

Managed by  
Dynamic Asset Management  
Company (Luxembourg) S.A.  
15 rue du Fort Bourbon  
L-1249 Luxembourg

# D M C F U N D

A Luxembourg Mutual Fund investing in marketable transferable securities

## F U L L P R O S P E C T U S (hereafter Prospectus)

Issued with a view to permanent public issuing of registered units of joint ownership.

This Prospectus will only be valid if distributed together with the latest annual report and/or the latest semi-annual report if published thereafter. These reports form an integral part of this Prospectus.

**Custodian Bank and  
Administrative Agent  
Banque et Caisse d'Epargne  
de l'Etat, Luxembourg (BCEE)**

September, 2019

VISA 2019/157627-2259-0-PC

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2019-09-30  
Commission de Surveillance du Secteur Financier

1 GENERAL	10
2 MANAGEMENT REGULATIONS	11
3 OBJECTIVES OF THE FUND AND INVESTMENT POLICY	12
3.1 DYNAMIC FLOORING family of “MAS” Sub-Funds	13
3.2 HERENS QUALITY family of Sub-Funds	14
3.3 CORPORATE BONDS family of Sub-Funds	14
4 SUB-FUNDS	14
4.1 DYNAMIC FLOORING “MAS” Sub-Funds	14
4.2 HERENS QUALITY Sub-Funds	16
4.3 CORPORATE BONDS Sub-Funds	18
5 UNITS	19
6 INVESTMENT RESTRICTIONS	21
7. RISKS ASSOCIATED WITH THE USE OF DERIVATIVES AND OTHER SPECIAL INVESTMENT TECHNIQUES AND FINANCIAL INSTRUMENTS AND WITH THE INVESTMENT IN EMERGING MARKETS.	31
8 RIGHTS OF THE UNITHOLDERS	35
9 MANAGEMENT - ORGANISATION	35
10 DEPOSITARY	38
12 SEGREGATED ACCOUNTS AND MARGIN ACCOUNTS	39
13 COSTS TO BE BORNE BY THE FUND	40
14 SUBSCRIPTION	41
15 REDEMPTION	43
16 CONVERSION	45
17 LATE TRADING AND MARKET TIMING	46
18 NET ASSET VALUE (NAV)	46
19 RISKS CONSIDERATIONS	48
20 SUSPENSION OF THE CALCULATION OF THE NAV, AND SUSPENSION OF SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS	48
21 PUBLICATIONS	49
22 QUOTATION	50
23 FINANCIAL SERVICING	50
24 TAX STATUS	50
25 FINANCIAL YEAR	51
26 REGULAR REPORTS	51
27 DURATION AND LIQUIDATION OF THE FUND	51
28 STATUTE OF LIMITATIONS	53
29 APPLICABLE LAW, JURISDICTION AND GOVERNING LANGUAGE	53
30 ANTI-MONEY LAUNDERING PROCEDURES	53
31 DOCUMENTS AVAILABLE FOR INSPECTION	53
32 REPRESENTATIVE AND DISTRIBUTION IN SWITZERLAND	54

## **DMC FUND**

A Luxembourg Mutual Fund investing in marketable transferable securities.

## **PROSPECTUS**

Issued with a view to permanent issuing of registered units of joint ownership.

This Prospectus will only be valid if distributed together with the latest annual report and/or the latest semi-annual report if published thereafter. These reports form an integral part of this Prospectus.

## **KIID**

The KIID (Key Investor Information Document) is available free of charge at the registered offices of the Depositary Bank, Banque et Caisse d'Epargne de l'Etat, Luxembourg (BCEE), 1, place de Metz L-2954 Luxembourg, as well as from DYNAMIC ASSET MANAGEMENT COMPANY (LUXEMBOURG) S.A., 15 rue du Fort Bourbon, L-1249 Luxembourg.

The distribution of this Prospectus and its accompanying KIID and the offering of units contemplated herein may be restricted in certain jurisdictions; persons into whose possession this Prospectus and its accompanying KIID comes are required to inform themselves of and to observe such restrictions. This Prospectus and its accompanying KIID does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The units are listed on the EURO MTF market.

Prospective purchasers of units should inform themselves as to the legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

## **Common Reporting Standard (CRS)**

The OECD has developed a common standard reporting ("NCD") to achieve a comprehensive and multilateral automatic exchange of information ("EAI") worldwide.

On 9 December 2014 Directive 2014/107 / EU amending Directive 2011/16 / EU regarding the mandatory automatic exchange of information in tax matters ("DAC 2") was adopted to implement common standards of reporting between Member States.

DAC2 European Directive was transposed into Luxembourg law by the Law of 18 December 2015 concerning the automatic exchange of information relating to financial accounts in tax matters ("CRS Act"). CRS Act request to the Luxembourg financial institutions to identify the holders of financial assets and determine whether they are tax residents of countries with which Luxembourg has concluded an agreement to exchange tax information. The Luxembourg financial institutions then release information on financial accounts of asset holders to the Luxembourg tax authorities, which then automatically will transfer this information to the competent foreign tax authorities on an annual basis.

In this respect, Luxembourg financial institutions must pay due diligence obligations and reporting obligations imposed on them to determine to their account holders which financial accounts are reportable accounts according to CRS Act.

Therefore, the Fund may require its investors to provide information on the identity and the tax residence of financial account holders (including certain entities and individuals who hold control) to determine their status, and declare if necessary information regarding a Unitholder and his account to the Luxembourg tax authorities (Administration des Contributions) under the CRS and NCD Act.

This information may include:

- Identity and details of the person's identification with a tax resident in a jurisdiction NCD (name, address, date and place of birth, tax identification number);
- Identification on accounts (account numbers) and their balances;
- Received financial income (interest, dividends, proceeds, other income).

Under the CRS Act, the first EAI will apply September 30, 2017 to the local tax authorities of the Member States for data relating to the calendar year 2016.

