemed equivalent to those prevailing in the European Union.

Investors acknowledge and accept that failure to provide relevant personal data requested by the Management Company and/or the Administrative Agent in the course of their relationship with the Fund may prevent them from maintaining their holdings in the Fund and may be reported by the Management Company and/or the Administrative Agent to the relevant Luxembourg authorities.

Investors acknowledge and accept that the Management Company or the Administrative Agent will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities, which will exchange this information on an automatic basis with

the competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, CRS at OECD and EU levels or equivalent Luxembourg legislation.

Investors may request access to, rectification of or deletion of any personal data provided to any of the parties above or stored by any of the parties above in accordance with applicable data protection law. Investors may at any time object, on request and free of charge, to the processing of their personal data for direct marketing purposes. Investors should send such requests to the Management Company at the address provided herein or may telephone via +352 270 441 832.

Reasonable measures have been taken to ensure confidentiality of the personal data transmitted between the parties mentioned above. However, due to the fact that the personal data is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection law as currently in force in Luxembourg may not be guaranteed while the personal data is kept abroad.

The Management Company will accept no liability with respect to any unauthorised third party receiving knowledge and/or having access to the investors' personal data, except in the event of wilful negligence or gross misconduct of the Management Company.

Personal data shall not be held for longer than necessary with regard to the purpose of the data processing, subject always to applicable legal minimum retention periods.

## NIKKO AM GLOBAL UMBRELLA TRUST

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**Management Company**

Nikko Asset Management Luxembourg S.A.  
19, rue de Bitbourg  
L-1273 Luxembourg  
Grand Duchy of Luxembourg

**Board of Directors of  
the Management  
Company**

*Director*

Mr. Michael John Cieran MULHOLLAND  
Chief Operating Officer & Chief Financial Officer  
Nikko Asset Management Europe Ltd  
1 London Wall  
London EC2Y 5AD, United Kingdom

*Director*

Mr. Phillip YEO Phuay Lik  
Head of Product Development and Management  
Nikko Asset Management Asia Ltd.  
12 Marina View, #18-02  
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Singapore 018961

*Director*

Mr. Nicolas P. BOCKLANDT  
Independent, Certified Director  
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L-2633 Luxembourg  
Grand Duchy of Luxembourg

*Director*

Mr. David J. SEMAYA  
Executive Chairman  
Nikko Asset Management Co., Ltd  
Midtown Tower, 9-7-1 Akasaka  
Minato-ku, Tokyo 107-6242  
Japan

**Depositary, Registrar  
and Transfer and  
Administrative Agent**

Brown Brothers Harriman (Luxembourg) S.C.A.  
80, route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

**Investment Manager  
for NIKKO AM  
GLOBAL  
UMBRELLA TRUST –  
HIGH INCOME  
SOVEREIGN INDEX  
FUND**

Nikko Asset Management Co., Ltd.  
Midtown Tower, 9-7-1 Akasaka  
Minato-ku, Tokyo 107-6242  
Japan

**Investment Manager  
for NIKKO AM  
GLOBAL  
UMBRELLA TRUST –  
ASIA HIGH YIELD  
BOND FUND & ASIA  
HIGH DIVIDEND  
EQUITY FUND**

Nikko Asset Management Asia Limited  
12 Marina View, #18-02  
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**Investment Manager  
for NIKKO AM  
GLOBAL  
UMBRELLA TRUST –  
AUSTRALIAN BOND  
FUND**

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Sydney NSW 2000, Australia

**Auditor of the  
Management Company**

KPMG Luxembourg  
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L-2520 Luxembourg  
Grand Duchy of Luxembourg

**Auditor of the Fund**

PricewaterhouseCoopers, Société coopérative  
2, rue Gerhard Mercator,  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

**Legal Adviser of the  
Fund**

Elvinger Hoss Prussen  
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L-1340 Luxembourg  
Grand Duchy of Luxembourg

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## 1) PRINCIPAL FEATURES

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

Business Day:	Any day as defined per Sub-Fund in the relevant Annex.
Classes:	Pursuant to the management regulations of the Fund (the "Management Regulations"), the board of directors (the "Board of Directors") of the Management Company may decide to issue, within each Sub-Fund, two or more classes of Units (collectively "Classes", and each, individually a "Class"), the assets of which will be commonly invested but subject to specific sales and/or redemption charge structures, fee structures, distribution structure, marketing target, hedging policies, or other specific features. Where different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Annex to this Prospectus. References herein to Units of a Sub-Fund should be construed as being to Units of a Class of a Sub-Fund also, if the context so requires.
Depository:	The assets of the Fund are held under the custody or control of Brown Brothers Harriman (Luxembourg) S.C.A. (the "Depository"). Brown Brothers Harriman (Luxembourg) S.C.A. is also responsible for the administration of the Fund (the "Administrative Agent").
ESMA:	European Securities and Markets Authority.
Exchange Traded Fund or ETF:	An investment fund listed on a stock exchange which represents a pool of securities, commodities or currencies which typically track the performance of an index. ETFs are traded like shares. Investment in open-ended or closed-ended ETFs will be allowed if they qualify as (i) UCITS or other UCIs, or (ii) transferable securities, respectively.
EU:	European Union.
Fund:	The Fund is an umbrella fund (" <i>Fonds commun de placement à compartiments multiples</i> ") organised under the laws of the Grand Duchy of Luxembourg and registered under Part I of the 2010 Law.
Group of Twenty (G20):	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico,

Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.

**Investment**

**Managers:** The Management Company has appointed, for each Sub-Fund, one or several investment managers or investment sub-managers (see Section 5) "MANAGEMENT" below).

**Issue of Units:** The issue price per Unit of each Sub-Fund will be the net asset value per Unit of such Sub-Fund determined in respect of the applicable Valuation Day, plus any applicable sales or other charges (see Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below).

**Listing:** The Units have been accepted for clearance by Euroclear and Clearstream under the Common Codes and ISIN numbers as specified in each Sub-Fund Annex. The Management Company may apply for listing of any Sub-Fund or any Class of a Sub-Fund, as specified in each Sub-Fund's Annex.

**Money Market**

**Instruments:** Shall mean instruments normally dealt in on the money market which are liquid, and have a value which can be accurately determined at any time.

**OECD:** Organisation for Economic Co-operation and Development.

**Redemption of**

**Units:** Unitholders may at any time request redemption of their Units, at the net asset value per Unit of the Sub-Fund concerned, determined in respect of the applicable Valuation Day less applicable redemption charges, if any (see Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below).

**Regulated Market:** A market within the meaning of Article 4. item 1.14) of Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public.

**Sub-Funds:** The Management Company offers investors, within the same investment vehicle, a choice among Units in several separate sub-funds (collectively, "Sub-Funds" and each, individually, a "Sub-Fund"). The Sub-Funds are managed and administered separately. The Sub-Funds are distinguished mainly by their specific investment policies. The specifications of each Sub-Fund are described in the relevant Annex to this Prospectus. The Management Company may, at any time, decide to

create further Sub-Funds and, in such case, this Prospectus will be updated or supplemented accordingly.

According to Article 181 (5) of the 2010 Law, the rights of Unitholders and of creditors concerning a Sub-Fund or which have arisen in connection with the creation, operation or liquidation of a Sub-Fund are limited to the assets of that Sub-Fund.

The assets of a Sub-Fund are exclusively available to satisfy the rights of investors in relation to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the creation, the operation or the liquidation of that Sub-Fund.

For the purpose of the relations between Unitholders, each Sub-Fund will be deemed to be a separate entity.

**Switching of Units:** Unitholders may at any time request the Management Company switching of their Units of any Sub-Fund or Class of a Sub-Fund into Units of another existing Sub-Fund or Class on the basis of the net asset values of the Units of the Sub-Funds or Classes concerned, subject to any applicable switching charge (see Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below) and any other restriction specified in the relevant Sub-Fund Annex.

**Transferable Securities:**

Shall mean:

- shares and other securities equivalent to shares,
- bonds and other debt instruments,
- any other negotiable securities which carry the right to acquire any such Transferable Securities by subscription or exchange,

excluding techniques and instruments relating to Transferable Securities and Money Market Instruments.

**UCITS:** An Undertaking for Collective Investment in Transferable Securities authorised pursuant to Directive 2009/65/EC.

**Other UCI:** An Undertaking for Collective Investment within the meaning of the first and second indents of Article 1(2) of Directive 2009/65/EC.

**Unitholder(s):** Unitholder(s) of the Fund.

Units:	Units of the Fund are issued in registered form only. Fractions of a Unit may be issued rounded down to the nearest one-hundredth. Units may be issued either (at the option of the investor, but at the additional cost borne by that investor in case of issuing Unit certificates) with or without Unit certificates. In the absence of a request for Unit certificates to be issued, an investor will be deemed to have requested that its Units be held in registered form without certificates.
Valuation Day:	Any day as defined per Sub-Fund in the relevant Annex.
How to apply:	Application for Units of any Sub-Fund must be sent to the transfer agent in Luxembourg (the "Transfer Agent") (directly or through any duly authorised distributor, if applicable, which may be appointed by the Management Company from time to time). Applications for Units may be made in writing or via facsimile, confirmed in writing to the Management Company signed by the investor(s). Applications for initial investment must be made on application forms as designated by the Management Company or the Transfer Agent. More details are described in Section 4) "ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS" below.

## 2) INVESTMENT OBJECTIVES AND POLICIES

The Board of Directors of the Management Company has fixed the investment objective and policies of each of the Sub-Funds as more fully described in the relevant Annexes.

### RISK WARNINGS

#### General Risks

The performance of the Units in the Sub-Funds depends on the performance of the underlying investments. If the value of the investments of the Sub-Funds fluctuates, this will lead to fluctuations in the value of the Units as well. Due to the uncertainty of the future performance of the investments of the Sub-Funds, as well as of the Units themselves, no guarantee can be given for the success of the investment and it cannot be guaranteed that an investor will receive back the amount of the capital invested by him when redeeming Units. The latter will only be the case if the Units achieve an increase in value which is at least equal to the costs and fees incurred by the investor - particularly the sales charge - and offsets the transaction costs incurred in connection with the purchase and sale of the investments of the Sub-Funds. Specific attention is drawn to the following risks:

#### *Price risk*

The Units, as well as the securities acquired by the Sub-Funds, are subject - as are any securities - to price risk. The risk of a decrease in the value of Units, as well as the potential for an increase in their value, is usually greater in the case of an equity fund than in the case of a bond fund.

#### *Equity risk*

Companies issue common shares and other kinds of equity-related securities to help pay for their operations. Equity securities can go down in price for many reasons. They are affected by general economic and market conditions, interest rates, political developments, confidence of investors and changes within the companies that issue the securities.

#### *Fixed income securities risk*

Bonds and other fixed income securities are subject to the following risks:

- Interest rate risk – which is the chance that bond prices overall will decline because of rising interest rates;
- Income risk – which is the chance that a Sub-Fund's income will decline because of falling interest rates;
- Credit risk – which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and

- Call risk – which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The Sub-Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Sub-Fund's income. In addition, investments in fixed interest securities which are below investment grade may result in a Sub-Fund or a collective investment scheme in which a Sub-Fund invests having a greater risk of loss of principal and/or interest than an investment in debt securities which are deemed to be investment grade or higher.

### *Interest rate risk*

When interest rates rise, fixed-income securities or bonds tend to go down in price. On the other hands, they tend to go up in price when interest rates are falling. Long-term fixed-income securities are generally more sensitive to changes in interest rates than short-term bonds.

### *Country risk*

The value of a Sub-Fund's assets may be affected by uncertainties such as changes in a country's government policies, taxation, restrictions on foreign investment, currency decisions, applicable laws and regulations, together with any natural disasters or political upheaval, which could weaken a country's securities markets.

### *Liquidity risk*

Most of securities owned by the Fund can be usually sold promptly at a fair price. But, the Management Company, on behalf of the Fund, may invest in securities that can be relatively illiquid, which may not be sold quickly or easily. Some securities are illiquid because of legal restrictions, the nature of the securities, or lack of buyers, therefore, the Fund may lose money or incur extra costs when selling those securities.

### *Small company risk*

Securities issued by small companies may be riskier, more volatile or less liquid than those of large companies. They are often new companies with shorter track records, less extensive financial resources, and less established markets. They may not have as many tradable shares compared with large companies, therefore, they tend to be less liquid.

### *Risks resulting from the use of options or other financial derivatives*

The price risk may be further increased by the fact that the Sub-Funds are allowed to make use of options or other financial derivatives, since these are future-related transactions, the economic benefit of which, as well as their risks, depend on future price and market trends. The risks are relatively low where such transactions are used to protect existing investments against

a loss in value. There are, however, considerable risks where such transactions are used for speculative purposes with the aim to profit from future appreciation of the underlying securities. In this respect, special attention must be drawn to the risk, and the opportunity, inherent in so-called leverage; leverage is to be understood as being the possibility provided by financial derivatives to achieve greater profits in percentage terms with the same amount of capital invested - but also suffer higher losses - than by investing in the securities underlying the financial derivatives. The Sub-Funds are authorised to invest in financial derivatives for the purpose of efficient management and investment purposes.

#### *Counterparty risk*

A Sub-Fund will be exposed to credit risk on the counterparties with which it trades in relation to futures and option contracts and other financial derivative instruments that are not traded on a recognised exchange. Such instruments are not afforded the same protections as may apply to participants trading futures or options on organised exchanges, such as the performance guarantee of an exchange clearing house. A Sub-Fund will be subject to the possibility of the insolvency, bankruptcy or default of a counterparty with which it trades such instruments, which could result in substantial losses to the Sub-Fund.

#### *Investment risks*

Another risk to which the Unitholders are subject is the insolvency risk of the issuers of the securities and other assets in which the Sub-Funds invest. If this materialises, the securities affected may become entirely worthless. The risk of loss associated with the bankruptcy of a company is considerably lower for investors in investment funds than for direct investors in shares or bonds since a fund invests not in the securities of one issuer only but in the securities of a large number of different issuers for the purpose of risk reduction.

#### *Exchange rate risks*

Furthermore, attention must be drawn to exchange rate risk. The Unitholders are subject to this risk due to the different currencies which may be involved, that is the currency with which Unitholders have purchased Units, the reference currency of the Sub-Fund or Class concerned and the currency of the securities in which the Sub-Fund invests. Investors' attention is drawn to the fact that there are currently no fixed exchange rates and that the value of currencies therefore constantly changes, depending on the market situation. If the rate of exchange of the currency of subscription for the relevant reference currency of investments increases, an exchange loss may be incurred by such Unitholders in the case of a redemption of Units. On the other hand, a fall in the value of the currency of subscription may increase the redemption proceeds.

### *Developing countries risks*

Investment in the securities markets of some developing countries carries a higher degree of risk than that normally associated with investment in other more developed markets. In particular, potential investors should consider the following risk factors before investing in the Sub-Funds which, under their investment policy, invest in emerging markets:

- The value of the assets of the Sub-Funds invested in such securities markets may be affected by changes in government policies including changes in economic policy and taxation, restrictions on foreign investment and on foreign currency repatriation.
- The securities markets may be volatile and relatively illiquid and/or subject to government interventions which may affect market prices.
- The assets of the Sub-Funds invested in local securities markets may be denominated in a variety of local currencies. The risks described under "Exchange rate risks" described above may be increased due to the increased volatility of the currencies of such developing countries.
- Companies in some of the countries in which the Sub-Funds may invest may not be subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable in industrialised countries.

### *China risks – general*

#### Political, Economic and Social Risks

Investments in the People Republic of China ("China") will be sensitive to any political, social and diplomatic developments which may take place in or in relation to China. Investors should note that any change in the policies of China may adversely impact on the securities markets in the PRC as well as the performance of the Sub-Fund(s) concerned.

#### Economic Risks

The economy of China differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in China is not well developed when compared with those of developed countries.

The economy in China has experienced rapid growth in recent years. However, such growth may or may not continue, and may not apply evenly across different sectors of Chinese economy. All these may have an adverse impact on the performance of the Sub-Fund(s) concerned.

## Legal and Regulatory Risk

The legal system of China is based on written laws and regulations. However, many of these laws and regulations are still untested and the enforceability of such laws and regulations remains unclear. In particular, Chinese regulations which govern currency exchange in China are relatively new and their application is uncertain. Such regulations also empower the China Securities Regulatory Commission and the State Administration of Foreign Exchange to exercise discretion in their respective interpretation of the regulations, which may result in increased uncertainties in their application.

### *Renminbi related risks*

Renminbi ("RMB") is currently not a freely convertible currency as it is subject to foreign exchange control and fiscal policies of and repatriation restrictions imposed by the Chinese government. There are currently no repatriation limits that affect the Sub-Fund. If such policies change in future, the Sub-Fund's or the shareholders' position may be adversely affected. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors wish or intend to convert the redemption proceeds or dividends paid by the Sub-Fund or sale proceeds into a different currency, they are subject to the relevant foreign exchange risk and may suffer losses from such conversion as well as associated fees and charges.

### *Taxation risks*

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Fund. Although the Fund's realised capital gains, whether short or long-term, are not expected to become taxable in another country, the Unitholders must be aware and recognise that such a possibility, though quite remote, is not totally excluded. The regular income of the Fund from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered.

### *Foreign taxes risk*

The Fund may be liable to taxes (including withholding taxes) in countries other than Luxembourg on income earned and capital gains arising on its investments in those countries. The Fund may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Luxembourg and other countries. The Fund may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Fund obtains a repayment of foreign tax, the net asset value of the relevant Sub-Fund will not be restated and the benefit will be allocated to the then-existing Unitholders rateably at the time of repayment.

### *Foreign Account Tax Compliance Act ("FATCA")*

The Hiring Incentives to Restore Employment Act (the "Hire Act") was signed into US law in March 2010. It includes provisions generally known as FATCA. The intention of these is that details of US investors holding assets outside the US will be reported by financial institutions to the US Internal Revenue Service, as a safeguard against US tax evasion. As a result of the Hire Act and to discourage non-US financial institutions from staying outside this regime, all US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30% on gross sales proceeds as well as income unless various reporting requirements are met. In particular, if the Fund and each Sub-Fund are not otherwise deemed-compliant, these reporting requirements may be met if, among other things, the Fund and the applicable Sub-Fund enters into a withholding agreement with the IRS, the Fund and such Sub-Fund obtains certain information from each of its Unitholders and the Fund and such Sub-Fund discloses certain of this information to the IRS. Unitholders that fail to provide the required information would likely be subject to this withholding tax in respect of all or a portion of any redemption or distribution payments made by the Fund or the applicable Sub-Fund after 31 December 2016. No assurance can be provided that the Fund and each Sub-Fund will not be subject to this withholding tax, as among other reasons, it is possible that the disclosure obligation described above could be changed (e.g., by subsequent guidance). Unitholders should consult their own tax advisors regarding the potential implications of this withholding tax.