In addition, Luxembourg has signed a multilateral agreement between the competent authorities of the OECD ("Multilateral Competent Authority Agreement") to automatically exchange information under the NCD. MCAA goal is to implement the NCD among non-member states; on the basis of each country.

The Fund reserves the right to reject any application if the information provided or not provided does not meet the requirements of the CRS Act and the NCD.

Unitholders should consult their legal and tax advisors regarding the legal and tax consequences of the implementation of the NCD.

#### Data protection

The Fund, the Management Company, the administrative agent and other service providers and their affiliates (the "Agents") may collect, store, process and communicate personal data supplied by unitholders at the time of their subscription in order to comply with applicable legal obligations in accordance with the Luxembourg law of 2 August 2002 on the protection of individuals with regard to the processing of personal data, as amended ( "Act on data protection ").

In particular, the data supplied by unitholders is processed for the purpose of:

- Keeping the register of unitholders;
- Processing subscriptions, redemptions and conversions of Units and payments of dividends to unitholders;
- Carry out checks on the practices of late trading and market timing;
- Perform the services provided by the above mentioned entities and
- Respect the applicable law, the rules against money laundering, the FATCA rules, the common standard statement or similar laws and regulations (eg at the OECD or the EU.).

By subscribing to the Fund, unitholders approved the aforementioned processing of their personal data and in particular, disclosure and processing of personal data by the parties referred to above, including affiliated company located in countries in outside the European Union that cannot provide a level of protection similar to that under the law of data protection in Luxembourg.

Unitholders acknowledge and accept that the transfer and processing of personal data by the Fund, the Management Company and / or its agents, may occur in countries outside Luxembourg, not benefiting from equivalent legislation data protection, and which do not guarantee the same level of confidentiality and protection than that offered by the legislation currently in force in Luxembourg when the personal data are kept abroad.

Unitholders acknowledge and agree that failure to provide relevant personal data requested by the Fund, the Management Company or its agents in connection with their relationship with the Fund, may prevent them from maintaining their investment in the Fund and may be declared by the Fund, the Management Company or its agents with relevant Luxembourg authorities.

Unitholders acknowledge and accept that the Fund, the Management Company or its agents declare all relevant information related to their investments in the Fund to the Luxembourg tax authorities will exchange this information on an automatic basis with the competent authorities in the United States or in other permitted jurisdictions as agreed in FATCA, the CRS Act, or international law at the OECD level, the EU or in applicable Luxembourg law.

Each Unitholder is entitled to access his personal data and may request a correction or deletion thereof in cases where such data is inaccurate and / or incomplete. Regarding the latter, each Unitholder has the right to request a modification of such information by a letter addressed to the Fund or the Manager or its agents. The unitholder has a right of opposition regarding the use of personal data for commercial purposes. This opposition can be made by letter addressed to the Fund, the Management Company or its agents.

Reasonable steps have been taken to ensure the confidentiality of personal data transmitted between the parties mentioned above. However, the fact that personal data are transferred electronically and are made available outside of Luxembourg, it may be that legislation on data protection does not guarantee the same level of confidentiality and protection than that offered by the legislation currently in force in Luxembourg when the personal data are kept abroad.

The Fund disclaims any liability for any unauthorized third party taking knowledge and / or have access to personal data of Unitholders, except for wilful negligence or gross negligence of the Fund, the Management Company or its Agents.

Personal data shall not be kept longer than necessary with regard to the data processing goal, always subject to the retention periods applicable legal minimum.

## **UNITED STATES PERSON**

The units of DMC FUND are not registered under the United States Securities Act of 1933. Units of DMC FUND may neither be bought nor held directly by, nor may be transferred to, any investor who is a "United States person". For the purposes of this Prospectus, a "United States person" is any of the following:

- (a) any United States citizen or resident,
- (b) any corporation, partnership or other entity organised or existing under the laws of any state, territory or possession of the United States,
- (c) any estate or trust of which any executor, administrator or trustee is a United States person,
- (d) any agency or branch of a foreign entity located in the United States,
- (e) any discretionary or non-discretionary accounts held by a fiduciary for the benefit or account of a United States person, or
- (f) any foreign partnership or corporation formed by a United States person principally for the purpose of investing in unregistered securities.

Holders of units are required to notify the Management Company of any change in their non-U.S. status.

## FATCA

The Foreign Account Tax Compliance Act (“FATCA”) is part of the Hiring Incentives to Restore Employment Act, enacted into U.S. law on March 18th 2010. FATCA aims to reduce tax evasion by United States persons by obliging certain reporting to the U.S. Internal Revenue Service (“IRS”) of all United States persons’ income from financial assets held outside the United States. As a result of FATCA, and to discourage non U.S. financial institutions from staying outside this regime, all U.S. securities held by a financial institution that does not enter and comply with the regime will be subject to a U.S. tax withholding of 30% on gross sales proceeds as well as income.

On March 28th 2014 Luxembourg signed a model 1 Intergovernmental Agreement (“IGA”) with the United States. Under the terms of IGA the Fund is obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg law implementing the IGA. Under the IGA, Luxembourg resident financial institutions that comply with the requirements of the Luxembourg IGA legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA.

The Fund is qualified as a Non-Reporting Financial Institution (“FI”) under Annex II of the IGA and therefore has deemed compliant status and does not need to register with the IRS. A Non-Reporting FI has no reporting and withholding obligations but has to identify its shareholders in accordance with Annex I of the IGA.

Shareholders, and intermediaries acting for prospective shareholders, should therefore take particular note that, as further outlined above, it is the existing policy of the Fund that United States persons may not invest in the Fund, and that investors who become United States persons are liable to compulsory redemption of their holdings. Further, under the FATCA legislation, the definition of a U.S. reportable account will include a wider range of investors than the current United States person definition.

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the United States. Investors holding investments via distributors or custodians that are not in Luxembourg or another IGA country should check with such distributor or custodian as to the distributor’s or custodian’s intention to comply with FATCA. Additional information may be required by the Fund, custodians or distributors from certain investors in order to comply with their obligations under FATCA or under an applicable IGA.