### *No investment guarantee equivalent to deposit protection*

An investment in the Fund is not of the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme that may be available to protect the holder of a bank deposit account.

### *Past performance*

Past performance does not necessarily indicate future performance. It can in no way provide a guarantee of future returns. For those Sub-Funds, or Unit Classes which are newly established or have yet to launch, no historical performance is currently available.

### *Political and/or regulatory risk*

The value of the assets of a Sub-Fund may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

### *Portfolio transaction charges*

The difference at any one time between the subscription and redemption price of Units (taking into account any portfolio transaction charges payable) in any Sub-Fund means that an investor should view his or her investment as for the medium to long term.

### *Impact on the performance of the Sub-Fund*

A Sub-Fund may use derivatives and this may involve risks which are different from and possibly greater than the risks associated with investing directly in securities and traditional instruments. Derivatives are subject to liquidity risk, interest rate risk, market risk and default risk. They also involve the risk of improper valuation and the risk that the changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. As a consequence, the Sub-Fund when investing in derivative transactions, may lose more than the principal amount invested, resulting in a further loss to the Sub-Fund.

### *Potential Conflicts of Interest*

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

The Investment Managers will ensure that such transactions are effected on terms which are not less favourable to the Fund than if the potential conflict had not existed.

**IN VIEW OF THE RISKS DESCRIBED ABOVE WITH WHICH THE PURCHASE OF UNITS IS ASSOCIATED, INVESTORS ARE RECOMMENDED TO OBTAIN PROFESSIONAL ADVICE ON WHETHER THE FUND, OR ANY OF ITS SUB-FUNDS, IS A SUITABLE INVESTMENT FOR THEM.**

### **3) DIVIDEND POLICIES**

Annual dividends may be declared separately in respect of each Class of each Sub-Fund by the Management Company. Interim dividends may be paid at any time of the year as deemed appropriate upon a decision of the Management Company in relation to any of the Classes of each Sub-Fund. Distributions may be made only if the net assets of the Fund do not fall below EURO 1,250,000.

The distribution so declared (if any) shall be paid as soon as practicable after the declaration, and considering that all Units of each Sub-Fund are entitled to participate equally in the profits made and dividends paid in respect of the relevant Sub-Fund of the Fund.

Entitlement to dividends and allocations not claimed within 5 years of the due date shall be forfeited and the corresponding assets shall revert to the relevant Sub-Fund of the Fund.

The distribution policy with respect to each Sub-Fund will be described in the relevant Annex to this Prospectus relating to such Sub-Fund.

#### **4) ISSUE, REDEMPTION, SWITCHING AND TRANSFER OF UNITS**

##### **ISSUE OF UNITS**

Units are issued in registered form only (and not exchangeable into bearer form). Ownership of Units is evidenced by entry in the Fund's register and is represented by confirmation(s) of ownership. No Unit certificates shall be delivered to the Unitholders.

Fractions of Units may be issued to such decimal place as set forth in the relevant Appendix to this Prospectus relating to each Sub-Fund.

Subscriptions for Units in each Sub-Fund can be made as at any day that is a Valuation Day for that Sub-Fund.

The offer price of Units in each Sub-Fund shall be the net asset value per Unit of the relevant Class of such Sub-Fund determined in respect of the applicable Valuation Day. A sales charge and a dilution levy (as described in Section "10) GENERAL INFORMATION, 5. Determination of the net asset value of Units") may be added as specified in the relevant Annex or other relevant sales document. The Management Company is also entitled to add to the net asset value per Unit a charge sufficient to cover stamp duties and taxation in respect of the issue of Units or certificates and delivery and insurance costs in respect of certificates.

The procedures for subscribing Units of a Sub-Fund and details of payment of subscription monies for such Sub-Fund are set forth in the relevant Annex relating to such Sub-Fund.

The currency of payment will be the reference currency of the relevant Sub-Fund or Class as specified in the relevant Annex. Where the Management Company receives applications for Units in other currencies freely convertible into the relevant reference currency, the Management Company, on behalf of and at the cost of the investor, may (but is not obliged to) arrange with the Administrative Agent for the monies received to be converted into the relevant reference currency at the applicable exchange rate. The applicable exchange rate for this purpose will be determined by the Depositary at the time when cleared funds are received by it or as soon as practicable thereafter. Units to the value of the converted funds (less the cost of conversion) will be issued to the applicant on the basis of the issue price of the Units ruling in respect of the Valuation Day on which the conversion is effected.

The Management Company reserves the right to accept or refuse, at its sole discretion, any application for Units in whole or in part and for any reason. The Management Company may decide to accept, at its sole discretion, subscription requests for an amount less than the minimum investment amount specified in the relevant Annex for the concerned Sub-Fund or Class. The Management Company may also limit the distribution of Units of a given Sub-Fund to specific countries. All the application forms must be accompanied by all necessary

documents, in particular, those required under anti-money laundering procedures as described below.

The Management Company may accept securities as payment for Units at its discretion provided that the contribution of such securities are consistent with policies pursued by the Management Company and will not result in a breach of the relevant Sub-Fund's investment objective and policies or the Fund's investment restrictions. In such case, an auditor's report will be necessary to value the contribution in kind. Expenses in connection with the establishment of such report and any other expenses in connection with the subscription in kind will be borne by the subscriber that has chosen this method of payment or by the Management Company at its discretion.

In accordance with international regulations and Luxembourg laws and regulations (including but not limited to the Law of 12<sup>th</sup> November 2004 on the fight against money laundering and financing of terrorism, the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements) obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from being used for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar and transfer agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the Registrar and Transfer Agent, as delegate of the Management Company, may require any other information that the Management Company may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined hereafter).

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

From time to time, Unitholders may be requested to supply additional or updated identification documents from time to time pursuant to ongoing client due diligence obligations according to the relevant laws and regulations.

Issue of Units is conditional upon receipt of subscription monies, including any applicable sales charge, which must be paid within the time period specified in the relevant Annex. Until full payment of settlement monies, the applicant for Units does not have legal ownership of such Units. Where an applicant for Units fails to pay subscription monies within the indicated timeframe such subscription may lapse and be cancelled at the cost of the applicant or his/her distributor.

If the applicant fails to provide a completed application form (for an initial application) by the due date, the Management Company may decide to redeem the relevant Units, at the cost of the applicant or his/her distributor.

The applicant for Units may be required to indemnify the Management Company against any losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to pay the subscription monies or to submit the required documents by the due date.

Confirmation of each completed subscription together with a Unit certificate, if applicable, will be provided within ten (10) bank business days in Luxembourg following the issue of the Units at the risk of the investor, to the address indicated in the application form submitted by that investor.

The Fund shall comply with the laws and regulations of the countries in which the Units are offered. The Management Company may, at any time and at its discretion, suspend or limit the issue of Units to persons temporarily or permanently resident or established in particular countries or areas. The Management Company may also exclude certain individuals or corporate bodies from the purchase of Units when this appears to be necessary to protect the Unitholders and the Fund as a whole.

The Management Company may restrict the ownership of Units of certain Classes to institutional investors within the meanings of Article 174 of the 2010 Law ("Institutional Investors"). The Management Company may, at its discretion, delay the acceptance of any subscription application for Units of a Class reserved for Institutional Investors until such time as the Management Company has received sufficient evidence that the applicant qualifies as an Institutional Investor. If it appears at any time that a holder of Units of a Class reserved for Institutional Investors is not an Institutional Investor, the Management Company will convert the relevant Units into Units of a Class which is not restricted to Institutional Investors in which case the investors concerned will be informed by registered letter (provided that there exists such a Class with similar characteristics) or compulsorily redeem the relevant Units in accordance with the provisions set forth in the Management Regulations. The Management Company will refuse to give effect to any transfer of Units and consequently refuse for any transfer of Units to be entered into the register of Unitholders in circumstances where such transfer would result in a situation where Units of a Class restricted to Institutional Investors would, upon such transfer, be held by a person not qualify as an Institutional Investor.

In addition to any liability under applicable law, each Unitholder who does not qualify as an Institutional Investor, and who holds Units in a Class restricted to Institutional Investors, shall hold harmless and indemnify the Fund, the Management Company, the other Unitholders of the relevant Class and the Management Company's agent for any damages, losses and expenses resulting from or connected to such holding in circumstances where the relevant Unitholder had furnished misleading or untrue documentation or has made misleading or untrue

representations to wrongfully establish its status as an Institutional Investor or has failed to notify the Management Company of its loss of such status.

Issue of Units of a given Sub-Fund shall be suspended whenever the determination of the net asset value per Unit of such Sub-Fund is suspended by the Management Company (see Section "10) GENERAL INFORMATION, 6. Temporary suspension of issues, redemptions and switching" of this Prospectus).

## **PREVENTION OF MARKET TIMING AND LATE TRADING**

The Management Company reserves the right, in its sole discretion, to restrict or refuse subscriptions from investors whom the Management Company considers market timers. The Management Company does not knowingly allow investments which are associated with market timing practices, as such practices may adversely affect the interests of all non-market timing Unitholders by harming Sub-Funds' performance and diluting profitability.

In general, market timing refers to the investment behaviour of an individual or a group of individuals buying, selling or exchanging shares or other securities on the basis of predetermined market indicators. Market timers also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges.

The Management Company may therefore combine Units which are under common ownership or control for the purposes of ascertaining whether an individual or group of individuals can be deemed to be involved in market timing practices. Common ownership or control includes without limitation legal or beneficial ownership and agent or nominee relationships giving control to the agent or nominee of Units legally or beneficially owned by others.

Accordingly, the Management Company reserves the right, in its sole discretion, to 1) reject any application for switching of Units by investors whom the Management Company considers market timers or 2) restrict or refuse purchases by investors whom the Management Company considers market timers.

The Management Company does not permit practices related to late trading and the Management Company reserves the right to reject orders from an investor who is engaging in such practices and to take, if appropriate, the necessary measures to protect the other investors of the Fund.

Late trading is to be understood as the acceptance of a subscription, conversion or redemption order after the cut-off time on the relevant Valuation Day and the execution of such order at the price based on the net asset value per Unit applicable to such Valuation Day.

Notwithstanding the foregoing, at the discretion of the Management Company, orders transmitted by a paying agent, a correspondent bank or other entity aggregating orders on

behalf of its underlying clients before the applicable cut-off time but only received by the Transfer Agent after the cut-off time may be treated as if they had been received before the cut-off time. Further, different cut-off times may, by agreement, be agreed with the local distributors or for distribution in jurisdictions where the different time zone so justifies.

## SWITCHING OF UNITS

Subject to any prohibition of conversions contained in an Annex, Unitholders have the right to switch all or part of their Units in any Sub-Fund or Class of a Sub-Fund (the "original Sub-Fund or Class") into Units of another existing Sub-Fund or Class (the "new Sub-Fund or Class"), provided that if the relevant Valuation Day of the original Sub-Fund or Class is not a Valuation Day of the new Sub-Fund or Class, the net asset value per Unit in respect of the next following Valuation Day of the new Sub-Fund or Class will be applicable and the switch will be completed on such date. However, the right to switch Units is subject to compliance with any conditions (including any minimum subscriptions and holding amounts) applicable to the Class into which switch is to be effected.

Applications for switching of Units have to be made in the same manner as for issue and redemption of Units, directly to the registered office of the Administrative Agent in Luxembourg (or through any duly authorised distributor, if applicable, which may be appointed by the Management Company from time to time and specified in the relevant Annex or other relevant sales document), provided that the switch may not, however, be effected if the result of the switch would be that the Unitholder would be registered as holding less than the minimum holding (as defined in the relevant Annex) in value of Units of the original Sub-Fund or Class of a Sub-Fund or of the new Sub-Fund or Class.

In order to switch all or part of a holding, a Unitholder should give notice to the Administrative Agent in the same manner fixed for the original Sub-Fund or Class and not later than 3.00 p.m. (Luxembourg time) on the Valuation Day of the original Sub-Fund or Class. Any switching request received after such time will be carried forward to, and dealt with on the next following Valuation Day. The Management Company may, at its discretion, authorise a switching charge which shall not exceed 2% of the issue price of the Units of the new Sub-Fund or Class payable to the Fund, intermediaries or distributors. The rate at which all or any part of a holding of Units of the original Sub-Fund or Class is switched on any Valuation Day into Units of the new Sub-Fund or Class will be determined in accordance with the following formula (or as nearly as may be in accordance therewith so that the number of Units of the new Sub-Fund or Class to be allotted and issued is a multiple of one-hundredth of a Unit):

$$A = \frac{B \times C}{D}$$

where:

- A is the number of Units of the new Sub-Fund or Class to be allotted;
- B is the number of Units of the original Sub-Fund or Class to be switched;
- C is the net asset value per Unit of the original Sub-Fund or Class ruling in respect of the relevant Valuation Day; and
- D is the net asset value per Unit of the new Sub-Fund or Class ruling in respect of the relevant Valuation Day (excluding any sales charge) provided that if the relevant Valuation Day of the original Sub-Fund or Class is not a Valuation Day of the new Sub-Fund or Class, the net asset value per Unit in respect of the next following Valuation Day of the new Sub-Fund or Class will be applicable and the switch will be completed on such date.

If certificates were issued for the Units of the original Sub-Fund or Class, the new certificate(s) shall be issued only upon receipt by the Management Company of such former certificates.

Switching into or out of Units of a given Sub-Fund shall be suspended whenever the determination of the net asset value per Unit of such Sub-Fund is suspended by the Management Company.

## **REDEMPTION OF UNITS**

Any Unitholder may present its Units for redemption in part or whole as at any Valuation Day for the relevant Sub-Fund.

The redemption price of Units in each Sub-Fund shall be the net asset value per Unit of the relevant Class of such Sub-Fund determined in respect of the applicable Valuation Day, less applicable redemption charges and dilution levy (as described in Section "10) GENERAL INFORMATION, 5. Determination of the Net Asset Value of Units"), if any.

The procedure for redeeming Units of a Sub-Fund and the details of payment of redemption proceeds for such Sub-Fund are set forth in the relevant Annex relating to such Sub-Fund.

If requested by a Unitholder, redemptions may be made in kind at the discretion of the Management Company. Expenses in connection with the redemption in kind (mainly costs relating to the drawing up of an auditor's report) will be borne by the Unitholder that has chosen this method of redemption or by the Management Company at its discretion. To the extent reasonably possible, such redemption in kind will normally be made on a pro rata basis of all investments held by the Fund (having always due regard to and/or protecting the interests of the Fund).

The Management Company shall ensure that the Sub-Fund maintains an appropriate level of liquidity, so that under normal circumstances repurchase of the Units of the Sub-Fund may be made promptly upon request by Unitholders. Payment of the repurchase price shall be made not later than five business days counting from and excluding the Valuation Day of a Sub-Fund applicable to the repurchase request accepted and subject to receipt of the Unit certificates (if issued).

The Depositary must make payment only if no statutory provisions, such as exchange control regulations or other circumstances outside the control of the Depositary, prohibit the transfer of the payment of the repurchase price to the country where reimbursement was applied for.

If, as a result of a redemption, the value of a Unitholder's holding in any Sub-Fund or Class of any Sub-Fund would become less than the minimum holding for that Sub-Fund or Class as specified in the relevant Annex, the relevant Unitholder may be deemed (but only if the Management Company so decides at its sole discretion) to have requested the redemption of all of its Units of such Sub-Fund or Class. Also, the Management Company may, at any time, decide to compulsorily redeem all Units from Unitholders whose holding in a Sub-Fund or Class is less than the minimum holding for that Sub-Fund or Class (as defined in the relevant Annex). In case of such compulsory redemption, the Unitholder concerned will receive a one (1) month prior notice so as to be able to increase his holding.

Payment will normally be made in the reference currency of the relevant Sub-Fund or Class. Upon request, however, the Management Company may, but is not obliged to, arrange with the Administrative Agent for the redemption proceeds to be exchanged for another freely convertible currency at the applicable exchange rate. The applicable exchange rate for this purpose will be determined by the Depositary at the time on the Valuation Day when the redemption takes effect or as soon as practicable thereafter. Any foreign exchange costs incurred in effecting the currency conversion will be deducted from the amount payable to the redeeming Unitholder. In case of the payment in non-reference currency, payment day might be delayed due to the process of currency conversion.

If Unit certificates have been issued, the Unit certificates must be returned to the Administrative Agent before the payment.

If redemption requests (including applications for switching of Units, if applicable) are received in respect of any single Valuation Day for redemptions aggregating 10% or more of the net asset value of a Sub-Fund or Class of a Sub-Fund, the Management Company may decide to delay the calculation of the redemption price of the Units of that Sub-Fund or Class until the Management Company has sold the corresponding assets (which it will endeavour to do without unnecessary delay); in such event, the Management Company shall calculate the net asset value on the basis of prices at which it sold investments to meet the redemption requests; in such cases, payment may also be made, with the approval of the Unitholders concerned, in specie in the form of the Fund's assets which will be valued in an auditor's report and in such manner as the Management Company may determine.

Redemption of Units of a given Sub-Fund shall be suspended whenever the determination of the net asset value per Unit of such Sub-Fund is suspended by the Management Company.

A Unitholder may not withdraw his request for redemption of Units except in the event of a suspension of the determination of the net asset value of the relevant Sub-Fund or Class of a Sub-Fund and, in such event, a withdrawal will be effective only if written notification is received by the Management Company before the termination of the period of suspension. If the request is not withdrawn, the Management Company shall redeem the Units on the first applicable Valuation Day following the end of the suspension of determination of the net asset value of the relevant Sub-Fund or Class.

## **TRANSFER OF UNITS**

The transfer of Units must be effected by delivery to the Management Company of an instrument of transfer in the form agreed by the Management Company together with the relevant certificate(s), if issued.

On receipt of a transfer request, the Management Company may, after reviewing the endorsement(s), require that the signature(s) be guaranteed by an approved bank, stock broker or public notary.

Unitholders are recommended to contact the Management Company prior to requesting a transfer to ensure that they have all the correct documentation for the transaction.

## 5) MANAGEMENT

### MANAGEMENT COMPANY

The Board of Directors of the Management Company is responsible on a day-to-day basis for providing administration, marketing, investment management and advice services in respect of the Fund and of its Sub-Funds. The Management Company has delegated the administration functions to the administrative agent and registrar and transfer functions to the Registrar and Transfer Agent. The Management Company delegates the marketing functions to the distributors (if and when applicable), and the investment management services to the Investment Managers(s) (and/or the Investment Sub-Managers) as listed below or specified in the relevant Annex.

The Management Company was incorporated on 29<sup>th</sup> November 2006 as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg *Registre de Commerce et des Sociétés*. The Management Company is approved as a management company regulated by Chapter 15 of the 2010 Law.

The share capital of the Management Company is EURO 1,078,000.

The Management Company is owned by Nikko Asset Management Co., Ltd. Nikko Asset Management Co., Ltd. is one of the largest investment management companies in Japan with its associated operations in London, Singapore, Hong Kong, Sydney, Auckland and New York as at this Prospectus date.

As at the date of this Prospectus, the Management Company manages the Fund, Nikko AM Global Umbrella Fund and Nikko AM Global Investments (Luxembourg).

In addition, the Management Company shall ensure compliance by the Fund with the investment restrictions and oversee the implementation of the Fund's strategies and investment policy. The Management Company will receive periodic reports from the Investment Managers (and/or from the Investment Sub-Managers, if applicable) detailing the Sub-Funds' performance and analysing their investment. The Management Company will receive similar reports from the other services providers in relation to the services which they provide.

The Management Company may appoint any companies in or outside the Nikko Asset Management group to act as an investment manager and an adviser or as an additional manager/adviser or sub-manager/adviser for the different Sub-Funds.

Additional information which the Management Company must make available to investors in accordance with Luxembourg laws and regulations such as but not limited to Unitholder complaints handling procedures, conflicts of interest rules, voting rights policy of the

Management Company etc., shall be available at the registered office of the Management Company.

## **REMUNERATION POLICY**

Pursuant to the 2010 Law, the Management Company has established a remuneration policy for those categories of staff, including senior management, risk takers, control functions, and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, and whose professional activities have a material impact on the risk profiles of the Management Company or the Fund, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the Fund's risk profiles or the Management Regulations.

The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of its Unitholders, and includes measures to avoid conflicts of interest.

The remuneration policy only provides for a fixed remuneration for the independent directors and conducting officers. Members of the Management Company, which have an employment agreement with Nikko AM Group do not receive remuneration from the Management Company. Where remuneration is performance-related for the identified staff (as this term is defined in the ESMA Guidelines on sound remuneration policies under the UCITS Directive and AIFMD) the Management Company shall ensure that:

- the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the funds managed by the Management Company in order to ensure that the assessment process is based on the longer-term performance of the funds and their investment risks; and
- fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

The up-to-date remuneration policy of the Management Company states that its directors are responsible for monitoring compliance with the policy and includes a description of how remuneration and benefits are calculated. The remuneration policy is available at [www.nikkoam.lu](http://www.nikkoam.lu) and a paper copy will be made available free of charge upon request at the Management Company's registered office.

## **INVESTMENT MANAGERS AND INVESTMENT SUB-MANAGERS**

The Management Company has appointed, as specified in each Sub-Fund Annex, the entities listed below as investment manager for each Sub-Fund (the "Investment Manager") to manage

the assets of the Sub-Funds. The Investment Manager may, separately, appoint sub-managers (the entities specified in the Annex as sub-managers) (the "Investment Sub-Managers" and each an "Investment Sub-Manager") to provide discretionary management services in respect of the relevant Sub-Funds.

Investment Managers:

- Nikko Asset Management Co., Ltd., Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo 107-6242, Japan

Established in 1959, Nikko Asset Management Co., Ltd. (Nikko AM) is licensed to provide securities investment advisory services in Japan and registered as investment advisor with the US Securities and Exchange Commission. Nikko AM's head office is in Tokyo with group offices in New York, London, Singapore, Hong Kong, Sydney and Auckland. Nikko AM is majority owned by Sumitomo Mitsui Trust Bank, Limited.

- Nikko Asset Management Asia Limited, 12 Marina View, #18-02 Asia Square Tower 2, Singapore 018961 (Business Registration No: 198202562H).

Nikko Asset Management Asia Limited, whose principal activities consist of the business of fund management, dealing in securities and trading in futures contracts, was incorporated in Singapore on 16 June 1982 as a public company limited by shares under the laws of Singapore. It holds a Capital Markets Services Licence for the regulated activity of Fund Management, Dealing in Securities and Trading in Futures Contracts issued by the Monetary Authority of Singapore.

- Nikko AM Limited (formerly known as Tyndall Investment Management Limited), Level 31, 420 George Street, Sydney, NSW Australia

Nikko AM Limited (NAML) holds an Australian Financial Services License 237563 that authorises it to provide general advice and investment management services to retail and wholesale client. NAML is a wholly owned subsidiary of Nikko Asset Management Co., Ltd. NAML's registered office is Level 31, 420 George Street, Sydney, NSW Australia.

## 6) DEPOSITARY

Brown Brothers Harriman (Luxembourg) S.C.A. has been appointed as the depositary of the assets of the Fund (the "Depositary") pursuant to the terms of a depositary agreement, as amended from time to time (the "Depositary Agreement"). Brown Brothers Harriman (Luxembourg) S.C.A. is registered with the Luxembourg Company Register (RCS) under number B 29923 and has been incorporated under the laws of Luxembourg on 9 February 1989. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector. Brown Brothers Harriman (Luxembourg) S.C.A. is a bank organised as a *société en commandite par actions* in and under the laws of the Grand Duchy of Luxembourg and maintains its registered office at 80, route d'Esch, L-1470 Luxembourg.

The Depositary shall assume its functions and responsibilities as depositary in accordance with the provisions of the Depositary Agreement, the 2010 Law, the Commission delegated regulation 2016/438 and applicable Luxembourg law, rules and regulations regarding (i) the safekeeping of financial instruments of the Fund to be held in custody and the supervision of other assets of the Fund that are not held or capable of being held in custody, (ii) the monitoring of the Fund's cash flow, and (iii) the following oversight duties:

- a) ensuring that the sale, issue, repurchase, redemption and cancellation of the Units are carried out in accordance with the Management Regulations and applicable Luxembourg law, rules and regulations;
- b) ensuring that the value of the Units is calculated in accordance with the Management Regulations and the 2010 Law;
- c) ensuring that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits;
- d) ensuring that the Fund's income is applied in accordance with the Management Regulations and the 2010 Law; and
- e) carrying out the instructions of the Management Company, on behalf of the Fund, whilst ensuring they did not conflict with the Management Regulations or the 2010 Law.

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

The 2010 Law provides for a strict liability of the Depositary in case of loss of financial instruments held in custody. In case of loss of these financial instruments, the Depositary shall return financial instruments of identical type of the corresponding amount to the Fund unless it can prove that the loss is the result of an external event beyond its reasonable control, the

consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary will be liable to the Management Company, on behalf of the Fund for any losses other than the loss of a financial instrument held in custody arising out of the Depositary's negligent or intentional failure to properly fulfill its obligations pursuant to the 2010 Law.

The Depositary maintains comprehensive and detailed corporate policies and procedures requiring the Depositary to comply with applicable laws and regulations.

The Depositary has policies and procedures governing the management of conflicts of interest. These policies and procedures address conflicts of interest that may arise through the provision of services to the Fund.

The Depositary's policies require that all material conflicts of interest involving internal or external parties are promptly disclosed, escalated to senior management, registered, mitigated and/or prevented, as appropriate. In the event a conflict of interest may not be avoided, the Depositary shall maintain and operate effective organizational and administrative arrangements in order to take all reasonable steps to properly (i) disclosing conflicts of interest to the Fund and the Unitholders, and (ii) managing and monitoring such conflicts of interest.

The Depositary ensures that employees are informed, trained and advised of the conflict of interest policies and procedures and that duties and responsibilities are segregated appropriately to prevent conflict of interest issues.

Compliance with the conflict of interest policies and procedures is supervised and monitored by the board of managers as general partner of the Depositary and by the Depositary's authorized management, as well as the Depositary's compliance, internal audit and risk management functions.

The Depositary shall take all reasonable steps to identify and mitigate potential conflicts of interest. This includes implementing its conflict of interest policies that are appropriate for the scale, complexity and nature of its business. This policy identifies the circumstances that give rise or may give rise to a conflict of interest and includes the procedures to be followed and measures to be adopted in order to manage conflicts of interest. A conflict of interest register is maintained and monitored by the Depositary.

The Depositary also acts as administrative agent and/or registrar and transfer agent pursuant to the terms of the administration agreement between the Depositary and the Fund. The Depositary has implemented appropriate segregation of activities between the Depositary and the administration/ registrar and transfer agency services, including escalation processes and governance. In addition, the depositary function is hierarchically and functionally segregated from the administration and registrar and transfer agency services business unit.

The Depositary may delegate to third parties the safe-keeping of the Fund's assets to correspondents (the "Correspondents") subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. In relation to the Correspondents, the Depositary has a process in place designed to select the highest quality third-party provider(s) in each market. The Depositary shall exercise due care and diligence in choosing and appointing each Correspondent so as to ensure that each Correspondent has and maintains the required expertise and competence. The Depositary shall also periodically assess whether Correspondents fulfill applicable legal and regulatory requirements and shall exercise ongoing supervision over each Correspondent to ensure that the obligations of the Correspondents continue to be appropriately discharged. The list of Correspondents relevant to the Fund is available on <http://www.bbh.com/luxglobalcustodynetworklist>. This list may be updated from time to time and is available from the Depositary upon written request.

A potential risk of conflicts of interest may occur in situations where the Correspondents may enter into or have a separate commercial and/or business relationship with the Depositary in parallel to the safekeeping delegation relationship. In the conduct of its business, conflicts of interest may arise between the Depositary and the Correspondent. Where a Correspondent shall have a group link with the Depositary, the Depositary undertakes to identify potential conflicts of interests arising from that link, if any, and to take all reasonable steps to mitigate those conflicts of interest.

The Depositary does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to any Correspondent. The Depositary will notify the board of directors of the Management Company of any such conflict should it so arise.

To the extent that any other potential conflicts of interest exist pertaining to the Depositary, they have been identified, mitigated and addressed in accordance with the Depositary's policies and procedures.

Updated information on the Depositary's custody duties and conflicts of interest that may arise may be obtained, free of charge and upon request, from the Depositary.

The Depositary or the Management Company may, at any time, and subject to a written prior notice of at least three (3) months from either party to the other, terminate the appointment of the Depositary, provided however that the termination of the Depositary's appointment by the Management Company is subject to the condition that another depositary bank assumes the functions and responsibilities of a depositary bank. Upon termination of the Depositary Agreement, the Management Company shall be obliged to appoint a new depositary bank which shall assume the functions and responsibilities of a depositary bank in accordance with the Management Regulations and the 2010 Law, provided that, as from the expiry date of the notice until the date of the appointment of a new depositary bank by the Management Company, the Depositary's only duties shall be to take such steps as are necessary to protect the interests of Unitholders.

For its services as depositary of the Fund, the Depositary may receive (in addition to transaction based fees) (i) a fiduciary fee, and (ii) a safekeeping fee, applied on the assets of the Sub-Fund which may vary according to the various markets depending on each Sub-Fund's asset allocation. The amount of safekeeping fees paid by each Sub-Fund will be disclosed in the annual report of the Fund.

## **7) CONFLICTS OF INTEREST**

The Management Company, the Investment Managers, any specific Sub-Fund Investment Sub-Managers (if any), the sales agents, the Administrative Agent and the Depositary may from time to time act as management company, investment manager, investment sub-manager, sales agent, administrator, registrar or depositary in relation to, or be otherwise involved in, other funds or undertakings for collective investment which have similar investment objectives to those of the Fund or any Sub-Fund. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Fund or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Fund or any Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of the Unitholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly.

The Management Company adopts and implements policies for the prevention of conflicts of interests in accordance with applicable rules and regulations in Luxembourg.

## **8) FEES AND CHARGES**

Depending on the arrangement with the distributor or distributors who may be appointed by the Management Company from time to time regarding the distribution in a certain country or countries, a sales charge of up to 5.0% of the net asset value per Unit may be applied for the benefit of distributors or other intermediaries as initial charge.

The Management Company, the Investment Managers and any duly authorised distributors or intermediaries (if applicable, appointed for each Sub-Fund) will be entitled to receive the management fees from the assets of the relevant Sub-Fund as fully disclosed in the relevant Annex for their management, advisory, or other services conducted for the Fund. In addition, any performance-linked fee if applicable may be deducted as fully specified in the relevant Annex.

The current annual percentage rates in respect of each Sub-Fund are disclosed in the relevant Annex.

The Management Company pays fees, as disclosed in the relevant Annex, to the Depositary, and Registrar and Transfer and Administrative Agent. The fees are based on the net asset value of the Fund. They are also determined partly on a transaction basis and partly as a fixed sum, the total having been determined with reference to market rates prevailing in Luxembourg.

The Fund may bear the following expenses:

- ◆ all taxes which may be payable on the assets, income and expenses chargeable to the Fund;
- ◆ standard brokerage and bank charges incurred by the Fund in the context of business transactions (these charges are included in the cost of investments and deducted from sales proceeds);
- ◆ fees and expenses, as the case may be, of the Management Company in the context of the management of the Fund;
- ◆ fees and expenses, as the case may be, of the Investment Manager incurred in the context of its services provided to the Fund;
- ◆ fees and expenses, as the case may be, of the Administrative Agent incurred in the context of its services provided to the Fund;
- ◆ fees and expenses and transaction charges of the Depositary and its correspondents;

- ◆ the cost, including that of legal advice, which may be payable by the Management Company or the Depositary for actions taken in the interest of the Unitholders;
- ◆ the fees and expenses incurred in connection with the registration of the Fund with, or the approval or recognition of the Fund by, the competent authorities in any country or territory and all fees and expenses incurred in connection with maintaining any such regulations, approval or recognition;
- ◆ the cost of preparing, printing the Unit certificates (if any), depositing, translating and publishing the Management Regulations and other documents in respect of the Fund, including notifications for registration, prospectuses and memoranda for all governmental authorities and stock exchanges (including local securities dealer's associations) which are required in connection with the Fund or with offering the Units of the Fund, the cost of preparing, printing and distributing annual and semi-annual report for the Unitholders in all required languages, together with the cost of printing and distributing all other reports and documents which are required by the relevant legislation or regulations, the cost of bookkeeping and computation of the net asset value per Unit, the cost of notifications to Unitholders, the fees of the Fund's auditors and legal advisers, and all other similar administrative expenses, including the cost of advertising and other expenses incurred in connection with such activity, specifically for the offer and sale of the Units of the Fund, such as the cost of printing copies of the above-mentioned documents and reports as are used in marketing the Units.

All recurring fees are first deducted from the investment income, then from realized capital gains and then from the assets. Other expenses may be written off over a period of 5 years.

Where a new Sub-Fund is created and launched, it will incur its own initial expenses that may be written off over a period of up to 5 years. It shall not participate in initial expenses incurred for the creation and launch of existing Sub-Funds, but may bear a share of the expenses for creating the Fund.

The expenses of establishing the Fund and the first Sub-Fund, Nikko AM Global Umbrella Trust – High Income Sovereign Index Fund were” estimated to be approximately EUR 30,000 and are to be written off over a period of up to 5 years.

## 9) TAXATION

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

### THE FUND

Under current law and practice, the Fund is not liable to any Luxembourg income or corporation tax. The Fund is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% *per annum* of its net asset value at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax of 0.01% *per annum* is applicable to individual compartments of UCITS with multiple compartments, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved for one or more Institutional Investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCI, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, (iv) UCITS and UCIs subject to Part II of the 2010 Law qualifying as ETFs, and (v) UCIs and individual compartments thereof with multiple compartments whose main objective is the investment in microfinance institutions.

### WITHHOLDING TAX

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

Distributions made by the Fund are not subject to withholding tax in Luxembourg.

## THE UNITHOLDERS

### Luxembourg resident individuals

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

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

Distributions made by the Fund will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 43.6%. An additional temporary income tax of 0.5% (*impôt d'équilibrage budgétaire temporaire*) will be due by Luxembourg individuals subject to Luxembourg State social security scheme in relation to their professional and capital income.

### Luxembourg resident corporate

Luxembourg resident corporate investors will be subject to corporate taxation at the rate of 29.22% (in 2016 for entities having the registered office in Luxembourg-City) on capital gains realised upon disposal of Units and on the distributions received from the Fund.

Luxembourg corporate resident investors who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment subject to the 2010 Law, (ii) specialised investment funds subject to the law of 13 February 2007 on specialised investment funds, or (iii) family wealth management companies subject to the amended law of 11 May 2007 on family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Units, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Units shall be part of the taxable net wealth of the Luxembourg resident corporate investors except if the holder of the Units is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the amended law of 22 March 2004 on securitisation, (iii) an investment company governed by the amended law of 15 June 2004 on the investment company in risk capital, (iv) a specialised investment fund subject to the amended law of 13 February 2007 on specialised investment funds or (v) a family wealth management company subject to the amended law of 11 May 2007 related to family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

## **Non Luxembourg residents**

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Units are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Units nor on the distribution received from the Fund and the Units will not be subject to net wealth tax. The additional temporary income tax of 0.5% (*impôt d'équilibrage budgétaire temporaire*) will also be due by individuals subject to the Luxembourg State social security scheme in relation to their professional and capital income.

## **European Savings Directive**

On 10 November 2015, the European Council adopted Council Directive (EU) 2015/2060 repealing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (the "Savings Directive") from 1 January 2017 for Austria and from 1 January 2016 for all other EU Member States (i.e. the Savings Directive will no longer apply once all the reporting obligations concerning the calendar year 2015 have been complied with).

Under the Savings Directive, EU Member States (the "Member States") are required to provide the tax authorities of another Member State with information on payments of interest or other similar income (within the meaning of the Savings Directive) paid by a paying agent (within the meaning of the Savings Directive) to an individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the Savings Directive) established, in that other Member State.

Under the Luxembourg laws dated 21 June 2005 (the "Laws"), implementing the Savings Directive, as amended by the Law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU ("Territories"), a Luxembourg-based paying agent is required since 1 January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it, to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another Member State or in the Territories, and certain personal details on the beneficial owner. Such details are provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the Savings Directive).

## **Automatic Exchange of Information**

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

information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States. For Austria, the Euro-CRS Directive applies for the first time by 30 September 2018 for the calendar year 2017; i.e. the Savings Directive will apply one year longer.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation ("CRS Law"). The CRS Law requires Luxembourg financial institutions to identify financial asset holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

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

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

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the Amending Directive.