Due to the evolving nature of FATCA, investors should contact their own tax advisers regarding the application of FATCA to their particular circumstances.

**The Fund is managed by**

Dynamic Asset Management Company (Luxembourg) S.A.  
15 rue du Fort Bourbon  
L-1249 LUXEMBOURG

**The Board of Directors of the Management Company is composed of**

Chairman of the Board:

Christian WOLF  
Banque de Profil de Gestion S.A. (following the merger by absorption of  
Dynagest S.A.)  
Cours de Rive 11  
CH-1211 GENEVA 3

Directors of the Board:

Alexandre KUHN  
Directeur Général Adjoint de Banque de Profil de Gestion S.A. (following  
the merger by absorption of Dynagest S.A.)  
Cours de rive 11  
CH-1211 GENEVA 3

Arlind ISUFI  
Directeur de Hérens Quality Asset Management AG (Formerly Hérens  
Partners AG)  
Bahnhofstrasse 3  
CH-8808 PFÄFFIKON SZ

Andreas MATTIG  
Directeur de Hérens Quality Asset Management AG (Formerly Hérens  
Partners AG)  
Bahnhofstrasse 3  
CH-8808 PFÄFFIKON SZ

**The Conducting Officers are**

Cyrille DALLANT  
Julien NEMERLIN

**The Investment Managers are**

For the DYNAMIC FLOORING family and the CORPORATE BONDS family:

Banque de Profil de Gestion S.A. (following the merger by absorption of Dynagest S.A.)  
Cours de Rive 11  
CH-1211 GENEVA 3

For the HERENS QUALITY family:

Hérens Quality Asset Management AG (Formerly Hérens Partners AG)  
Bahnhofstrasse 3  
CH-8808 PFÄFFIKON

**The Auditor of the Fund is**

PwC Société coopérative  
2, rue Gerhard Mercator  
L-2182 LUXEMBOURG

**The Custodian Bank (hereinafter the “Custodian Bank” or “Depositary”) is**

Banque et Caisse d’Epargne de l’Etat, Luxembourg (BCEE)  
1, place de Metz  
L-2954 LUXEMBOURG

**The Paying Agent and the Central Administrator (hereinafter the “Administrative Agent”) is**

Banque et Caisse d’Epargne de l’Etat, Luxembourg (BCEE)  
1, place de Metz  
L-2954 LUXEMBOURG

**The delegated Transfer Agent and Registrar is**

European Fund Administration  
2, rue d’Alsace  
L-1017 LUXEMBOURG

**The Registered Office is**

c/o DYNAMIC ASSET MANAGEMENT COMPANY (LUXEMBOURG)  
S.A.  
15 rue du Fort Bourbon  
L-1249 LUXEMBOURG

Marketing of the Fund's units might be undertaken in some EU countries and Switzerland.

No one may refer to information other than that appearing in this Prospectus, its KIID and in the documents referred to herein.

## THE FUND

### 1 GENERAL

DMC FUND was initially set up April 3<sup>rd</sup> 1998 (under the name DYNAMIC FLOORING FUND) and is an open-ended mutual fund governed by Luxembourg Law and investing in marketable transferable securities.

The current Management Regulations have been deposited with the Trade Register of the district court in Luxembourg and the relating notice is published in the Mémorial C, "Recueil des Sociétés et Associations" (hereafter "Mémorial C"), on May 14, 2014.

DMC FUND as a Luxembourg mutual Fund ("Fonds commun de placement") is governed by part I of the Luxembourg Law on Undertakings for collective Investment of December 17, 2010 (hereafter "the Law"). DMC FUND does not have a legal personality.

Its assets are the undivided joint property of the unitholders and are separate from the assets of the DYNAMIC ASSET MANAGEMENT COMPANY (LUXEMBOURG) S.A. The Management Company is a company incorporated under the laws of Luxembourg and has its registered office in Luxembourg. There is no restriction on the amount of the Fund's assets nor to the number of its units.

DMC FUND has been established as an umbrella fund. The Management Company may on behalf of the Fund issue units (the "units") related to specific pools of assets (each a "Sub-Fund"). In respect of each Sub-Fund the Management Company pursues a specific investment policy.

At the issue of the present prospectus the Management Company has set up the following Sub-Funds split up in three families:

DYNAMIC FLOORING family which covers:

- DMC FUND - DYNAGEST EXPO BONDS EURO "MAS" (expressed in EUR);
- DMC FUND - DYNAGEST EXPO BONDS USD "MAS" (expressed in USD).

HERENS QUALITY family which covers:

- DMC FUND - HERENS QUALITY LUXURY BRANDS (expressed in EUR).

CORPORATE BONDS family which covers:

- DMC FUND – WORLD HY CORPORATE BONDS (expressed in USD).

The rights of the unitholders and creditors regarding a Sub-Fund are limited to the assets of the Sub-Fund. The assets of a Sub-Fund will be answerable exclusively for the rights of the unitholders relating to this Sub-Fund. In relation between unitholders, each Sub-Fund will be deemed to be a separate entity.

At the issue of the present prospectus,

- DMC FUND - DYNAGEST EXPO BONDS EURO “MAS” (expressed in EUR);
- DMC FUND - DYNAGEST EXPO BONDS USD “MAS” (expressed in USD);
- DMC FUND - HERENS QUALITY LUXURY BRANDS (expressed in EUR);
- DMC FUND – WORLD HY CORPORATE BONDS (expressed in USD).

are offered for sale only.

This Prospectus shall be supplemented upon the effective launch of the other Sub-Funds.

## **2 MANAGEMENT REGULATIONS**

The Management Company may in the future create further Sub-Funds by the issue of further classes of units.

The rights and duties of the unitholders of each Sub-Fund, the Management Company and the Depositary are determined by the Management Regulations. Copies of the Management Regulations are available free of charge from the offices of the Depositary, Banque et Caisse d’Epargne de l’Etat, Luxembourg (BCEE), 1, place de Metz L-2954 Luxembourg, as well as from DYNAMIC ASSET MANAGEMENT COMPANY (LUXEMBOURG) S.A., 15 rue du Fort Bourbon, L-1249 Luxembourg.

The Management Company may, at any time, amend the Management Regulations, completely or partly, with the approval of the Custodian Bank.

Amended Management Regulations enter into force at sign off date of the Management Regulations, in as far as nothing else is stipulated. The amended Management Regulations will be published as described in the "Publications" paragraph.

### 3 OBJECTIVES OF THE FUND AND INVESTMENT POLICY

The main objective of the Fund is the realisation of long term capital growth coupled:

- for the DYNAMIC FLOORING family of Sub-Funds, with the aim of preserving the underlying assets;
- for the HERENS QUALITY family of Sub-Funds, with the aim of generating positive absolute returns and preserving capital;
- for the CORPORATE BONDS family of Sub-Funds, with the aim of achieving a positive return and preserving capital.

The Fund has long term investment horizons and therefore the purchase of units in the Fund should be regarded as a long term investment.

The Fund proposes investors access to the global capital markets across all asset classes through a diversified portfolio. In order to achieve this, the assets may be invested, according to the policy of each Sub-Fund in marketable transferable securities and in other assets expressed in the currency of the Sub-Fund or any other convertible currency traded on a regulated market.

In order to achieve its objective, the respective Sub-Fund may use derivative techniques and instruments as defined in section 6.1.1. point (g), provided the conditions laid down in the investment restrictions are respected. In particular the Fund may for each Sub-Fund, do the usual transactions on regulated futures and options markets, operating regularly, being recognised and open to the public.

Besides marketable transferable securities and other authorised investments as stated in the investment restrictions, each Sub-Fund may, on an ancillary basis hold liquid assets.

In order to preserve the invested capital, the Fund proposes the DYNAMIC FLOORING family of Sub-Fund. This family offers one strategy of risk limitation through the following Sub-Funds:

- Sub-Funds with a dynamic reference floor that can be lowered, assorted with minimum exposure (“MAS” Sub-Funds).

The HERENS QUALITY family of Sub-Funds is characterized by a common investment approach, based on performance targeting and risk budgeting. The Sub-Funds pursue a positive total return objective over the full business cycle.

The CORPORATE BONDS family of Sub-Funds is characterized by a common investment approach, based on a quantitative indexing management.

### 3.1 DYNAMIC FLOORING family of “MAS” Sub-Funds

In the “MAS” Sub-Funds, the assets are managed with reference to a lower limit of their value (the investment floor). This lower limit is set, for each “MAS” Sub-Fund in the base currency of the Sub-Fund, while it is launched and corresponds to a given percentage of the initial issue price (see the "Sub-Funds" paragraph here below). The initial level of this investment floor for the "MAS" Sub-Fund is set while it is launched and corresponds to a given percentage of the initial issue price (see the "Sub-Funds" paragraph here below). The investment floor can be decreased on each Valuation Day by a maximum equivalent to the costs to be borne by the "MAS" Sub-Fund, calculated pro rata temporis, as described in Section 12. Moreover, if the NAV per unit rises, the investment floor can be increased, in order to limit the down-side risk of the units to a given percentage. Thus, for the "MAS" Sub-Fund, the investment floor could be raised on each Valuation Day if the NAV exceeds the investment floor by a given percentage. This strategy to limit downside risks must however be interpreted as an objective to be reached, the investment floor per unit is not the object of a guarantee, that is to say, that this is not guaranteeing at all that the NAV per unit will not fall below the last set investment floor.

In the “MAS” Sub-Funds, the priority objective does not reside in preserving the investment floor, but in maintaining a minimum level in the risk part (b), as defined here below, and in the possibility to lower the floor by an annual pre-defined percentage in order to increase periodically, if necessary, the risk part (b). The minimum level in risk part (b) is separately defined for each “MAS” Sub-Fund. Regarding the annual percentage by which the investment floor per unit may potentially be lowered, it is separately defined for each “MAS” Sub-Fund. It corresponds, for the first financial year, to a percentage of the initial issue price and, for the subsequent financial years, to a percentage of the last NAV per unit of the previous financial year.

The assets of each “MAS” Sub-Fund consist mainly of the following components:

(a) fixed short term transferable securities with residual maturities up to three years and authorised money market instruments. This component can be considered as the Sub-Fund's part with a low risk profile;

(b) investments on the equity and on the medium to long term bond markets (residual maturities longer than three years), in other transferable securities and/or in other authorised investments, e.g. financial instruments derivatives, such as for example financial futures and options on financial instruments available on regulated futures and options markets, operating regularly, being recognised and open to the public. This component of the Sub-Fund has a risk profile above that of the component (a).

Depending on the evolution of the NAV of a “MAS” Sub-Fund, the risk part (b) is increased or reduced. Particularly in the case of decline of the value of the assets of the risk part (b), the risk part (b) will be reduced, unless the investment floor is lowered in order to increase that part. The risk part (b) will however not be reduced below the minimum level defined for each “MAS” Sub-Fund. Depending on the breadth of the decline, the NAV per

unit thus could become lower than the latest reference floor set per unit.

Investors should bear in mind that in consequence of maintaining a minimum level in the risk part (b) and of potentially lowering the floor, the NAV of a "MAS" Sub-Fund may go up or down.

As for any investment, the Management Company cannot guarantee the future performance and there cannot be any certainty as to whether the Sub-Funds' investment objectives will be met. Investors should bear in mind that the value of the units and any income from them may as well go up as down.

The options traded on regulated markets are volatile but liquid and the risk to suffer losses is above that of investing in other marketable transferable securities.

The Investment Manager has put in place stringent monitoring and control procedures in order to provide the sophistication of approach, analysis, continuous and disciplined management, essential to the successful management of well diversified investments.