Some further information on taxation for investors resident in certain countries is described in APPENDIX – IMPORTANT INFORMATION FOR INVESTORS IN SPECIFIC COUNTRIES.

## 10) GENERAL INFORMATION

### 1. ORGANISATION

The Fund is organized in and under the laws of, the Grand-Duchy of Luxembourg as a mutual investment umbrella fund ("*fonds commun de placement à compartiments multiples*"), and is an unincorporated co-proprietorship of its securities and other assets (hereinafter referred to as "securities"), managed in the interest of its co-owners (hereinafter referred to as the "Unitholders") by Nikko Asset Management Luxembourg S.A., a *société anonyme* incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office in Luxembourg. The assets of the Fund are separate from those of the Management Company and from those of other investment funds managed by the Management Company.

The Fund may issue different classes of Units, the issue proceeds of which will be separately invested pursuant to investment policies fixed by the Management Company for each Class of Units.

For the purpose of relations between the Unitholders each Sub-Fund will be deemed to be a separate entity.

The Fund is registered on the official list of collective investment undertakings qualifying under Part I of the 2010 Law.

The Management Regulations are on file with the *Registre de Commerce et des Sociétés* in Luxembourg, where they may be inspected and copies obtained.

The Fund has been established for an unlimited period. The Fund may be dissolved at any time by mutual agreement between the Management Company and the Depositary. The Fund may further be dissolved in cases provided for by Luxembourg law. Any notice of dissolution will be published in the *Mémorial* and in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper. In the event of dissolution, the Management Company will realize the assets of the Fund in the best interests of the Unitholders, and the Depositary, upon instructions given by the Management Company, will distribute the net proceeds of liquidation (after deducting all liquidation expenses) among the Unitholders in proportion to their rights. As provided by Luxembourg law the proceeds of liquidation corresponding to Units not surrendered for repayment at the close of liquidation will be kept in safe custody with the Luxembourg "*Caisse de Consignation*" until the prescription period has elapsed.

The liquidation of the Fund or a Sub-Fund may not be requested by a Unitholder, nor by its heirs or beneficiaries.

## **2. CONSOLIDATION OR LIQUIDATION OF SUB-FUNDS**

The Sub-Fund may be established for a limited or unlimited period, as specified in the relevant Annex.

### **A. LIQUIDATION OF SUB-FUNDS OR CLASSES**

The Management Company has the discretionary power to (but is not obliged to) liquidate any Sub-Fund or Class of a Sub-Fund if the net assets of such Sub-Fund or Class fall below or do not reach an amount determined by the Management Company to be the minimum level for such Sub-Fund or such Class to be operated in an economically efficient manner or if a change in the economic or political situation relating to the Sub-Fund or Class concerned justifies such liquidation. The decision to liquidate will be published by the Management Company prior to the effective date of the liquidation and the publication will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Management Company decides otherwise in the interests of, or in order to keep equal treatment between, the Unitholders, the Unitholders of the Sub-Fund or Class concerned may continue to request redemption or switching of their Units free of redemption or switching charge. Assets which could not be distributed to their beneficiaries upon the conclusion of the liquidation of a Sub-Fund or Class will be deposited with the Luxembourg *Caisse de Consignation* on behalf of such beneficiaries.

### **B. MERGERS OF SUB-FUNDS**

The Management Company may decide to merge one or more Sub-Funds with another Sub-Fund, or with another undertaking for collective investment or a sub-fund thereof registered pursuant to Part I of the 2010 Law or another UCITS legislation.

The mergers will be undertaken within the framework of the 2010 Law.

Notice of such a merger shall be provided at least thirty days before the last date for the Unitholders to request redemption of their Units, without any charge other than those retained by the Fund to meet disinvestment costs. This right shall become effective from the moment that the Unitholders have been informed of the proposed merger and shall cease to exist five working days before the date for calculating the exchange ratio.

### **C. AMALGATION OF CLASSES**

The Management Company may also decide to amalgamate different Classes of the same Sub-Fund after a simple notification to the shareholders concerned.

### **D. SPLIT OF CLASSES IN A SUB-FUND**

The Management Company may consolidate or split the Units of such Sub-Fund.

### **3. REPORTS AND ACCOUNTS**

The Fund's accounting year ends on 31<sup>st</sup> December in each year.

Audited annual reports shall be published within four (4) months following the end of the accounting year and unaudited semi-annual reports shall be published within two (2) months following the end of period to which they refer. The annual and semi-annual reports are available at the registered office of the Management Company during ordinary office hours.

The reference currency of the Fund is EUR. The aforesaid reports will comprise consolidated accounts of the Fund expressed in EUR as well as information relating to each Sub-Fund expressed in the reference currency of that Sub-Fund as disclosed in the relevant Annex.

### **4. ALLOCATION OF ASSETS AND LIABILITIES AMONG THE SUB-FUNDS**

For the purpose of allocating the assets and liabilities between the Sub-Funds, the Management Company has in accordance with Article 181 of the 2010 Law established a pool of assets for each Sub-Fund in the following manner:

In the accounts of the Fund, the Management Company shall establish the Sub-Funds as follows:

- a) the proceeds to be received from the issue of Units of a specific Class shall be applied in the books of the Fund to the Sub-Fund established for that Class of Units, and, as the case may be, the relevant amount shall increase the proportion of the net assets of such Sub-Fund attributable to the Class of Units to be issued, and the assets and liabilities and income and expenditure attributable to such Class or Classes shall be applied to the corresponding Sub-Fund subject to the provisions of this section;
- b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Fund to the same Sub-Fund as the assets from which it was derived and on each re-valuation of an asset, the increase or diminution in value shall be applied to the relevant pool;
- c) where the Fund incurs a liability which relates to any asset of a particular Sub-Fund or to any action taken in connection with an asset of a particular Sub-Fund, such liability shall be allocated to the relevant Sub-Fund;
- d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular Sub-Fund, such asset or liability shall be allocated to all the Sub-Funds pro rata to the net asset values of the relevant Classes of Units;
- e) when Class-specific expenses are paid and/or higher dividends are distributed to Units of a given Class, the net asset value of the relevant Class of Units shall be reduced by

such expenses and/or by any excess of dividends paid to holders of Units of one Class over that paid to holders of the other Class or Classes (thus decreasing the percentage of the total net asset value of the Fund or of the Sub-Fund, as the case may be, attributable to such Class of Units) and the net asset value attributable to the other Class or Classes of Units shall remain the same (thus increasing the percentage of the total net asset value of the Fund or of the Sub-Fund, as the case may be, attributable to such other Class or Classes of Units);

- f) when Class-specific assets, if any, cease to be attributable to one Class only, and/or when income or assets derived therefrom are to be attributed to several Classes of Units issued in connection with the same Sub-Fund, the Unit of the relevant Class of Units in the Sub-Fund shall increase in the proportion of such contribution; and
- g) whenever Units are issued or redeemed, the Unit in the common Sub-Fund attributable to the corresponding Class of Units shall be increased or decreased by the amount received or paid, as the case may be, by the Fund for such issue or redemption.

The Fund may at any time issue Units of additional Classes, in connection with an existing Sub-Fund in which event the Unit of each additional Class(es) of Units in the Sub-Fund shall be determined initially in the proportion of the aggregate issue price received by the Fund and to be invested in the Sub-Fund upon the initial offering bears to the existing value of the Sub-Fund.

The Management Company may invest and manage all or any part of the Sub-Funds of the Fund (hereafter referred to as "Participating Sub-Funds") on a pooled basis where it is appropriate with regard to their respective investment sectors to do so. Any such enlarged asset pool ("Asset Pool") shall first be formed by transferring to the Asset Pool cash or (subject to the limitations mentions below) other assets from each of the Participating Sub-Funds. Thereafter, the Management Company may from time to time make further assets transfers between the Asset Pool and the Participating Sub-Fund(s) concerned. Assets other than cash may be allocated to an Asset Pool only where they are appropriate to the investment sector of the Asset Pool concerned.

The assets of the Asset Pool to which each Participating Sub-Fund shall be entitled shall be determined by reference to the allocations and withdrawals of assets by such Participating Sub-Fund.

Dividends, interest and other distributions of an income nature received in respect of the assets in an Asset Pool will be immediately credited to the Participating Sub-Funds, in proportion to their respective entitlements to the assets in the Asset Pool at the time or receipt. Asset Pools do not change the legal rights or obligations of Unitholders.

## **5. DETERMINATION OF THE NET ASSET VALUE OF UNITS**

The net asset value of the Units of each Sub-Fund is expressed in the reference currency of the Sub-Fund or Class concerned as specified in the relevant Annex. It shall be determined in respect of any Valuation Day by dividing the net assets attributable to each Sub-Fund by the number of Units of such Sub-Fund then outstanding. The net assets of each Sub-Fund or Class are made up of the value of the assets attributable to such Sub-Fund or Class less the total liabilities attributable to such Sub-Fund or Class calculated at such time as the Management Company shall have set for such purpose (see in Section "10) GENERAL INFORMATION, 4. Allocation of Assets and Liabilities among the Sub-Funds").

The value of the assets of the Fund shall be 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 securities and/or financial derivative instruments which are quoted or dealt on any stock exchange shall be based on the latest available closing price and each security traded on any other organised market shall be valued in a manner as similar as possible to that provided for quoted securities.

For securities, for which trading on the relevant stock exchanges is thin and secondary market trading is done between dealers who, as main market makers, offer prices in response to market conditions, the Management Company may decide to value such securities in line with the prices so established;

- c) for non-quoted securities or securities not traded or dealt on any stock exchange or other organised market, as well as quoted or non-quoted securities on such other market for which no valuation price is available, or securities for which the quoted prices are not representative of the fair market value, the value thereof shall be determined prudently and in good faith on the basis of foreseeable sales prices;
- d) liquid assets and money market instruments may be valued at face value plus any accrued interests;
- e) the value of assets denominated in a currency other than the reference currency of a Sub-Fund or Class shall be determined by taking into account the last available middle market rate. In that context, account shall be taken of hedging instruments used to cover foreign exchange risks;

- f) the financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in accordance with market practice;
- g) shares or units in underlying open-ended investment funds shall be valued at their last available net asset value reduced by any applicable charges.

The Management Company is authorised to apply other adequate valuation principles for the assets of the Fund and/or the assets of a given Sub-Fund if the aforesaid valuation methods appear impossible or inappropriate provided that one set of rules shall be applied to the valuation of all assets allocated to a Sub-Fund.

In circumstances where the interests of the Management Company or the Unitholders so justify (avoidance of market timing practices, for example), the Management Company may take any appropriate measures, such as applying a fair value pricing methodology to adjust the value of the Fund's assets.

In circumstances where the value of the assets of a Sub-Fund may be reduced as a result of costs incurred in dealing in a Sub-Fund's investments, including taxes, stamp duties and transaction charges or as a result of dealings in such investments at prices other than the prices used to calculate the net asset value of the Sub-Fund, the Management Company may, in its discretion but subject to applicable law, impose on a Unitholder or applicant for Units a dilution levy in respect of any subscription or redemption of Units where they reasonably consider such levy will avoid or mitigate any potential adverse effects on Unitholders and will be fair to all Unitholders and potential Unitholders.

The maximum dilution levy which may be applied to a dealing request is 2% of the net asset value of the relevant Class.

The net asset value per Unit of each Sub-Fund and the issue and redemption price thereof are available at the registered office of the Management Company and of each paying agent.

## **6. TEMPORARY SUSPENSION OF ISSUES, REDEMPTIONS AND SWITCHING**

The Management Company has the power to suspend the determination of the net asset value of the Units of one or several Sub-Funds during:

- a) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of the Sub-Fund concerned is quoted or dealt in, is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or

- b) the existence of any state of affairs which constitutes an emergency, as a result of which disposal or valuation of assets of the Sub-Fund concerned would be impracticable or detrimental to the interests of holders of Units of that Sub-Fund; or
- c) any disruption in the means of communication or computation normally employed in determining the price or value of the assets of the Sub-Fund concerned or the current prices or values on any market or stock exchange; or
- d) any period when the Management Company is unable to repatriate funds for the purpose of making substantial payments on the redemption of Units or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Units cannot in the opinion of the Management Company be effected at normal rates of exchange; or
- e) if the Fund or a Sub-Fund is being or may be wound-up; or
- f) any period when in the opinion of the Management Company there exist circumstances outside of the control of the Management Company where it would be impracticable or unfair towards the Unitholders to continue dealing in Units of any Sub-Fund of the Fund; or
- g) during any period when the determination of the net asset value per share of investment funds representing a material part of the assets of the relevant Sub-Fund is suspended; or
- h) where the Master UCITS of a Feeder UCITS temporarily suspends the repurchase, redemption or subscription of its units, whether at its own initiative or at the request of its competent authorities.

The issue, redemption and switching of Units in the Sub-Fund(s) concerned will also be suspended during any such period where the net asset value is not determined.

Any redemption or switching request made or in abeyance during such a suspension period may be withdrawn by written notice to be received by the Management Company before the end of such suspension period. Should such withdrawal not be effected, the Units in question shall be redeemed or switched on the first Valuation Day following the termination of the suspension period. In the event of such period being extended, notice shall be published in newspapers in the countries where the Units are sold. Investors who have requested the issue, redemption or switching of Units shall be informed of such suspension when such request is made.

## 7. INVESTMENT RESTRICTIONS

### I. (1) The Fund may invest in:

- a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
- b) 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 Regulated Market and such admission is secured within one year of the issue;
- c) units/shares of UCITS and/or other UCIs, whether situated in an EU member state or not, provided that:
  - such other UCIs are authorised under laws which state that they are subject to supervision considered by the *Commission de Surveillance du Secteur Financier* ("CSSF") as equivalent to that laid down in Community law and that co-operation between authorities is sufficiently ensured;
  - the level of protection for unitholders/shareholders in such other UCIs is equivalent to that provided for unitholders/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 Directive 2009/65/EC, as amended;
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units/shares of other UCITS or other UCIs.
- d) deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
- 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 Management Company's initiative;

and/or

f) Money Market Instruments other than those dealt in on a Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of an EU member state, the European Central Bank, the EU or the European Investment Bank, a non-EU member state or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU member states belong; or
- issued by an undertaking any securities of which are dealt in on Regulated Markets; or
- issued or guaranteed by a an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down in the Community law; or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are

subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (EURO 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Management Company, on behalf of the Fund, may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to under (1) above.

II. The Fund may hold ancillary liquid assets.

- III. a) (i) The Management Company will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities or Money Market Instruments issued by the same issuing body.
- (ii) The Management Company may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body.
- (iii) The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) d) above or 5% of its net assets in other cases.
- b) Moreover, where the Management Company holds on behalf of a Sub-Fund investment in Transferable Securities and Money Market Instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), the Management Company may not combine for each Sub-Fund:

- investments in Transferable Securities or Money Market Instruments issued by a single body;

- deposits made with the same body; and/or
- exposure arising from OTC derivative transactions undertaken with the same body;

in excess of 20% of its net assets.

- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by an EU member state, by its public local authorities, or by a third country or by public international bodies of which one or more EU member states belong.
- d) The limit of 10% laid down in sub-paragraph a) (i) may be increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a member state of the EU and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

- e) The Transferable Securities and Money Market Instruments referred to in paragraphs c) and d) shall not be taken into account for the purpose of applying the limit of 40% in paragraph b).

The limits set out in paragraphs a), b), c) and d) may not be combined, thus investments in Transferable Securities or Money Market Instruments issued by the same issuing body or in deposits or in derivative instruments made with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III.

The Management Company may cumulatively invest up to 20% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments within the same group.

- f) **Notwithstanding the above provisions, the Management Company is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a member state of the EU, by its local authorities or agencies, or by a state accepted by the CSSF (being at the date of this Prospectus OECD member states, Singapore or any member state of the Group of Twenty or by public international bodies of which one or more member states of the EU are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

IV. a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is recognised by the CSSF and is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.

- b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on 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.

V. a) The Management Company may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

- b) The Management Company, on behalf of the Sub-Fund, may acquire no more than:

- 10% of the non-voting shares of the same issuer;
- 10% of the debt securities of the same issuer;
- 10% of the Money Market Instruments of the same issuer.

- c) These limits under second and third indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money

market instruments or the net amount of the instruments in issue cannot be calculated.

The provisions of paragraph V. shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a member state of the EU or its local authorities or by a non-member state of the EU, or issued by public international bodies of which one or more member states of the EU are members.

These provisions are also waived as regards shares held by the Fund in the capital of a company incorporated in a non-member state of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Management Company, on behalf of the Fund, can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the non-member state of the EU complies with the limits laid down in paragraph III., V. and VI. a), b), and c).

- VI.
- a) The Management Company, on behalf of the Fund, may acquire units/shares of the UCITS and/or other UCIs referred to in paragraph I) (1) c), provided that no more than 10% of a Sub-Fund's net assets be invested in the units/shares of UCITS or other UCIs or in one single such UCITS or other UCI unless otherwise specified in the relevant Annex for a particular Sub-Fund.
  - b) If a Sub-Fund may invest more than 10% of its net assets in units/shares of UCITS or other UCIs, such Sub-Fund may not invest more than 20% of its net assets in units/shares of a single UCITS or other UCI. For the purpose of the application of this investment limit, each compartment of a UCITS or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments *vis-à-vis* third parties is ensured.
  - c) The underlying investments held by the UCITS or other UCIs in which the Management Company, on behalf of the Fund, invests do not have to be considered for the purpose of the investment restrictions set forth under paragraph III. above.
  - d) Investments made in units of other UCIs may not, in aggregate, exceed 30% of the net assets of such Sub-Fund.
  - e) When the Management Company, on behalf of the Fund, invests in the units/shares of UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding, the Management Company or other

company cannot charge subscription or redemption fees on account of the Fund's investment in the units of such other UCITS and/or UCIs.

If any Sub-Fund's investments in UCITS and other UCIs constitute a substantial proportion of the Sub-Fund's assets, the total management fee (excluding any performance fee, if any) charged both to such Sub-Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 5% of the relevant assets. The Management Company will indicate in the annual report of the Fund the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- f) The Management Company, on behalf of the Fund, may acquire no more than 25% of the units/shares of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units/shares in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units/shares issued by the UCITS or other UCI concerned, all compartments combined.

- VII. The Management Company shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the net assets of the relevant Sub-Fund.

The 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. This shall also apply to the following subparagraphs.

If the Management Company, on behalf of the Fund, invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III above. When the Management Company, on behalf of the Fund, invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in paragraph III.

When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- VIII. a) The Management Company may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Management Company, on behalf of the Fund, may acquire foreign currencies by means of back-to-back loans.

- b) The Management Company, on behalf of the Fund, may not grant loans to or act as guarantor on behalf of third parties.

This restriction shall not prevent the Management Company, on behalf of the Fund, from (i) acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid, and (ii) performing permitted securities lending activities, that shall not be deemed to constitute the making of a loan.

- c) The Management Company, on behalf of the Fund, may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
- d) The Management Company, on behalf of the Fund, may not acquire movable or immovable property.
- e) The Management Company, on behalf of the Fund, may not acquire either precious metals or certificates representing them.

- IX.
- a) The Management Company, on behalf of the Fund, needs not comply with the limits laid down in the above mentioned investment restrictions when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.
  - b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for the sales transactions of the Fund the remedying of that situation, taking due account of the interest of the Unitholders.
  - c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III., IV. and VI.

The Management Company may adopt further investment restrictions in order to conform to the requirements of such countries where the Units shall be distributed.

X. A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds (each, a "Target Sub-Fund") under the condition however that:

- the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s); and
- no more than 10% of the assets that the Target Sub-Fund(s) whose acquisition is contemplated may be invested in units of other Target Sub-Funds; and
- voting rights, if any, attaching to the Units of the Target Sub-Fund(s) are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Sub-Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law.

XI. Under the conditions and within the limits laid down by the 2010 Law, the Management Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create any Sub-Fund qualifying either as a feeder UCITS (a "Feeder UCITS") or as a master UCITS (a "Master UCITS"), (ii) convert any existing Sub-Fund into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.

A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS.

A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets;
- financial derivative instruments, which may be used only for hedging purposes.

## **8. USE OF TECHNIQUES AND INSTRUMENTS AND FINANCIAL DERIVATIVE INSTRUMENTS**

### **TECHNIQUES AND INSTRUMENTS**

The Management Company may, on behalf of each Sub-Fund and subject to the conditions and within the limits laid down in the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions, employ techniques and instruments relating to Transferable Securities and Money Market Instruments

provided that such techniques and instruments are used for efficient portfolio management purposes or to provide protection against risk. Such techniques and instruments may include, but are not limited to, engaging in transactions in financial derivative instruments such as futures, forwards, options, swaps and swaptions. The Management Company, on behalf of the Fund (subject as aforesaid), may employ such techniques and instruments in accordance with the applicable laws and regulations.

#### *Authorised transactions*

To the maximum extent allowed by, and within the limits set forth in, the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions and in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investment (as may be amended or replaced), of (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to Transferable Securities and Money Market Instruments, and of (iii) the ESMA Guidelines on ETFs and other UCITS issues dated 1 August 2014, ESMA/2014/937 (the "ESMA Guidelines") (as these pieces of regulations may be amended or replaced from time to time), the Management Company, on behalf of each Sub-Fund, may for the purpose of generating additional capital or income or for reducing costs or risks (A) engage in securities lending transactions, and (B) enter, either as purchaser or seller, into optional as well as non optional repurchase transactions with highly rated financial institutions specialised in this type of transaction.

#### *Possible reinvestment of cash collateral*

As the case may be, cash collateral received by each Sub-Fund in relation to any of these transactions may be reinvested in a manner consistent with the requirements of section "Collateral policy" below.

#### *Collateral policy*

Where a Sub-Fund engages in the securities lending transactions, or enters into the repurchase agreements, all collateral used to reduce counterparty risk exposure shall comply with the following criteria at all times:

- i) Any collateral received other than cash shall 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 shall also comply with the provisions of article 48 of the 2010 Law.
- ii) Collateral received shall be valued on at least a daily basis. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.
- iii) Collateral received shall be of high quality.

- iv) Collateral received shall 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.
- v) Collateral shall 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 efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral shall be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Sub-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, an OECD member state, Singapore, Brazil, Indonesia, Russia or South Africa, or a public international body to which one or more Member States belong. In that case the Sub-Fund shall receive securities from at least six different issues, but securities from any single issue shall not account for more than 30% of the net asset value of the Sub-Fund.
- vi) Where there is a title transfer, the collateral received shall be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- vii) Collateral received shall be capable of being fully enforced by the Management Company at any time without reference to or approval from the counterparty.
- viii) Non-cash collateral received shall not be sold, re-invested or pledged.
- ix) Cash collateral shall only be:
  - placed on deposit with entities as prescribed in article 41 (1) (f) of the 2010 Law;
  - invested in high-quality government bonds;
  - used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund is able to recall at any time the full amount of cash on accrued basis;
  - invested in short-term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds".
- x) Re-invested cash collateral shall be diversified in accordance with the diversification requirements applicable to non-cash collateral.

*a. Eligible Collateral*

Collateral received shall predominantly be:

- (i) cash; and

- (ii) bonds issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and undertakings with EU, regional or world-wide scope.

*b. Haircut and Valuation*

Collateral received from the counterparty to an OTC derivative transaction may be offset against gross counterparty exposure provided it meets a range of standards, including those for liquidity, valuation, issuer credit quality, correlation and diversification. In offsetting collateral its value is reduced by a percentage (a “haircut”) which provides, inter alia, a buffer against short term fluctuations in the value of the exposure and of the collateral. Collateral levels are maintained to ensure that net counterparty exposure does not exceed the limits per counterparty as set out. Following haircuts are applied by the Management Company (the Management Company reserves the right to vary this policy at any time in which case this Prospectus will be updated accordingly):

Eligible Collateral	Remaining Maturity	Maximum Valuation Percentage
Cash	N/A	100%
Bonds issued or guaranteed by a Member State of the OECD or by their local authorities or supranational institutions and undertakings with EU, regional or world-wide scope	less than 1 year	100%
	greater than 1 year but less than 5 years	98%
	greater than 5 years but less than 10 years	97%
	greater than 10 years but less than 30 years	95%

Collateral received from the counterparty to a stock lending transaction is typically a minimum of 100% of the market value of the lent securities.

Description of certain risks associated with the above transactions

*General*

Use of the aforesaid techniques and instruments involves certain risks, some of which are listed in the following paragraphs, and there can be no assurance that the objective sought to be obtained from such use will be achieved.

### *Optional and non-optional repurchase and reverse repurchase transactions*

In relation to reverse repurchase transactions and sale with right of repurchase transactions in which a Sub-Fund acts as purchaser, investors must notably be aware that (a) in the event of the failure of the counterparty from which securities have been purchased, there is the risk that the value of the securities purchased may yield less than the cash originally paid, notably because of inaccurate pricing of said securities, an adverse market value evolution, a deterioration in the credit rating of the issuers of such securities, or the illiquidity of the market in which these are traded, and that (b) locking cash in transactions of excessive size or duration, and/or delays in recovering cash at maturity may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment.

In relation to repurchase transactions and sale with right of repurchase transactions in which a Sub-Fund acts as seller, investors must notably be aware that (a) in the event of the failure of the counterparty to which securities have been sold, there is the risk that the value of the securities sold to the counterparty is higher than the cash originally received, notably because of a market appreciation of the value of said securities or an improvement in the credit rating of their issuer, and that (b) locking investment positions in transactions of excessive size or duration, and/or delays in recovering, at maturity, the securities sold, may restrict the ability of the Sub-Fund to meet delivery obligations under security sales or payment obligations arising from redemption requests. Repurchase and reverse repurchase transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments.

### *Securities lending*

In relation to securities lending transactions, investors must notably be aware that (a) if the borrower of securities lent by a Sub-Fund fail to return these there is a risk that the collateral received may be realised at a lower value than the value of the securities lent out, notably due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of the issuers, or the illiquidity of the market; and that (b) delays in the return of securities lent out may restrict the ability of a Sub-Fund to meet delivery obligations under security sales and as the case may be ultimately payment obligations arising from redemption requests.

### *Cash reinvestment*

In case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund, or (iii) yield a sum less than the amount of collateral to be returned. More generally, assets in which cash is reinvested are subject to the same risks as those further described in other sections of this Prospectus in relation to direct investment of the Sub-Fund.

## **FINANCIAL DERIVATIVE INSTRUMENTS**

The Management Company, on behalf of each Sub-Fund, may, subject to the conditions and within the limits laid down in the 2010 Law and any present or future related Luxembourg laws or implementing regulations, circulars and CSSF positions (the "Regulations"), invest in financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. If for a Sub-Fund such financial derivative instruments are also used for investment purposes, this will be set out in its investment objective and policy. Financial derivative instruments include, but are not limited to, futures, options, swaps (including, but not limited to, credit and credit-default, interest rate and inflation swaps), forward foreign currency contracts and credit linked notes. The Management Company, on behalf of each Sub-Fund, may enter into transactions which include but are not limited to interest rate, equity, index and government bond futures and the purchase and writing of call and put options on securities, securities indices, government bond futures, interest rate futures and swaps. The Management Company, on behalf of this Sub-Fund, may employ such financial derivative instruments in accordance with the Regulations.

If a Sub-Fund invests in index-based derivatives or enters into total return swap or invests in other financial instruments with similar characteristics, the information required under the ESMA Guidelines shall be disclosed in the relevant Annex for such Sub-Fund.

## **9. RISK MANAGEMENT PROCESS**

The Management Company will employ a risk management process which enables it with the Investment Manager of each Sub-Fund to monitor and measure reasonably at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company or the Investment Manager if any of the relevant Sub-Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

Unless otherwise provided in the relevant Annex for a particular Sub-Fund, the global exposure of each Sub-Fund is calculated using the commitment approach as detailed, in applicable laws and regulations, including but not limited to CSSF Circular 11/512.

## **10. MATERIAL CONTRACTS**

The following material contracts have been or shall be entered into:

- a) The Management Regulations.
- b) The Depositary Agreement dated as of 7 July 2016 between the Management Company and Brown Brothers Harriman (Luxembourg) S.C.A.

- c) The Administrative Agent Agreement dated as of 1 May 2012 between the Management Company and Brown Brothers Harriman (Luxembourg) S.C.A.
- d) The Investment Management Agreement dated as of 1 May 2012 between the Management Company and Nikko Asset Management Co., Ltd.
- e) The Investment Management Agreement dated as of 11 June 2012 between the Management Company and Nikko Asset Management Asia Limited.
- f) The Investment Management Agreement dated as of 11 June 2012 between the Management Company and Nikko AM Limited (formerly known as Tyndall Investment Management Limited).

## **11) DOCUMENTS AND INFORMATION AVAILABLE TO INVESTORS**

Copies of the contracts mentioned in Section 10) "GENERAL INFORMATION, 10. Material Contracts" above are available for inspection, and copies of the Management Regulations, the current Prospectus, the most recent KIID of the Sub-Funds and the latest financial reports referred to in Section 10) "GENERAL INFORMATION, 3. Reports and Accounts" above may be obtained free of charge during normal office hours at the registered office of the Management Company, the Depositary or at the addresses of the paying agents (or a distributor if applicable).

The issue and redemption prices are available at any time at the registered office of the Management Company, the Depositary and at the offices of the paying agents (or a distributor if applicable). The Management Company shall seek to have Unit prices published adequately in the countries where the Units are registered for public distribution.

Any information other than that contained in this Prospectus and in the documents mentioned therein or information commonly available to the public shall be considered as unauthorised.

## **12) HISTORIC PERFORMANCE**

The historic performance of each Sub-Fund is detailed in the KIID that is available at the registered office of the Management Company and on the website: <http://www.nikkoam.lu>

## **ANNEX I. NIKKO AM GLOBAL UMBRELLA TRUST – HIGH INCOME SOVEREIGN INDEX FUND**

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### **1. Name of the Sub-Fund**

NIKKO AM GLOBAL UMBRELLA TRUST – HIGH INCOME SOVEREIGN INDEX FUND

### **2. Investment Objectives and Policy**

The Sub-Fund seeks to provide Unitholders with a return linked as closely as possible to the performance of Bloomberg Barclays International High Income Sovereign Index (un-hedged, Yen base) (the "Index").

The Sub-Fund will replicate the performance of the Index by investing directly in the component securities of the Index. In investing in the component securities of the Index, the Sub-Fund may use the sampling strategy. The "sampling strategy" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the Index. The Sub-Fund may or may not hold all of the component securities in the Index.

Under normal market conditions, the Sub-Fund generally invests substantially all of its total assets in the component securities of the Index. However, under certain market circumstances, the Sub-Fund may also invest in other sovereign debt securities that the Investment Manager determines have economic characteristics that are substantially identical to the economic characteristics of the securities that comprise the Index. Such sovereign debt securities include those issued or guaranteed by sovereign governments, their local authorities as well as those issued or guaranteed by supranational organizations.

In addition, the Sub-Fund may invest in cash and cash equivalents or money market instruments or futures contracts in seeking the performance that corresponds to its Index and in managing cash flows.

The Index is designed to measure the performance of high-yield government debts of countries worldwide. More specifically, the Index will be consisted of, in principle, seven (7) higher -yield countries selected from those represented in the Group of Twenty but excluding Japan. The Index tracks local currency government debts of countries that are rated investment grade (Baa3/BBB-/BBB- or higher using the middle rating of Moody's Investors Service, Inc., Standard & Poor's, Inc. and Fitch Inc., respectively). In addition, the component securities in the Index must be fixed-rate and have certain minimum amounts outstanding, depending upon the currency in which the

bonds are denominated. Currently, Argentina, India, China and Saudi Arabia are excluded from the Index to provide a more investable universe of securities. At least two (2) countries out of such seven (7) countries must be developed countries, and only Germany from Euro zone is investible. If the eligible countries are less than seven (7), all eligible countries are selected for the Index. The country weights within the Index are determined based on the trailing three (3) year weighted average of nominal GDP (Gross Domestic Product), as published by the International Monetary Fund in US Dollars, of each constituent country, rather than such country's market capitalization; provided that the country exposure is limited to a maximum 20% and the excess weight will be redistributed index-wide on a pro-rata basis. The Index is sponsored by Bloomberg Index Services Limited (the "Index Provider") which is not affiliated with the Management Company or the Investment Manager. The Index Provider determines the composition of the Index, relative weightings of the component securities in the Index and publishes information regarding the market value of the Index. The eligible countries represented in the Index are rebalanced annually on January 1 and the Index will be rebalanced monthly back to the target GDP weight for each eligible country. The rebalancing frequency will have no impact in terms of costs in the context of the performance of the investment objective of the Sub-Fund.

The Index value may be obtained on Bloomberg at "BIHITRJU Index".

The Investment Manager will not, in principle, engage in currency hedging between the Reference Currency of the Classes of Units and the currency of the investments in the portfolio. However, there is a possibility that a currency strategy may be utilised via currency derivatives for risk management purposes.

#### Disclaimer:

The Index Provider is not the issuer or producer of the Sub-Fund and the Index Provider has no responsibilities, obligations or duties to investors in the Sub-Fund. The Index is a financial product. The Index is a trademark owned by the Index Provider and licensed for use by the Management Company as the issuer of the Sub-Fund. While the Management Company and the Investment Manager, on behalf of the Sub-Fund may for itself execute transaction(s) with the Index Provider in or relating to the Index in connection with the Sub-Fund investors acquire the Sub-Fund from the Management Company and investors neither acquire any interest in the Index nor enter into any relationship of any kind whatsoever with the Index Provider upon making an investment in the Sub-Fund. The Sub-Fund are not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider does not make any representation or warranty, express or implied regarding the advisability of investing in the Sub-Fund or the advisability of investing in securities generally. The Index Provider's only relationship with the Sub-Fund is the licensing of the Index, which is determined, composed and calculated by the Index Provider without regard to the Sub-Fund. The

Index Provider has no obligation to take the needs of the Issuer or the owners of the Sub-Fund into consideration in determining, composing or calculating the Index. The Index Provider has no obligation or liability in connection with administration, marketing or trading of the Sub-Fund.

The licensing agreement between the Management Company and the Index Provider is solely for the benefit of the Sub-Fund and the Index Provider and not for the benefit of the owners of the Sub-Fund, investors or other third parties.

THE INDEX PROVIDER SHALL HAVE NO LIABILITY TO THE ISSUER, INVESTORS OR TO OTHER THIRD PARTIES FOR THE QUALITY, ACCURACY AND/OR COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN OR FOR INTERRUPTIONS IN THE DELIVERY OF THE INDEX. THE INDEX PROVIDER MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, THE INVESTORS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN. THE INDEX PROVIDER MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDEX OR ANY DATA INCLUDED THEREIN. THE INDEX PROVIDER SHALL NOT BE LIABLE FOR ANY DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY INDIRECT OR CONSEQUENTIAL DAMAGES, RESULTING FROM THE USE OF THE INDEX OR ANY DATA INCLUDED THEREIN.

Barclays Capital, Inc. is the investment banking division of Barclays Bank PLC. With a distinctive business model, Barclays Capital, Inc. provides corporates, financial institutions, governments and supranational organisations with solutions to their financing and risk management needs.

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### **3. Additional Investment Restrictions**

In addition to the investment restrictions under Section "10) GENERAL INFORMATION, 7. Investment Restrictions" of the Prospectus, the Sub-Fund shall comply with the following additional investment restrictions (the "Additional Investment Restrictions"):

- a) The Sub-Fund may not short sell securities.
- b) The Sub-Fund may not acquire the shares of any one company if as a result of such acquisition the total number of shares of such company held by all mutual funds managed by the Management Company would exceed 50% of the total number of all issued and outstanding shares of such company.
- c) In accordance with paragraph I. (2) of Section "10) GENERAL INFORMATION, 7. Investment Restrictions", the Sub-Fund will not invest more than 10% of its Net Asset Value in any illiquid assets such as unlisted stocks and shares which cannot be readily realized, unless appropriate measures have been taken to secure price transparency as required by Article 21 of the Standards for Selection for Foreign Investment Trust Securities issued by the Japan Securities Dealers Association as the same may be amended or substituted from time to time. The above percentage may be computed either at the time of the purchase or the current market price.
- d) No investment shall be purchased, made or added to if as a result thereof more than 50% of the net asset value of the Sub-Fund would consist of assets which do not fall within the definition of "Securities" as defined in Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).
- e) Any transactions made by the Management Company, on behalf of the Sub-Fund, whichever such transactions are for the profit of the Management Company or any other third party that would be contrary to the protection of Unitholders or would be prejudicial to the proper management of the assets of the Sub-Fund shall be prohibited.
- f) The Sub-Fund may not invest more than 5% of its net asset value in shares or units of another fund-type instrument, excluding those traded on the stock exchanges, at any time.