It is the policy of the Investment Manager to attempt to limit potential loss by a rigorous systematic and disciplined monitoring of exposure.

Each Sub-Fund needs to comply with the investment objective described above as well as the objectives and restrictions described below for each Sub-Fund and the general investment restrictions.

Each Sub-Fund may also hold liquid assets in major currencies.

### **3.2 HERENS QUALITY family of Sub-Funds**

In the HERENS QUALITY Sub-Funds, the assets are managed globally, as defined under 6.1.1.. The selection and weighting in the portfolio of asset classes, individual securities, currencies and the use of financial instruments is opportunistic depending on capital market conditions and on the way the Investment Manager assesses the situation.

### **3.3 CORPORATE BONDS family of Sub-Funds**

In the CORPORATE BONDS Sub-Funds, the assets are managed globally in corporate bonds depending on the specific investment universe of each Sub-Fund.

## **4 SUB-FUNDS**

### **4.1 DYNAMIC FLOORING “MAS” Sub-Funds**

The following Sub-Funds are proposed:

**DMC FUND - DYNAGEST EXPO BONDS EURO "MAS" (expressed in EUR)**

The investment objective of the DMC FUND - DYNAGEST EXPO BONDS EURO "MAS" Sub-Fund (expressed in EUR) is to achieve a long term capital increase with a low well balanced risk profile. At least two third of the net assets will be invested in debt securities and money market instruments listed or traded on a regulated market and denominated in EUR. A maximum of one third of the net assets can be held in cash and/or term deposits in EUR. Only first class bonds will be considered. The initial level of the investment floor of this Sub-Fund will be set at 95% of the initial issue price. The minimum level in the risk part (b) is set at 30% of the net assets. Moreover, during the first financial year of the Sub-Fund the investment floor may be lowered by at most 4.5% of the initial issue price. In each subsequent financial year, the investment floor may be lowered by at most 4.5% of the last NAV per unit of the previous financial year. The base currency of the Sub-Fund is EUR.

The Sub-Fund's objective is to achieve an annual long term return above the Citigroup EGBI (Euro Government Bond Index) expressed in the base currency. This last objective is not the object of a guarantee and, on account of maintaining a minimum level in the risk part (b), the net asset value per unit can become lower than the latest investment floor set per unit.

The Sub-Fund may invest up to 10% of its net assets in UCIs/UCITS, as defined in section 6.1.1 point (e) of the investment restrictions in this prospectus.

Furthermore, for the purpose of efficient portfolio management, the Sub-Fund may use derivative financial instruments as defined in section 6.1.1 point (g).

#### **DMC FUND - DYNAGEST EXPO BONDS USD "MAS" (expressed in USD)**

The investment objective of the DMC FUND - DYNAGEST EXPO BONDS USD "MAS" Sub-Fund (expressed in USD) is to achieve a long term capital increase with a low well balanced risk profile. At least two third of the net assets will be invested in debt securities and money market instruments listed or traded on a regulated market and denominated in US Dollar. A maximum of one third of the net assets can be held in cash and/or term deposits in US Dollar. Only first class bonds will be considered. The initial level of the investment floor of this Sub-Fund will be set at 93% of the initial issue price. The minimum level in the risk part (b) is set at 30% of the net assets. Moreover, during the first financial year of the Sub-Fund the Floor may be lowered by at most 5.5% of the initial issue price. In each subsequent financial year, the investment floor may be lowered by at most 5.5% of the last NAV per unit of the previous financial year.

The Sub-Fund's objective is to achieve an annual long term return above the Citigroup U.S. (United States) Government Bond expressed in the base currency. This last objective is not the object of a guarantee and, on account of maintaining a minimum level in the risk part (b), the net asset value per unit can become lower than the latest Floor set per unit. Its NAV per unit is expressed in USD.

The Sub-Fund may invest up to 10% of its net assets in UCIs/UCITS, as defined in section 6.1.1 point (e) of the investment restrictions in this

prospectus.

Furthermore, for the purpose of efficient portfolio management, the Sub-Fund may use derivative financial instruments as defined in section 6.1.1 point (g).

## **INVESTOR PROFILE FOR THE DYNAGEST EXPO BONDS “MAS“ SUB-FUNDS**

Taking into consideration the risk profile of the DYNAGEST EXPO BONDS "MAS" Sub-Funds described here above this Sub-Fund may be appropriate for less conservative investors who are interested in investing permanently in long term bonds.

The Investors should, however be prepared to accept fluctuations in value, caused by interest rates movements. There will be very limited credit risk as the Sub-Fund invests only in first quality bonds within a very well diversified universe.

### **4.2 HERENS QUALITY Sub-Funds**

#### **DMC FUND - HERENS QUALITY LUXURY BRANDS (expressed in EUR)**

##### **Investment Objective**

The investment objective of the DMC FUND - HERENS QUALITY LUXURY BRANDS Sub-Fund (expressed in EUR) is to achieve a positive total return over a period of a full business cycle while emphasizing a broad diversification of risks. To achieve this, the Sub-Fund intends to invest directly and/or indirectly in equity securities without being bound however by a fixed minimum level of assets to be allocated to equity securities. It may also invest in other asset classes such as for example cash, term deposits, fixed-interest and/or floating-rate securities, convertible bonds etc. Through its equity investments, the Sub-Fund provides direct and/or indirect access to the global luxury and consumer goods and services industry.

The Sub-Fund's strategy allows for the expression of both positive and negative views on the luxury and consumer goods and services industry. Where a strong, negative view is held, the Sub-Fund may for example invest temporarily most or all of its assets in cash or use financial derivative instruments to create a "short" position.