The Additional Investment Restrictions set forth above shall not be deemed to have been breached if such a breach arises as a result of changes in the value of investments in the Sub-Fund brought about through movements in the market or other events beyond the control of, or without an action by, the Investment Manager. In such event

the Investment Manager promptly shall take in a prudent manner such steps as are necessary to comply with those Additional Investment Restrictions.

The Management Company may in its absolute discretion from time to time impose further Additional Investment Restrictions as shall be compatible with or in the interests of the Unitholders, in order to comply with the laws and regulations of the countries where Unitholders are located.

#### **4. Risk Factors**

##### *Index risk*

The amount of securities invested in by the Sub-Fund is defined by the Index Provider of the Sub-Fund. The component securities of the Sub-Fund's Index may change over time. There is no assurance that the Sub-Fund's Index will continue to be calculated and published on the basis described in this Annex or that it will not be amended significantly. The past performance of the Index is not a guide to future performance.

The Management Company reserve the right to substitute a different index for the Index that is discontinued or changed in any material way, if the Management Company's agreement with the Index Provider is terminated, or for any other reason determined in good faith by the Management Company, and with prior notification to or, where required, with the prior approval of, Unitholders. In any such instance, the substitute index would measure substantially the same market segment as the replaced Index.

Any change in the Index will be notified to the CSSF and will be noted in the annual and semi-annual reports of the Sub-Fund issued after any such change takes place.

##### *Index sampling risk*

As it would be expensive and inefficient to buy and sell all component securities of the Index, the Sub-Fund may use the index "sampling strategy" whereby the Sub-Fund selects a representative sample of component securities that approximates the full Index in terms of key risk factors and other characteristics. These factors include price/earnings ratio, industry weights, country weights, market capitalization, dividend yield, and other financial characteristics of stocks. While the Sub-Fund keeps currency, country, industry sector and subsector exposure within tight boundaries compared with that of the Index, there is the risk that the securities selected for the Sub-Fund, in the aggregate, will not provide investment performance matching that of the Index.

### *Passive investment risk*

The Sub-Fund is not actively managed and the Investment Manager does not attempt to take defensive positions under any market conditions, including during declining markets.

### *Sovereign obligations risk*

The Sub-Fund invests in securities issued by or guaranteed by sovereign governments, which may be unable or unwilling to repay principal or interest when due. In times of economic uncertainty, the prices of these securities may be more volatile than those of corporate debt obligations or of other government debt obligations.

### *Tracking error risk*

The tracking error is defined as the standard deviation of the difference in returns between a Sub-Fund and its benchmark index. The anticipated tracking error is based on the expected volatility of differences between the returns of the Sub-Fund and the returns of the Index. One of the primary drivers of tracking error is the difference between Sub-Fund holdings and the Index constituents. Cash management and trading costs from rebalancing can also have an impact on tracking error as well as the return differential between the Sub-Fund and the Index. The impact can be either positive or negative depending on the underlying circumstances. In addition the Sub-Fund may also have a tracking error due to withholding tax suffered by the Sub-Fund on any income received from its investments. The level and quantum of tracking error arising due to withholding taxes depends on various factors such as any reclaims filed by the Sub-Fund with various tax authorities, any benefits obtained by the Sub-Fund under a tax treaty or any securities lending activities carried out by the Sub-Fund. The anticipated tracking error of the Sub-Fund is not a guide to future performance. At the date of this Prospectus, the anticipated tracking error for the Sub-Fund in normal market conditions is up to 1.20%.

In addition, the attention of the investors is drawn to the section "2) INVESTMENT OBJECTIVES AND POLICIES – RISK WARNINGS" contained in this Prospectus.

## **5. Profile of Suitable Investor**

The Sub-Fund is intended for investors who are willing to take on foreign currency risk, including emerging market currency risk, seeking capital growth over the long term whilst retaining income within the Sub-Fund.

**6. Business Day**

The Business Day for the Sub-Fund shall mean a day other than Saturday or Sunday, on which banks and stock exchanges are open for normal business in London and New York.

**7. Valuation Day**

The Valuation Day applicable to the Sub-Fund is each Business Day.

**8. Unit Classes**

Class A Units are available for subscription and are reserved to Institutional Investors approved by the Management Company.

Class B Units are available for subscription to all investors.

**9. Issue of Units**

Class B Units will be offered during an initial offering period, which shall be determined by the Management Company.

Following the Initial Offering Period, the issue price of Class A and B Units of the Sub-Fund shall be the net asset value per Unit for the relevant Class calculated on the applicable Valuation Day. Any taxes that may be applicable on the issue of Class A and B Units shall be charged in addition.

Applications to subscribe will normally be satisfied on each Valuation Day provided that the application is received by the Administrative Agent by 3:00 p.m. Luxembourg time (the "Cut-Off Time") on the Valuation Day. Any applications to subscribe received after such time will be carried forward to and dealt with on the next Valuation Day.

Payment for Units issued must be received within two (2) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in London, New York and Japan. Should the payment not be received by 3:00 p.m. Luxembourg time on such business day, the Management Company may, at its discretion, either accept the payment and issue Units or decline to accept the payment and refuse to issue Units.

The applications received after the Cut-Off Time on the relevant Valuation Day will be handled on the following Valuation Day.

## **10. Redemption of Units**

Unitholders may request the redemption of their Units in the Sub-Fund on each Valuation Day at the relevant redemption price. Applications to redeem must be received by the Administrative Agent by the Cut-Off Time on the relevant Valuation Day on which the redemption is intended to be effected. Any applications to redeem received after the Cut-Off Time will be carried forward to and dealt with on the next Valuation Day. The redemption price shall be the net asset value per Unit of the relevant Class determined on the applicable Valuation Day. Consequently, depending on the movement in the net asset value, the redemption price may be higher or lower than the issue price paid.

Unless specific statutory provisions such as foreign exchange restrictions or other circumstances beyond the Depositary's control make it impossible to transfer the redemption proceeds to the country where the redemption was requested, payment for Units will generally be made within five (5) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in London, New York and Japan.

Payment of the redemptions proceeds may be made in the Reference Currency (as defined hereafter) of the Class.

## **11. Investment Manager**

Pursuant to the investment management agreement (the "Investment Management Agreement"), the Management Company on behalf of the Sub-Fund has appointed Nikko Asset Management Co., Ltd. as investment manager ("Nikko AM") to the Sub-Fund with full discretionary authority and responsibility to manage the day-to-day operations and to invest and reinvest the assets of the Sub-Fund. Further, Nikko AM has the authority to sell, exchange, or otherwise transfer all or any portion of the Sub-Fund's assets. None of the foregoing actions requires the approval of the Management Company or the Unitholders, but subject to the Investment Objective and Policies, and Additional Investment Restrictions set out in this Appendix and the Investment Management Agreement.

Nikko AM is licensed to provide securities investment advisory services in Japan and registered as investment advisor with the US Securities and Exchange Commission. Nikko AM has a head office in Tokyo and local offices in Singapore, Hong Kong, Sydney, Melbourne, Brisbane and Auckland as well as New York and London. Nikko AM is majority owned by The Sumitomo Trust and Banking Co., Ltd.

## **12. Reference Currency**

YEN for the Sub-Fund

YEN for Class A and Class B Units

## **13. Fees and Expenses**

The Management Company is entitled to receive EUR 90,000 per annum as fee out of the assets of the Sub-Fund. Such fee shall be invoiced on a monthly basis.

The Administrative Agent is entitled to receive fees out of the assets of the Sub-Fund calculated and payable monthly at the rate of up to 0.03% based on the average daily aggregate net asset value of the Sub-Fund during the relevant calendar month, subject to the total maximum amount of EUR 231,000 per annum.

The Sub-Fund will pay custody fees comprising of asset based fees and transaction-based fees (the rates of which vary depending on the markets in which the Sub-Fund invests). Total of these fees shall be shown in the annual report of the Fund.

The Sub-Fund will bear its own organisational expenses and a share of the organisational expenses of the Fund. Additional expenses in relation to Class A, which are estimated approximately EUR 500,000; incl. the costs associated with notice to the investors of Class A Units, will be paid out of the proceeds from issuing Class A Units, and will be amortised within 12 months.

In addition, the Sub-Fund will bear license fees for use of the Index as well as use of its data.

A dilution levy of 0.20% may be applied to the redemption proceeds payable to the redeeming Unitholders of Class A Units which will remain part of the assets of the Sub-Fund for the benefit of the remaining Unitholders.

## **14. Distribution Policy**

The Management Company may, from time to time, make distributions to Unitholders of a Class of Units of the Sub-Fund of such amount and frequency as shall be determined by the Management Company, which shall be paid out of the net income and thereafter out of capital of the Sub-Fund attributable to such Class of Units of the Sub-Fund.

In respect to Class A Units, the Management Company may declare distributions every month which, if declared, will be paid in cash. The net asset value per Unit determined on the 22nd day of each month (if such day is not a Valuation Day, the next following Valuation Day) (an "Ex-Distribution Date") will be the ex-distribution Net Asset Value

per Unit. A Unitholder who submits subscription documents on or before the Business Day immediately prior to the relevant Ex-Distribution Date will be entitled to receive relevant distributions. Subject to applicable law, the amount of distributions to be paid to Unitholders, if any, will be determined by the Management Company in its sole discretion. Distributions, if any, will be paid to the relevant Unitholders generally on the second business day following the relevant Ex-Distribution Date. For the purpose of this paragraph, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in London, New York and Japan.

## 15. ISIN and Common Code

	ISIN	Common Code
Class A	LU0781533343	781533343
Class B	LU0781533426	781533426

## **ANNEX II. NIKKO AM GLOBAL UMBRELLA TRUST – ASIA HIGH YIELD BOND FUND**

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### **1. Name of the Sub-Fund**

NIKKO AM GLOBAL UMBRELLA TRUST – ASIA HIGH YIELD BOND FUND

### **2. Investment Objectives and Policy**

The Sub-Fund seeks to achieve a high level of income and capital appreciation over the mid to long term through investment in Asian high yield fixed income securities.

In order to achieve this investment objective, the Sub-Fund intends to invest mainly in USD denominated high yield fixed income securities which are issued by corporate and quasi-sovereign issuers operating in the Asian region. For the purpose of this Annex the Asian region shall consist of those countries represented in J.P. Morgan Asia Credit Index (the "JACI"), and "quasi-sovereign" issuers shall be defined as entities owned 50% or more by governments in the Asian region.

The Sub-Fund will invest at least 70% of its net assets in fixed income securities issued by corporate and quasi-sovereign issuers which are:

- (i) rated Ba1/BB+ or lower by Moody's Investors Service, Inc. (Moody's) and/or Standard & Poor's, Inc. (S&P); or
- (ii) unrated by either of Moody's or S&P;

at the time of investment. However, investments in such fixed income securities which are rated Caa1/CCC+ or lower by Moody's and/or S&P (if not rated, deemed of equivalent credit quality by the Investment Manager) may not exceed 10% of the net assets of the Sub-Fund. The Sub-Fund may also invest up to 15% of its net assets in high yield fixed income securities issued by corporate and quasi-sovereign issuers in the Asian region in other currencies than USD.

The Sub-Fund may also invest up to 30% of its net assets in other fixed income securities issued in the Asian region, such as investment grade corporate bonds or sovereign bonds; provided that investment in sovereign bonds may not exceed 10% of its net assets.

The Sub-Fund may hold ancillary liquid assets in current or deposit accounts or in regularly traded short term money market instruments denominated in USD or other currency issued or guaranteed by highly rated institutions and having a remaining maturity of less than twelve (12) months.

### *Currency Hedging*

The Investment Manager will not, in principle, engage in currency hedging between the Reference Currency of the Classes of Units and the currency of the investments in the portfolio.

However, the Sub-Fund may issue a currency hedged Class of Units. For the currency hedged Class of Units, the intention will be to hedge the value of the net assets in the Reference Currency of the Sub-Fund or the currency exposure of certain (but not necessarily all) assets of the Sub-Fund into either the Reference Currency of the currency hedged Class of Units, or into an alternative currency as specified in the name of the relevant Class of Units.

It is generally intended to carry out such hedging through the utilization of various techniques, including entering into Over The Counter ("OTC") currency forward contracts and foreign exchange swap agreements.

All costs and expenses incurred from the currency hedge transactions will be borne by the relevant currency hedged Class of Units.

### *Benchmark*

JACI - Non-investment Grade Corporate Index (JPY base) for Class A Un-hedged Units

JACI – Non-investment Grade Corporate Index (JPY hedged) for Class B JPY Hedged Units

JACI – Non-investment Grade Corporate Index (USD) for Class C Units

The assets of the Sub-Fund are subject to normal market risks and no assurance can be given that the Sub-Fund's objectives will be achieved and the value of Units and the income therefrom may go down as well as up.

## **3. Additional Investment Restrictions**

In addition to the investment restrictions under Section "10) GENERAL INFORMATION, 7. Investment Restrictions" of the Prospectus, the Sub-Fund shall comply with the following additional investment restrictions (the "Additional Investment Restrictions"):

- a) The Sub-Fund may not invest in equity securities.
- b) The Sub-Fund may not short sell securities.

c) The Sub-Fund may not acquire the shares of any one company if as a result of such acquisition the total number of shares of such company held by all mutual funds managed by the Management Company would exceed 50% of the total number of all issued and outstanding shares of such company.

d) In accordance with paragraph I (2) of Section "10) GENERAL INFORMATION, 7. Investment Restrictions", the Sub-Fund will not invest more than 10% of its Net Asset Value in any illiquid assets such as unlisted stocks and shares which cannot be readily realized, unless appropriate measures have been taken to secure price transparency as required by Article 21 of the Standards for Selection for Foreign Investment Trust Securities issued by the Japan Securities Dealers Association as the same may be amended or substituted from time to time. The above percentage may be computed either at the time of the purchase or the current market price.

e) No investment shall be purchased, made or added to if as a result thereof more than 50% of the net asset value of the Sub-Fund would consist of assets which do not fall within the definition of "Securities" as defined in Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).

f) Any transactions made by the Management Company, on behalf of the Sub-Fund, whichever such transactions are for the profit of the Management Company or any other third party that would be contrary to the protection of Unitholders or would be prejudicial to the proper management of the assets of the Sub-Fund shall be prohibited.

g) The Sub-Fund may not invest in shares or units of another fund-type instrument at any time.

The Additional Investment Restrictions set forth above shall not be deemed to have been breached if such a breach arises as a result of changes in the value of investments in the Sub-Fund brought about through movements in the market or other events beyond the control of, or without an action by, the Investment Manager. In such event the Investment Manager promptly shall take in a prudent manner such steps as are necessary to comply with those Additional Investment Restrictions.

The Management Company may in its absolute discretion from time to time impose further Additional Investment Restrictions as shall be compatible with or in the interests of the Unitholders, in order to comply with the laws and regulations of the countries where Unitholders are located.

#### **4. Risk Factors**

##### *High yield debt securities*

The Sub-Fund intends to invest mainly in higher yielding (and, therefore, higher risk) debt securities for investment purposes. Such securities may be below "investment grade" and face on going uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. The market prices of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. It is likely that a major economic recession or an environment characterised by a shortage of liquidity could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn or liquidity squeeze could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

##### *Below investment grade and non-rated securities*

The Sub-Fund may invest in securities which are below investment grade or which are non-rated. Investors should note that such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Fund's prices may be more volatile.

##### *Risks associated with bond issuers with smaller market capitalizations*

The general risks associated with fixed income securities can be particularly pronounced for securities issued by companies with smaller market capitalizations. These companies may have single or limited business areas, product lines, markets or financial resources or have businesses, properties and/or other assets concentrated in certain markets, sectors or geographical areas or they may depend on a few key employees. As a result, they may be subject to greater levels of credit, market and issuer risk. Bonds of smaller companies may trade less frequently and in lesser volumes than more widely held bonds of larger issuers and their values may fluctuate more sharply than other securities. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

### *Risks associated with investing in fixed income securities of emerging markets*

The Sub-Fund may invest in high yield fixed income securities in the Asian countries which are considered emerging markets. Investment in fixed income securities of emerging markets may be subject to a high risk as such securities may not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation.

Prospective investors should note that investments in emerging markets in Asia involve special considerations and risks. These include a possibility of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of such countries or the value of the Sub-Fund's investments. Apart from these, there are other risks which include, without limitation, currency fluctuations, the risks of investing in countries with smaller capital markets (such as limited liquidity, price volatility and restrictions on foreign investments), and additional risks associated with emerging economies (including high inflation and interest rates, and political and social uncertainties). Investors should be prepared for greater volatility from bonds issued in emerging markets than from developed bond market investments. Also, the economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Investments in products of emerging market may also become illiquid which may constrain the Investment Manager's ability to realise some or all of the portfolio.

The issuer or governmental authority that controls the repayment of an emerging market fixed income securities may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such fixed income securities. As a result of the foregoing, an issuer or a government obligor may default on its obligation. If such an event occurs, the Sub-Fund may have limited recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government fixed income securities to obtain recourse may be subject to the political climate in the relevant country.

### *Foreign exchange and capital controls*

Some countries within the Asian region may impose restrictions on foreign exchange, especially in relation to the repatriation of foreign funds. Such markets may prohibit the repatriation of foreign funds for a fixed time horizon and limit the percentage of invested funds to be repatriated at each time. Apart from repatriation of foreign funds, it may be possible that the Fund may not be permitted to repatriate capital, dividends, interest and income from emerging markets; or it may require government consents to

do so. Investments in an emerging market could be adversely affected by delays in, or refusal to grant, relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Consents granted prior to investment being made in any particular country may be varied or revoked, and new restrictions may be imposed.

#### *Dependence on management*

Although the overall supervision of the Sub-Fund is vested in the Management Company, the Sub-Fund's investment performance could be materially affected if certain key people were to die, become ill or disabled or otherwise cease to be involved in the active management of the Sub-Fund.

In addition, the attention of the investors is drawn to the section "2) INVESTMENT OBJECTIVES AND POLICIES – RISK WARNINGS" contained in this Prospectus.

### **5. Profile of Suitable Investor**

The Sub-Fund is intended for those investors who are seeking the potential for a high level of current income and capital appreciation and who are prepared to accept the special risks associated with investments in high yield bonds.

### **6. Business Day**

The Business Day for the Sub-Fund shall mean a day other than Saturday or Sunday, on which banks and stock exchanges are open for normal business in Singapore, and on which banks are open for normal business in New York.

### **7. Valuation Day**

The Valuation Day applicable to the Sub-Fund is each Business Day.