##### **Investment Policy**

The Sub-Fund may invest up to 30% of its net assets in convertible and warrant bonds, and have, through long and short positions, a net exposure of up to 105% of its net assets in equities (including assimilated securities and rights on the value of an investment), all directly or indirectly related to the luxury and consumer goods and services industry. The gross equity exposure will represent a maximum of 200% of the net assets. Besides direct long investments in equities, the Sub-Fund may also hold indirect long and short positions in equities that may for example be created by the use of financial derivative instruments like index futures, options, etc. Indirect short positions may for example also be created through investments in UCITS/ other UCIs, including Exchange Traded Funds, employing short-exposure investment strategies. No direct short selling of securities is

conducted.

The Sub-Fund may overall invest up to maximal 10% of its net assets in closed-ended collective investment schemes and/or open-ended UCITS/ other UCIs as defined in section 6.1.1. point (e) of the investment restrictions in this prospectus, including Exchange Traded Funds (ETFs), investing for example in indices and sub-indices on different assets.

The Sub-Fund may invest up to 100% of its net assets in fixed-interest and/or floating-rate debt securities of investment grade levels of credit worthiness, in cash, in term deposits and in all other type of assets as defined in section 6.1.1 of the investment restrictions in this prospectus. The residual maturity of each debt security may not exceed 3 years.

At least 50% of the Sub-Fund's net assets will be held or hedged in EUR. The Sub-Fund's NAV per unit is expressed in EUR.

The Sub-Fund may use derivative financial instruments as defined in section 6.1.1 point (g) for the purpose of efficient portfolio management and/or for hedging purposes.

In order to reach the investment objective, derivative financial instruments, or as the case may be, special investment techniques and financial instruments may be employed also on a larger scale.

The overall risk connected with derivatives will not exceed the total value of net assets.

The range of possible instruments includes for example:

- futures, call and put options on underlyings such as defined as allowed for derivative instruments under 6.4. of the investment restrictions in this prospectus,
- forward exchanges;
- currency and interest rate futures;
- futures on indices;
- options on indices;
- structured products, such as for example investment certificates and EMTNs, etc.

The Sub-Fund may also invest in futures, options and ETFs on volatility. However, under no circumstances shall these investments cause this Sub-Fund to diverge from its investment objectives as specified in this prospectus.

For the avoidance of doubt, the terms "volatility futures" refer to the volatility implied in option pricing and the main rationale for investing in such futures is that the volatility can be viewed as an asset class on its own. This Sub-Fund will only invest in volatility futures traded on a Regulated Market, and the stock indices underlying the volatility indices will comply with article 44(1) of the Law of 2010.

## **INVESTOR PROFILE FOR THE HERENS QUALITY Sub-Funds**

Taking into consideration the risk profile of the HERENS QUALITY Sub-

Funds described here above, these Sub-Funds may be appropriate for investors who are interested in investing in a global actively managed and broadly diversified portfolio which seeks to achieve a positive return over a full business cycle. Within the family the different Sub-Funds address differing risk-return profiles.

The investor in the DMC FUND - HERENS QUALITY LUXURY BRANDS should be prepared to accept the fluctuations in value, caused by fixed income, equity and currency market movements.

The Sub-Funds' investment policy includes financial derivative instruments such as futures and options. Their use may result in greater fluctuations in the net asset value. The Management Company's and the Investment Manager's ability to use these instruments on behalf of the Sub-Funds' may be limited by market conditions, regulatory limits and tax considerations. Use of these instruments involves special risks.

#### **4.3 CORPORATE BONDS Sub-Funds**

##### **DMC FUND - WORLD HY CORPORATE BONDS (expressed in USD)**

###### **Investment Objective**

The investment objective of the DMC FUND - WORLD HY CORPORATE BONDS Sub-Fund (expressed in USD) is to achieve a long term capital increase by offering to investors an access to the main markets of bonds denominated in USD and in foreign currencies (currencies of OECD member countries), and in particular to the markets of "high yield" corporate bonds issued by industrial, banking, financial and/or other companies. The notion of "high yield" bonds covers bonds benefiting from a rating at best BB+ with Standard & Poor's or Fitch, or Ba1 with Moody's or from no rating at all.

The benchmark representative for the above defined bond universe is the « BofA Merrill Lynch Global High Yield Index ».

Information concerning this index is provided in the BofA Merrill Lynch Bond Index Guide, which can be accessed on Bloomberg (IND2[go], 4[go]), or by sending a request to [mlindex@ml.com](mailto:mlindex@ml.com).

The management of the Sub-Fund is based on a quantitative indexing approach, called optimized sampling, aimed to closely align the principal portfolio risk factors with those of the benchmark. The global control of portfolio risk is achieved using quantitative process centered on spread maximization procedure that takes into account multiple constraints derived from the benchmark risk profile.

In order to enhance the expected return, the allocation of the Sub-Fund between the different segments of the investment universe (notably concerning sectors and rating categories) may differ from the allocation of the benchmark.

###### **Investment Policy**

The Sub-Fund invests more than 70% of its net assets in "high yield" corporate bonds denominated in USD and/or in foreign currencies

(currencies of OECD member countries) which benefit from a rating at best BB+ with Standard & Poor's or Fitch, or Ba1 with Moody's) or from no rating at all. In the event of default affecting bonds held by the fund, the fund reserves the right to retain those bonds in order to preserve the possibility of selling them in the best interest of the investors.

The Sub-Fund may invest up to 10% of its net assets in UCIs/UCITS, as defined in section 6.1.1 point (e) of the investment restrictions in this prospectus.

The Sub-Fund may hold cash and term deposits on an ancillary basis.

## **INVESTOR PROFILE FOR DMC FUND - WORLD HY CORPORATE BONDS Sub-Fund**

The Sub-Fund invests mainly in corporate "high yield" bonds denominated in USD and/or in foreign currencies (currencies of OECD member countries)

Due to the Sub-Fund ability to hold bonds in default, investors should be aware of the additional risk related to those bonds, including valuation and liquidity risk arising from low liquidity levels that might consequently lead the Sub-Fund to face difficulties selling all or part of those bonds in default and potentially result in negative impact on its net asset value.