### **8. Unit Classes**

Class A Un-hedged Units and Class B JPY Hedged Units are available for subscription and are reserved to Institutional Investors approved by the Management Company.

Class C Units are available for subscription by all investors.

### **9. Issue of Units**

Class C Units will be offered during an initial offering period, which shall be determined by the Management Company.

Following the Initial Offering Period, the issue price of Units of the Sub-Fund shall be the net asset value per Unit for the relevant Class calculated on the applicable Valuation Day. Any taxes that may be applicable on the issue of Units shall be charged in addition.

Applications to subscribe will normally be satisfied on each Valuation Day provided that the application is received by the Administrative Agent by 3:00 p.m. Luxembourg time (the "Cut-Off Time") on the Valuation Day. Any applications to subscribe received after such time will be carried forward to and dealt with on the next Valuation Day.

Payment for Units issued must be received within two (2) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day applicable to Class A Un-hedged Units and Class B JPY Hedged Units shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan, and banks are open for normal business in New York. Should the payment not be received by 3:00 p.m. Luxembourg time on such business day, the Management Company may, at its discretion, either accept the payment and issue Units or decline to accept the payment and refuse to issue Units.

The applications received after the Cut-Off Time on the relevant Valuation Day will be handled on the following Valuation Day.

## **10. Redemption of Units**

Unitholders may request the redemption of their Units in the Sub-Fund on each Valuation Day at the relevant redemption price. Applications to redeem must be received by the Administrative Agent by the Cut-Off Time on the relevant Valuation Day on which the redemption is intended to be effected. Any applications to redeem received after the Cut-Off Time will be carried forward to and dealt with on the next Valuation Day. The redemption price shall be the net asset value per Unit of the relevant Class determined on the applicable Valuation Day. Consequently, depending on the movement in the net asset value, the redemption price may be higher or lower than the issue price paid.

Unless specific statutory provisions such as foreign exchange restrictions or other circumstances beyond the Depositary's control make it impossible to transfer the redemption proceeds to the country where the redemption was requested, payment for Units will generally be made within four (4) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day applicable to Class A Un-hedged Units and Class B JPY Hedged Units shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan, and banks are open for normal business in New York.

Payment of the redemptions proceeds may be made in the Reference Currency (as defined hereafter) of the Class.

## **11. Investment Manager**

Pursuant to the investment management agreement (the "Investment Management Agreement"), the Management Company on behalf of the Sub-Fund has appointed Nikko Asset Management Asia Limited as investment manager ("NAM Asia") to the Sub-Fund with full discretionary authority and responsibility to manage the day-to-day operations and to invest and reinvest the assets of the Sub-Fund. Further, NAM Asia has the authority to sell, exchange, or otherwise transfer all or any portion of the Sub-Fund's assets. None of the foregoing actions requires the approval of the Management Company or the Unitholders, but subject to the Investment Objective and Policies, and Additional Investment Restrictions set out in this Annex and the Investment Management Agreement.

NAM Asia, whose principal activities consist of the business of fund management and dealing in securities and trading in futures contracts, was incorporated in Singapore on 16 June 1982 as a public company limited by shares under the laws of Singapore. It holds a Capital Markets Services Licence for the regulated activity of Fund Management, Dealing in Securities and Trading in Futures Contracts issued by the Monetary Authority of Singapore.

## **12. Reference Currency**

USD for the Sub-Fund

YEN for Class A Un-hedged Units, Class B JPY Hedged Units

USD for Class C Units

## **13. Fees and Expenses**

The Management Company is entitled to receive the management fees out of the assets of the Sub-Fund at the rate of 0.64% per annum of its net asset value for Class A Un-hedged Units, Class B JPY Hedged Units, and at the rate up to 1.25% per annum of its net asset value for Class C Units, calculated monthly based on the average daily aggregate net asset values of the Sub-Fund during the relevant calendar month.

The Investment Manager is entitled to receive an investment management fee which will be paid by the Management Company out of the management fees.

Distributors are entitled to receive distribution fees which will also be paid by the Management Company out of the management fees.

The Investment Manager and the distributors may agree to waive all or part of their fee entitlement at their discretion in which case the fees to be paid out of the assets of the Sub-Fund to the Management Company will be reduced by the same amount.

The Administrative Agent is entitled to receive fees out of the assets of the Sub-Fund calculated and payable monthly at the rate of 0.05% based on the average daily aggregate net asset value of the Sub-Fund during the relevant calendar month.

The Sub-Fund will pay custody fees comprising of asset based fees and transaction-based fees (the rates of which vary depending on the markets in which the Sub-Fund invests). Total of these fees shall be shown in the annual report of the Fund.

The Sub-Fund will bear its own organisational expenses, which are estimated approximately EUR 5,000 and a share of the organisational expenses of the Fund. Such organisational expenses will be paid out of the proceeds from issuing Units, and will be amortised over a period of up to 5 years.

#### **14. Distribution Policy**

The Management Company may, from time to time, make distributions to Unitholders of a Class of Units of the Sub-Fund of such amount and frequency as shall be determined by the Management Company, which shall be paid out of the net income and thereafter out of capital of the Sub-Fund attributable to such Class of Units of the Sub-Fund.

In respect to Class A Un-hedged Units and Class B JPY Hedged Units, the Management Company may declare distributions every month which, if declared, will be paid in cash. The net asset value per Unit determined on the 8<sup>th</sup> day of each month (if such day is not a Valuation Day, the next following Valuation Day) (an "Ex-Distribution Date") will be the ex-distribution net asset value per Unit. A Unitholder who submits subscription documents on or before the Business Day immediately prior to the relevant Ex-Distribution Date will be entitled to receive relevant distributions. Subject to applicable law, the amount of distributions to be paid to Unitholders, if any, will be determined by the Management Company in its sole discretion. Distributions, if any, will be paid to the relevant Unitholders generally on the second business day following the relevant Ex-Distribution Date. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan and banks are open for normal business in New York.

**15. ISIN and Common Code**

	ISIN	Common Code
Class A Un-hedged	LU0794598283	794598283
Class B JPY Hedged	LU0794599174	794599174
Class C	LU0794599414	794599414

## **ANNEX III. NIKKO AM GLOBAL UMBRELLA TRUST – AUSTRALIAN BOND FUND**

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### **1. Name of the Sub-Fund**

NIKKO AM GLOBAL UMBRELLA TRUST – AUSTRALIAN BOND FUND

### **2. Investment Objectives and Policy**

The Sub-Fund seeks to provide investors with investment returns with an aim to outperform the benchmark returns over any rolling three-year period.

In order to achieve this investment objective, the Sub-Fund intends to invest mainly in investment grade fixed income securities denominated in AUD. Such fixed income securities include, but are not limited to, government and local government bonds, government guaranteed bonds, semi-government bonds and corporate bonds. Semi-government bonds in Australia refer to those securities issued, and guaranteed by Australian states via their treasury corporations, to fund Australian state and territory government expenditure or loans to local governments and state government-owned entities.

The Sub-Fund's portfolio is predominantly comprised of bonds with a credit rating of A-/A1 or above by Standard & Poor's, Inc. (S&P) or equivalent by Moody's Investors Service (Moody's) or Fitch Ratings (Fitch)(in the case of split rating, the rating by the credit agency in this order prevails). Exposure to bonds with a credit rating below the foregoing criteria or not rated by any of these credit agencies may not exceed 10% of the Sub-Fund's net assets. The Sub-Fund may not invest in securities with a credit rating below BBB-/A2 by S&P or equivalent by Moody's or Fitch (in the case of split rating, the rating by the credit agency in this order prevails) at the time of investment.

The Sub-Fund may also employ techniques and instruments relating to transferable securities and money market instruments, including but not limited to futures and swaps for the purpose of efficient portfolio management.

The Sub-Fund may hold ancillary liquid assets in current or deposit accounts or in regularly traded short term money market instruments denominated in AUD or other currency issued or guaranteed by highly rated institutions and having a remaining maturity of less than twelve (12) months.

The assets of the Sub-Fund are subject to normal market risks and no assurance can be given that the Sub-Fund's objectives will be achieved and the value of Units and the income therefrom may go down as well as up.

### **3. Additional Investment Restrictions**

In addition to the investment restrictions under Section "10) GENERAL INFORMATION, 7. Investment Restrictions" of the Prospectus, the Sub-Fund shall comply with the following additional investment restrictions (the "Additional Investment Restrictions"):

- a) The Sub-Fund may not invest in equity securities.
- b) The Sub-Fund may not short sell securities.
- c) The Sub-Fund may not acquire the shares of any one company if as a result of such acquisition the total number of shares of such company held by all mutual funds managed by the Management Company would exceed 50% of the total number of all issued and outstanding shares of such company.
- d) In accordance with paragraph I (2) of Section "10) GENERAL INFORMATION, 7. Investment Restrictions", the Sub-Fund will not invest more than 10% of its Net Asset Value in any illiquid assets such as unlisted stocks and shares which cannot be readily realized, unless appropriate measures have been taken to secure price transparency as required by Article 21 of the Standards for Selection for Foreign Investment Trust Securities issued by the Japan Securities Dealers Association as the same may be amended or substituted from time to time. The above percentage may be computed either at the time of the purchase or the current market price.
- e) No investment shall be purchased, made or added to if as a result thereof more than 50% of the net asset value of the Sub-Fund would consist of assets which do not fall within the definition of "Securities" as defined in Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).
- f) Any transactions made by the Management Company, on behalf of the Sub-Fund, whichever such transactions are for the profit of the Management Company or any other third party that would be contrary to the protection of Unitholders or would be prejudicial to the proper management of the assets of the Sub-Fund shall be prohibited.
- g) The Sub-Fund may not invest in shares or units of another fund-type instrument at any time.

The Additional Investment Restrictions set forth above shall not be deemed to have been breached if such a breach arises as a result of changes in the value of investments in the Sub-Fund brought about through movements in the market or other events beyond the control of, or without an action by, the Investment Manager. In such event

the Investment Manager promptly shall take in a prudent manner such steps as are necessary to comply with those Additional Investment Restrictions.

The Management Company may in its absolute discretion from time to time impose further Additional Investment Restrictions as shall be compatible with or in the interests of the Unitholders, in order to comply with the laws and regulations of the countries where Unitholders are located.

#### **4. Risk Factors**

##### *Non-rated securities*

The Sub-Fund may invest in securities which are non-rated. Investors should note that such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Fund's prices may be more volatile.

##### *Dependence on management*

Although the overall supervision of the Sub-Fund is vested in the Management Company, the Sub-Fund's investment performance could be materially affected if certain key people were to die, become ill or disabled or otherwise cease to be involved in the active management of the Sub-Fund.

In addition, the attention of the investors is drawn to the section "2) INVESTMENT OBJECTIVES AND POLICIES – RISK WARNINGS" contained in this Prospectus.

#### **5. Profile of Suitable Investor**

The Sub-Fund is intended for those investors who are willing to take a broad exposure to Australian bonds with a medium-to-long term investment horizon.

#### **6. Business Day**

The Business Day for the Sub-Fund shall mean a day other than Saturday or Sunday, on which banks are open for normal business in Sydney and New York.

#### **7. Valuation Day**

The Valuation Day applicable to the Sub-Fund is each Business Day.

## **8. Unit Classes**

Class A Units are available for subscription and are reserved to Institutional Investors approved by the Management Company.

Class B Units are available for subscription by all investors.

## **9. Issue of Units**

Class B Units will be offered during an initial offering period, which shall be determined by the Management Company.

Following the Initial Offering Period, the issue price of Units of the Sub-Fund shall be the net asset value per Unit for the relevant Class calculated on the applicable Valuation Day. Any taxes that may be applicable on the issue of Units shall be charged in addition.

Applications to subscribe will normally be satisfied on each Valuation Day provided that the application is received by the Administrative Agent by 3:00 p.m. Luxembourg time (the "Cut-Off Time") on the Valuation Day. Any applications to subscribe received after such time will be carried forward to and dealt with on the next Valuation Day.

Payment for Units issued must be received within three (3) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks are open for normal business in Sydney, New York and Japan. Should the payment not be received by 3:00 p.m. Luxembourg time on such business day, the Management Company may, at its discretion, either accept the payment and issue Units or decline to accept the payment and refuse to issue Units.

The applications received after the Cut-Off Time on the relevant Valuation Day will be handled on the following Valuation Day.

## **10. Redemption of Units**

Unitholders may request the redemption of their Units in the Sub-Fund on each Valuation Day at the relevant redemption price. Applications to redeem must be received by the Administrative Agent by the Cut-Off Time on the relevant Valuation Day on which the redemption is intended to be effected. Any applications to redeem received after the Cut-Off Time will be carried forward to and dealt with on the next Valuation Day. The redemption price shall be the net asset value per Unit of the relevant Class determined on the applicable Valuation Day. Consequently, depending

on the movement in the net asset value, the redemption price may be higher or lower than the issue price paid.

Unless specific statutory provisions such as foreign exchange restrictions or other circumstances beyond the Depositary's control make it impossible to transfer the redemption proceeds to the country where the redemption was requested, payment for Units will generally be made within four (4) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks are open for normal business in Sydney, New York and Japan.

Payment of the redemptions proceeds may be made in the Reference Currency (as defined hereafter) of the Class.

## **11. Investment Manager**

Pursuant to the investment management agreement (the "Investment Management Agreement"), the Management Company on behalf of the Sub-Fund has appointed Nikko AM Limited as investment manager ("NAML") to the Sub-Fund with full discretionary authority and responsibility to manage the day-to-day operations and to invest and reinvest the assets of the Sub-Fund. Further, NAML has the authority to sell, exchange, or otherwise transfer all or any portion of the Sub-Fund's assets. None of the foregoing actions requires the approval of the Management Company or the Unitholders, but subject to the Investment Objective and Policies, and Additional Investment Restrictions set out in this Annex and the Investment Management Agreement.

NAML holds an Australian Financial Services License 237563 that authorises it to provide general advice and investment management services to retail and wholesale clients. NAML is a wholly owned subsidiary of Nikko Asset Management Co., Ltd. NAML's registered office is Level 31, 420 George Street, Sydney, NSW Australia.

## **12. Reference Currency**

AUD for the Sub-Fund  
AUD for Class A Units  
JPY for Class B Units

## **13. Fees and Expenses**

The Management Company is entitled to receive the management fees out of the assets of the Sub-Fund at the rate of 0.49% per annum of its net asset value, calculated monthly based on the average daily aggregate net asset values of the Sub-Fund during the relevant calendar month.

The Investment Manager is entitled to receive an investment management fee which will be paid by the Management Company out of the management fees.

The Administrative Agent is entitled to receive fees out of the assets of the Sub-Fund calculated and payable monthly at the rate of 0.05% based on the average daily aggregate et asset value of the Sub-Fund during the relevant calendar month.

The Sub-Fund will pay custody fees comprising of asset based fees and transaction-based fees (the rates of which vary depending on the markets in which the Sub-Fund invests). Total of these fees shall be shown in the annual report of the Fund.

The Sub-Fund will bear its own organisational expenses, which are estimated approximately EUR 5,000 and a share of the organisational expenses of the Fund. Such Organisational Expenses will be paid out of the proceeds from issuing Units, and will be amortised over a period up to 5 years.

#### **14. Distribution Policy**

The Management Company may, from time to time, make distributions to Unitholders of a Class of Units of the Sub-Fund of such amount and frequency as shall be determined by the Management Company, which shall be paid out of the net income and thereafter out of capital of the Sub-Fund attributable to such Class of Units of the Sub-Fund.

In respect to Class A Units, the Management Company may declare distributions every month which, if declared, will be paid in cash. The net asset value per Unit determined on the 12<sup>th</sup> day of each month (if such day is not a Valuation Day, the next following Valuation Day) (an "Ex-Distribution Date") will be the ex-distribution Net Asset Value per Unit. A Unitholder who submits subscription documents on or before the Business Day immediately prior to the relevant Ex-Distribution Date will be entitled to receive relevant distributions. Subject to applicable law, the amount of distributions to be paid to Unitholders, if any, will be determined by the Management Company in its sole discretion. Distributions, if any, will be paid to the relevant Unitholders generally on the second business day following the relevant Ex-Distribution Date. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks are open for normal business in Sydney, New York and Japan.

#### **15. ISIN and Common Code**

	ISIN	Common Code
Class A	LU0795850253	795850253
Class B	LU0795850501	795850501

## **ANNEX IV. NIKKO AM GLOBAL UMBRELLA TRUST – ASIA HIGH DIVIDEND EQUITY FUND**

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### **1. Name of the Sub-Fund**

NIKKO AM GLOBAL UMBRELLA TRUST – ASIA HIGH DIVIDEND EQUITY FUND

### **2. Investment Objectives and Policy**

The investment objective of the Sub-Fund is to provide Unitholders with total return through a combination of current income, capital gains and capital appreciation.

The Sub-Fund will seek to achieve the investment objective by constructing a portfolio of dividend producing equity securities listed and traded on the stock exchanges in the countries represented in the MSCI AC (All Countries) Asia ex Japan Index (net, un-hedged) (the "Reference Index").

The Sub-Fund will select companies with relatively strong sustainable cash flows and stable dividend payout. In addition, top down approach will be used to select companies that are likely to be exposed to positive forces driving growth in Asia. Further, in principle, an average dividend yield of the portfolio shall be maintained at or above that of the Reference Index. Under normal market conditions, the Sub-Fund will invest at least 90% of its total net assets in equity securities; provided that this shall not apply during the time of the portfolio construction, or in the case where large subscription or redemption requests are received or in other extra ordinal circumstances. The Sub-Fund normally expects that its assets will be invested across a broad range of countries, industries and market sectors, including investments in issuers located in countries with emerging markets. Equity securities held by the Sub-Fund may include common stocks, preferred shares, convertible securities, warrants, depositary receipts, ETFs and closed-ended REITs.

The Sub-Fund may hold ancillary liquid assets in current or deposit accounts or in regularly traded short term money market instruments denominated in USD or other currency issued or guaranteed by highly rated institutions and having a remaining maturity of less than twelve (12) months.

The Investment Manager will not, in principle, engage in currency hedging between the Reference Currency of the Classes of Units and the currency of the investments in the portfolio.

## *Reference Index*

The MSCI AC (All Countries) Asia ex Japan Index (net, un-hedged).

The assets of the Sub-Fund are subject to normal market risks and no assurance can be given that the Sub-Fund's objectives will be achieved and the value of Units and the income therefrom may go down as well as up.

### **3. Additional Investment Restrictions**

In addition to the investment restrictions under Section "10) GENERAL INFORMATION, 7. Investment Restrictions" of the Prospectus, the Sub-Fund shall comply with the following additional investment restrictions (the "Additional Investment Restrictions"):

- a) The Sub-Fund may not short sell securities.
- b) The Sub-Fund may not acquire the shares of any one company if as a result of such acquisition the total number of shares of such company held by all mutual funds managed by the Management Company would exceed 50% of the total number of all issued and outstanding shares of such company.
- c) In accordance with paragraph I (2) of Section "10) GENERAL INFORMATION, 7. Investment Restrictions", the Sub-Fund will not invest more than 10% of its Net Asset Value in any illiquid assets such as unlisted stocks and shares which cannot be readily realized, unless appropriate measures have been taken to secure price transparency as required by Article 21 of the Standards for Selection for Foreign Investment Trust Securities issued by the Japan Securities Dealers Association as the same may be amended or substituted from time to time. The above percentage may be computed either at the time of the purchase or the current market price.
- d) No investment shall be purchased, made or added to if as a result thereof more than 50% of the net asset value of the Sub-Fund would consist of assets which do not fall within the definition of "Securities" as defined in Paragraph 1 of Article 2 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).
- e) Any transactions made by the Management Company, on behalf of the Sub-Fund, whichever such transactions are for the profit of the Management Company or any other third party that would be contrary to the protection of Unitholders or would be prejudicial to the proper management of the assets of the Sub-Fund shall be prohibited.

f) The Sub-Fund may not invest more than 20% of its net asset value in shares or units of another fund-type instrument, and investments made in fund-type instruments may not, in aggregate, exceed 30% of its net asset value.

The Additional Investment Restrictions set forth above shall not be deemed to have been breached if such a breach arises as a result of changes in the value of investments in the Sub-Fund brought about through movements in the market or other events beyond the control of, or without an action by, the Investment Manager. In such event the Investment Manager promptly shall take in a prudent manner such steps as are necessary to comply with those Additional Investment Restrictions.

The Management Company may in its absolute discretion from time to time impose further Additional Investment Restrictions as shall be compatible with or in the interests of the Unitholders, in order to comply with the laws and regulations of the countries where Unitholders are located.

#### **4. Risk Factors**

Investment in Units of the Sub-Fund will be subject to the greater risks associated with investing in Asian securities, particularly securities which are listed securities, as many Asian markets are less developed than those of OECD countries. The risks include currency, economic and political risks, potential price volatility, lower liquidity and lower credit quality associated with securities traded in emerging markets.

##### *Asian regional and country risks*

Investments in the Asian countries are subject to special risks. The Asian countries include those in all stages of economic development. Some Asia economies may be characterized by overextension of credit, currency devaluations and restrictions, rising unemployment, high inflation, underdeveloped financial services sectors, heavy reliance on international trade, and economic recessions. In addition, the economies of many Asia countries are dependent on the economies of the United States, Europe and other Asian countries, and a deceleration in any of these economies could negatively impact the economies of Asia countries.

Currency fluctuations, devaluations and trading restrictions in any one country can have a significant effect on the entire Asian region. Increased political and social instability in any Asian country could cause further economic and market uncertainty in the region, or result in significant downturns and volatility in the economies of Asia countries. In the late 1990s, the economies in the Asian region suffered significant downturns and increased volatility in their financial markets.

### *Foreign exchange and capital controls*

Some countries within the Asian region may impose restrictions on foreign exchange, especially in relation to the repatriation of foreign funds. Such markets may prohibit the repatriation of foreign funds for a fixed time horizon and limit the percentage of invested funds to be repatriated at each time. Apart from repatriation of foreign funds, it may be possible that the Sub-Fund may not be permitted to repatriate capital, dividends, interest and income from emerging markets; or it may require government consents to do so. Investments in an emerging market could be adversely affected by delays in, or refusal to grant, relevant approvals for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Consents granted prior to investment being made in any particular country may be varied or revoked, and new restrictions may be imposed.

### *Distribution risk*

The Sub-Fund's ability to pay distributions varies widely over the short- and long-term. If stock prices or stock market volatility declines, the level of premiums from writing index call options and the amounts available for distribution from options activity will likely decrease as well. Payments to close-out written call options will reduce amounts available for distribution from call option premiums received. Net realized and unrealized gains on the Sub-Fund's stock investments will be determined primarily by the direction and movement of the relevant stock market (and the particular stocks held). Dividends on equity securities are not fixed but are declared at the discretion of the issuer's board of directors. There can be no assurance that monthly distributions paid by the Sub-Fund to the Unitholders will be maintained at initial levels or increase over time.

### *Dividend risk*

Companies that issue dividend yielding equity securities are not required to continue to pay dividends on such stock. Therefore, there is the possibility that such companies could reduce or eliminate the payment of dividends in the future. In such an event, the yield on the Sub-Fund's dividend yielding equity securities would be adversely affected.

### *Temporary defensive strategies risk*

When the Investment Manager anticipates unusual market or other conditions, the Sub-Fund may temporarily depart from its principal investment strategies as a defensive measure. To the extent that the Sub-Fund invests defensively, it likely will not achieve its investment objective.

### *No operating history and dependence on management*

The Sub-Fund has no operating history. There can be no assurance that the Sub-Fund will achieve its investment objective. The past performance of the Investment Manager may not be indicative of the future performance of the Sub-Fund. Although the overall supervision of the Sub-Fund is vested in the Management Company, the Sub-Fund's investment performance could be materially affected if certain key people were to die, become ill or disabled or otherwise cease to be involved in the active management of the Sub-Fund.

In addition, the attention of the investors is drawn to the section "2) INVESTMENT OBJECTIVES AND POLICIES – RISK WARNINGS" contained in this Prospectus.

## **5. Profile of Suitable Investor**

The Sub-Fund is intended for investors who are willing to take on the risk in Asia-Pacific ex-Japan equity markets, seeking capital growth over the long term and not seeking current income from the investments.

## **6. Business Day**

The Business Day for the Sub-Fund shall mean a day other than Saturday or Sunday, on which banks and stock exchanges are open for normal business in Singapore and on which banks are open for normal business in New York.

## **7. Valuation Day**

The Valuation Day applicable to the Sub-Fund is each Business Day.

## **8. Unit Classes**

Class A Units, Class B Units and Class C Units are available for subscription and are reserved to Institutional Investors approved by the Management Company.

Class D Units are available for subscription by all investors.

## **9. Issue of Units**

Class D Units will be offered during an initial offering period, which shall be determined by the Management Company.

Following the Initial Offering Period, the issue price of Units of the Sub-Fund shall be the net asset value per Unit for the relevant Class calculated on the applicable Valuation Day. Any taxes that may be applicable on the issue of Units shall be charged in addition.

Applications to subscribe will normally be satisfied on each Valuation Day provided that the application is received by the Administrative Agent by 3:00 p.m. Luxembourg time (the "Cut-Off Time") on the Valuation Day. Any applications to subscribe received after such time will be carried forward to and dealt with on the next Valuation Day.

Payment for Units issued must be received within two (2) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan, and banks are open for normal business in New York. Should the payment not be received by 3:00 p.m. Luxembourg time on such business day, the Management Company may, at its discretion, either accept the payment and issue Units or decline to accept the payment and refuse to issue Units.

The applications received after the Cut-Off Time on the relevant Valuation Day will be handled on the following Valuation Day.

## **10. Redemption of Units**

Unitholders may request the redemption of their Units in the Sub-Fund on each Valuation Day at the relevant redemption price. Applications to redeem must be received by the Administrative Agent by the Cut-Off Time on the relevant Valuation Day on which the redemption is intended to be effected. Any applications to redeem received after the Cut-Off Time will be carried forward to and dealt with on the next Valuation Day. The redemption price shall be the net asset value per Unit of the relevant Class determined on the applicable Valuation Day. Consequently, depending on the movement in the net asset value, the redemption price may be higher or lower than the issue price paid.

Unless specific statutory provisions such as foreign exchange restrictions or other circumstances beyond the Depositary's control make it impossible to transfer the redemption proceeds to the country where the redemption was requested, payment for Units will generally be made within four (4) business days counting from and excluding the relevant Valuation Day. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan, and banks are open for normal business in New York.

Payment of the redemptions proceeds may be made in the Reference Currency (as defined hereafter) of the Class.

## **11. Investment Manager**

Pursuant to the investment management agreement (the "Investment Management Agreement"), the Management Company on behalf of the Sub-Fund has appointed Nikko Asset Management Asia Limited as investment manager ("NAM Asia") to the Sub-Fund with full discretionary authority and responsibility to manage the day-to-day operations and to invest and reinvest the assets of the Sub-Fund. Further, NAM Asia has the authority to sell, exchange, or otherwise transfer all or any portion of the Sub-Fund's assets. None of the foregoing actions requires the approval of the Management Company or the Unitholders, but subject to the Investment Objective and Policies, and Additional Investment Restrictions set out in this Annex and the Investment Management Agreement.

NAM Asia, whose principal activities consist of the business of fund management and dealing in securities and trading in futures contracts, was incorporated in Singapore on 16 June 1982 as a public company limited by shares under the laws of Singapore. It holds a Capital Markets Services Licence for the regulated activity of Fund Management, Dealing in Securities and Trading in Futures Contracts issued by the Monetary Authority of Singapore.

## **12. Reference Currency**

USD for the Sub-Fund  
YEN for Class A Units and Class B Units  
USD for Class C Units and Class D Units

## **13. Fees and Expenses**

The Management Company is entitled to receive the management fees out of the assets of the Sub-Fund at the rate of 0.60% per annum of its Net Asset Value, calculated monthly based on the average daily aggregate Net Asset Values of the Sub-Fund during the relevant calendar month.

The Investment Manager is entitled to receive an investment management fee which will be paid by the Management Company out of the management fees.

The Administrative Agent is entitled to receive fees out of the assets of the Sub-Fund calculated and payable monthly at the rate of 0.05% based on the average daily aggregate net asset value of the Sub-Fund during the relevant calendar month.

The Sub-Fund will pay custody fees comprising of asset based fees and transaction-based fees (the rates of which vary depending on the markets in which the Sub-Fund invests). Total of these fees shall be shown in the annual report of the Fund.

The Sub-Fund will bear its own organisational expenses, which are estimated approximately EUR 5,000 and a share of the organisational expenses of the Fund. Such organisational expenses will be paid out of the proceeds from issuing Units, and will be amortised over a period of up to 5 years.

A dilution levy of 0.30% may be applied to the redemption proceeds payable to the redeeming Unitholders of Units which will remain part of the assets of the Sub-Fund for the benefit of the remaining Unitholders.

#### **14. Distribution Policy**

The Management Company may, from time to time, make distributions to Unitholders of a Class of Units of the Sub-Fund of such amount and frequency as shall be determined by the Management Company, which shall be paid out of the net income and thereafter out of capital of the Sub-Fund attributable to such Class of Units of the Sub-Fund.

In respect to Class A Units, the Management Company may declare distributions every month which, if declared, will be paid in cash. The net asset value per Unit determined on the 8<sup>th</sup> day of each month (if such day is not a Valuation Day, the next following Valuation Day) (an "Ex-Distribution Date") will be the ex-distribution net asset value per Unit. A Unitholder who submits subscription documents on or before the Business Day immediately prior to the relevant Ex-Distribution Date will be entitled to receive relevant distributions. Subject to applicable law, the amount of distributions to be paid to Unitholders, if any, will be determined by the Management Company in its sole discretion. Distributions, if any, will be paid to the relevant Unitholders generally on the second business day following the relevant Ex-Distribution Date. For the purpose of this section, a business day shall mean a day other than Saturday or Sunday on which banks and stock exchanges are open for normal business in Singapore and Japan and banks are open for normal business in New York.

In respect to Class B Units, for the time being, the Management Company does not anticipate that any distributions will be made to their Unitholders, but rather that all the net income and realised capital gains of the Sub-Fund attributable to Class B Units will be reinvested and reflected in the net asset value of Class B Units. However, the Management Company may determine to make annual and interim distributions in its sole discretion.

**15. ISIN and Common Code**

	ISIN	Common Code
Class A	LU0816145477	816145477
Class B	LU0816145717	816145717
Class C	LU0816145808	816145808
Class D	LU0816145980	816145980

## **APPENDIX – IMPORTANT INFORMATION FOR INVESTORS IN SPECIFIC COUNTRIES**

### **JAPAN**

The Units have not been registered under the Securities and Exchange Law of Japan and may not be publicly offered or sold in Japan or to or for the benefit of residents of Japan except pursuant to an exemption available under the Securities and Exchange Law of Japan.

### **Japanese Taxation**

The following tax treatment of Unitholders in Japan may change in the case of amendments or restatements of Japanese tax laws or regulations. Further, the following tax treatments are based upon the assumptions that the eligible investments of a Series Trust include, therefore the relevant Series Trust will invest the funds in, bonds, derivatives, equities etc.

#### **1. For Japanese Individual Unitholders:**

##### **(1) Tax Treatment of Dividend Distributions**

The dividend distributions made by a Sub-Fund to Japanese individual Unitholders through the paying agent in Japan are subject to separate taxation from other income (i.e. withholding tax at the rate of 20%). In such case, no report concerning dividend distributions is required to be filed with the Japanese tax authorities if the amount of dividend distribution does not exceed JPY100,000 per annum (where the calculation period of the dividend distribution is less than one year, instead of JPY100,000, the amount calculated by multiplying JPY100,000 by the number of the months in the calculation period of the dividend distribution and dividing the result by 12).

Where a sub-Fund is similar to the "security investment trust" defined under the Article 2 (4) of the Law concerning Investment Trust and Investment Corporation, and its Units are listed, or offered by way of public offering, and the dividend distributions made through the paying agent in Japan, the applicable withholding tax rate for such dividend distributions will be 20% (15% for income tax and 5 % for local tax), and the Japanese individual Unitholders do not have any tax filing obligation in Japan. Where a Sub-Fund is not similar to the "security investment trust", the tax treatment stipulated in this subparagraph will only be applied to the dividend distributions of listed Units made through the paying agent in Japan.

##### **(2) Tax Treatment of Capital Gain**

The profit and/or loss recognized by Japanese individual Unitholders, arising from the sales of the Units, will be subject to separate taxation from other incomes, at a rate of 20% (15% for income tax and 5% for local tax).

Where a Sub-Fund is similar to the "security investment trust" and its Units are listed, or offered by way of public offering, and such Units are sold through the financial intermediary in Japan, the applicable tax rate in Japan for such profit will be 10% (7% for income tax and 3% for local tax) until December 31, 2013. Where a Sub-Fund is not

similar to "security investment trust", the tax treatment stipulated in this subparagraph will only be applied to the listed Units which are sold through the financial intermediary in Japan.

(3) Tax Treatment of Repurchase / Redemption Income

If the Units are offered by way of public offering, the profit and/or loss arising from the repurchase or redemption of the Units and recognized by Japanese individual Unitholders will be treated as those arising from the sales of the Units for Japanese tax purposes.

If the Units are offered by way of private placement, the excess portion of the repurchase or redemption proceeds over the principal amount shall be treated as dividend distribution for Japanese tax purposes, and the difference between the acquisition cost and the lower of the repurchase or redemption proceeds or principal amount shall be treated as the profit and/or loss from the sales for Japanese tax purposes.

2. For Japanese Corporate Unitholders:

(1) Tax Treatment of Dividend Distributions

The dividend distributions made by a Sub-Fund through the paying agent in Japan to Japanese corporate Unitholders (beneficial owner) are subject to withholding tax at the rate of 20%. Further, the dividend distribution is subject to corporate tax at the rate of approximately 40%. A certain amount of the withholding tax imposed on the dividend distribution will be credited against corporate tax.

Where a Sub-Fund is similar to the "security investment trust" and its Units are listed, or offered by way of public offering, and the dividend distributions made through the paying agent in Japan to Japanese corporate Unitholders (beneficial owners), the applicable withholding tax rate for such dividend distribution will be 15% while such dividend distribution is still subject to corporate tax. Further, until December 31, 2013, the reduced withholding tax rate of 7 per cent will be applied. Where a Series Trust is not similar to the "security investment trust", the tax treatment stipulated in this subparagraph will only be applied to the dividend distributions from the listed Units made through the paying agent in Japan.

The provisions of the dividend received deduction under the Japanese tax laws, applicable to dividends paid by domestic corporations, shall not apply.

(2) Tax Treatment of Capital Gain and Repurchase / Redemption Income

The profit and/or loss recognized by Japanese corporate Unitholders (beneficial owners), arising from sales and/or repurchase or redemption of the Units, will be subject to corporate tax at the rate of approximately 40%.

(3) None of the dividend distributions and capital gains is taxable if such distributions and capital gains are retained by a Japanese investment trust which holds Units of a Sub-Fund, and which falls under the "collective investment trust" stipulated in the Article 2 (29) of the Corporate Tax Law.

## **SINGAPORE**

The offer or invitation of the Units of Asia High Yield Bond Fund, a sub-fund of the "Fund which is the subject of the Prospectus does not relate to a collective investment scheme which is authorised under Section 286 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or recognised under Section 287 of the SFA. The Fund is not authorised or recognised by the Monetary Authority of Singapore (the "MAS") and Units are not allowed to be offered to the retail public. Each of this Prospectus and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This Prospectus has not been registered as a prospectus with the MAS. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305 (1), or any person pursuant to Section 305(2), and in accordance with the conditions, specified in Section 305 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Units are subscribed or purchased under Section 305 by a relevant person which is:

- (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 305 except:

- (1) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

The Fund is an umbrella fund organised under Luxembourg law as a *Fonds commun de placement* (FCP), and qualifies as a UCITS under Part I of the 2010 Law. The Fund is subject to the supervision of the CSSF and the contact details of the CSSF are as follows:

Address: 110, route d'Arlon, L-2991 Luxembourg

Telephone No: (352) 26 25 1-1

Facsimile No: (352) 26 25 1 604

Nikko Asset Management Luxembourg S.A., being the Management Company of the Fund, is incorporated in Luxembourg, and is subject to the supervision of the CSSF, whose contact details are set out above.

Brown Brothers Harriman (Luxembourg) S.C.A., the Depositary of the Fund is incorporated in Luxembourg.

**The foregoing is based on the Management Company's understanding of the law and practice currently in force in the countries referred to above and is subject to changes therein. It should not be taken as constituting legal or tax advice and, investors should obtain information and, if necessary, should consult their professional advisers on the possible tax or other consequences of buying, holding, transferring or selling the Sub-Fund's Units under the laws of their countries of origin citizenship, residence or domicile.**