As these bonds bear credit & liquidity risk, a major emphasis is put on the diversification of the investments.

This Sub-Fund is particularly well suited for investors who are ready to accept the credit & liquidity risk linked to the higher yield associated with the considered bond universe, and who have a longer term investment horizon.

Moreover, for the unhedged unit classes, the investors must accept the potential fluctuations in the NAV per unit of their units linked to the exchange rate risk of the bonds denominated in foreign currencies.

## **5 UNITS**

For each Sub-Fund, the Management Company issues only capitalisation units.

For the DMC FUND - DYNAGEST EXPO BONDS EURO "MAS" Sub-Fund, two classes of units are issued:

- Units "R" in EUR: open to all investors with a minimum investment amount of EUR 1'000.-
- Units "I" in EUR: reserved to institutional investors, with a minimum investment amount of EUR 500'000.-
- Units "II" in EUR: reserved to institutional investors, with a minimum investment amount of EUR 5'000'000.-

For the DMC FUND - DYNAGEST EXPO BONDS USD "MAS" Sub-Fund, two classes of units are issued:

- Units "R" in USD: open to all investors with a minimum investment

amount corresponding to the counterpart of EUR 1'000.-

- Units "I" in USD: reserved to institutional investors, with a minimum investment amount corresponding to the counterpart of EUR 500'000.-
- Units "II" in USD: reserved to institutional investors, with a minimum investment amount corresponding to the counterpart of EUR 5'000'000.-
- 

For the DMC FUND - HERENS QUALITY LUXURY BRANDS Sub-Fund, the following classes of units are issued:

- Units "R" in EUR: open to all investors with a minimum investment amount of EUR 1'000.-
- Units "I" in EUR: reserved to institutional investors, with a minimum investment amount of EUR 25'000.-
- Units "R" in CHF (hedged): open to all investors with a minimum investment amount corresponding to the counterpart of EUR 1'000.-
- Units "I" in CHF (hedged): reserved to institutional investors, with a minimum investment amount corresponding to the counterpart of EUR 25'000.-
- Units "R" in USD (hedged): open to all investors with a minimum investment amount corresponding to the counterpart of EUR 1'000.-
- Units "I" in USD (hedged): reserved to institutional investors, with a minimum investment amount of EUR 25'000.-
- Units "R" in GBP (hedged): open to all investors with a minimum investment amount corresponding to the counterpart of EUR 1'000.- (to be launched upon decision of the Board of Directors).
- Units "I" in GBP (hedged): reserved to institutional investors, with a minimum investment amount corresponding to the counterpart of EUR 25'000.- (to be launched upon decision of the Board of Directors).
- Units "R" in JPY (hedged): open to all investors with a minimum investment amount corresponding to the counterpart of EUR 1'000.- (to be launched upon decision of the Board of Directors).
- Units "I" in JPY (hedged): reserved to institutional investors, with a minimum investment amount corresponding to the counterpart of EUR 25'000.- (to be launched upon decision of the Board of Directors).

For the DMC FUND - WORLD HY CORPORATE BONDS Sub-Fund, the following classes of units are issued:

- - Units « R » in USD: open to all investors with a minimum investment amount corresponding to the counterpart of EUR 1'000.-
- - Units « R » in EUR (hedged): open to all investors with a minimum investment amount corresponding to the counterpart of EUR 1'000.-
- - Units « R » in CHF (hedged): open to all investors with a minimum investment amount corresponding to the counterpart of EUR 1'000.-
- Units « I » in USD: reserved to institutional investors with a minimum investment amount corresponding to the counterpart of EUR 1'000'000.-
- - Units « I » in EUR (hedged): reserved to institutional investors, with a minimum investment amount corresponding to the counterpart of EUR 1'000,000.-;
- Units « I » in CHF (hedged): reserved to institutional investors, with a minimum investment amount corresponding to the counterpart of EUR

1'000,000.-;

Hedged Units will be subject to currency hedging against the reference currency of the Sub-Fund concerned by using financial derivative instruments such as forward foreign exchange transactions and/or currency swaps. The hedge ratio may fluctuate between 95% and 105%. Costs incurred in connection with currency hedging will be charged to the relevant hedged units.

The Board of Directors shall determine how the income of the relevant Classes of Shares of the relevant Sub-Funds shall be distributed and may declare from time to time, at such time and in relation to such periods as the Board of Directors may determine distributions in the form of cash or units as set forth hereinafter.

Distributions, if any, will be paid out of the net investment income available for distribution. For certain classes, the Board of Directors may decide from time to time to distribute net realized and unrealized capital gains. Unless otherwise specifically requested, dividends will be reinvested in further units within the same Class of the same Sub-Fund and unitholders will be advised of the details by dividend statement.

Dividends not claimed within five years of their due date will lapse and revert to the relevant class, if any, of the relevant Sub-Fund.

No interest shall be paid on a distribution declared by the Fund and kept by it at the disposal of its beneficiary.

## **6 INVESTMENT RESTRICTIONS**

### **General Provisions**

Rather than concentrate on a single specific investment objective, the Fund is divided into different Sub-Funds, each of which has its own investment policy and its own risk profile by investing in a specific market or in a group of markets. The characteristics of each Sub-Fund, the investment objectives and policies are described in chapters 3 and 4.

### **6.1**

#### **6.1.1**

The Fund's investments shall consist exclusively of:

(a) transferable securities and money market instruments listed or traded on a regulated market;

(b) transferable securities and money market instruments traded on another regulated and regularly functioning market of a Member State of the European Union, that is recognised and open to the public;

(c) transferable securities and money market instruments admitted for listing on a stock market of a State, which is not part of the European Union or traded on another market of a State that is not part of the European Union, which is regulated and regularly functioning, recognized and open to the public;

(d) transferable securities and newly issued money market instruments provided that:

- the terms of issue include an undertaking that an application will be made for admission to be officially listed on a stock exchange or other regulated, regularly functioning market which is recognized and open to the public;
- and that this admission is obtained at the latest within one year of the issue.

(e) units of UCITS approved in conformity with Directive 2014/91/EU and/or of other UCIs within the meaning of Art. 1, paragraph (2), points a) and b) of Directive 2014/91/EU, whether located or not in a European Union Member State, provided that:

- these other UCIs are approved in conformity with legislation stipulating that the entities are subject to supervision that the CSSF considers equivalent to that intended by the EU legislation and that cooperation between the authorities is adequately guaranteed;
- the level of protection guaranteed to shareholders of these other UCIs is equivalent to that intended for shareholders of a UCITS and, in particular, that the rules relating to the division of assets, borrowings, loans, short sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2014/91/EU;
- the activities of these other UCIs are reported in semi-annual and annual statements that enable valuation of assets and liabilities, income and operations for the period concerned; and that
- no more than 10% of the assets of the UCITS or the other UCIs, whose acquisition is envisaged, can, in conformity with their management regulations or their constitutive documents, be invested in aggregate in units of other UCITS or other UCIs;
- when a compartment invests in units of other UCITS and/or other UCIs that are linked to the Fund within the framework of common management or control or by a significant direct or indirect holding, or is managed by a management company linked to the manager, no subscription or redemption fees may be invoiced to the Fund for investment in the UCITS or UCI units;
- the Fund, the manager or the management company may not receive any commission for issue or redemption and may only receive a maximum management commission of 0.25% if they acquire target funds that are:

- a. directly or indirectly managed by themselves, or
- b. managed by a company to which they are linked:

- under common management
- under common control, or
- by a direct or indirect holding of more than 10% of the capital or votes.

(f) deposits in credit establishments redeemable on request or which can be withdrawn and whose maturity is twelve months or less, provided that the credit establishment has its registered headquarters in a European Union Member State or, if the registered headquarters of the credit establishment are located in a third country, is subject to the prudent portfolio rules considered by the CSSF as equivalent to those provided by EU legislation;

(g) derivative financial instruments, including similar instruments allowing cash settlements, that are traded on regulated markets of the kind specified in points

(a), (b) and (c) above, and/or over-the counter derivative financial instruments, provided that:

- the underlying assets consist of instruments allowed under Section 6.1.1, in terms of financial indexes, interest rates, exchange or currency rates, swaps, in which the Fund may invest in conformity with its investment objectives;
- the counterparties to OTC derivative transactions are establishments subject to prudential supervision and belonging to categories approved by the CSSF; and
- the OTC derivative instruments are reliably and verifiably evaluated on a daily basis and can be, should the Fund wish, sold, liquidated or closed by a symmetrical transaction, at any time and at their fair value;

(h) money market instruments other than those traded on a regulated market and designated by Art. 1 of the law of 17 December 2010, as long as the issue or the issuer of these instruments are themselves subject to regulations whose aim is to protect the investors and investments and that the instruments are:

- issued and guaranteed by a central, regional or local administration, by a central bank of a European Union Member State, by the European Central Bank, by the European Union or by the European Investment Bank, by a third state or, in the case of a federal state, by one of the members of the federation, or by an international public agency of which one or more European Union Member States are members; or
- issued by a company whose securities are traded on regulated markets specified in points (a), (b) or (c) above; or
- issued or guaranteed by an establishment subject to prudential supervision according to criteria defined by European Union law, or by an establishment that is subject to and in conformity with prudential rules considered by the CSSF as at least as strict as those intended by European Union legislation; or
- issued by other entities belonging to categories approved by the CSSF as long as the investments in these instruments are subject to rules for protecting investors that are at least equivalent to those prescribed by the first, second or third indent, and that the issuer is a company whose capital and reserves are at least ten million euros (EUR 10'000'000) and which offers and publishes its annual accounts in conformity with Directive 78/660/EEC, or is an entity which, within a group of companies including one or more listed companies, is dedicated to financing the group or is an entity which is dedicated to financing securitization vehicles with a line of bank financing.

## 6.1.2

However:

(a) the Fund may invest a maximum of 10% of the net assets of each compartment in transferable securities and money market instruments other than those mentioned in section 6.1.1 a), b), c), d) and h) above;

(b) the Fund cannot acquire precious metals or certificates representing precious metals.

## 6.1.3

The Fund may hold liquid assets on an ancillary basis.

## 6.2

(a) The Fund may not invest more than 10% of the net assets of each compartment in transferable securities or money market instruments of the same issuer and cannot invest more than 20% of its net assets in deposits placed in the same entity.

The counterparty risk of the Fund in a transaction involving OTC derivatives may not exceed 10% of the net assets when the counterparty is one of the credit establishments specified in Section 6.1.1, point f), or 5% of its net assets in other cases.

(b) The total value of the transferable securities and money market instruments held by the Fund from issuers in which it invests more than 5% of its net assets may not exceed 40% of the value of its net assets. This limit does not apply to deposits in financial establishments that are subject to prudential supervision and to transactions of OTC derivative instruments with these establishments.

Notwithstanding the individual limits set in point (a) above, a Fund may not combine:

- instruments in transferable securities or money market instruments issued by a single entity,
- deposits in a single entity, and/or
- risks related to transactions involving OTC derivative instruments with a single entity, that represent more than 20% of its net assets.

(c) The 10% limit defined in the first sentence of point (a) above may be raised to a maximum of 35% when the transferable securities or money market instruments are issued or guaranteed by a European Union Member State, by its local authorities, by a state that is not a member of the European Union or by international public bodies of which one or more EU Member States are members. The transferable securities and money market instruments mentioned in this paragraph are not accounted for when applying the 40% limit mentioned in point (b) above.

(d) The 10% limit defined in the first sentence of point (a) above may be raised to a maximum of 25% for certain debt securities, when they are issued by a credit establishment having registered headquarters in a European Union Member State that is legally subject to special public auditing designed to protect holders of the bonds. In particular, the amounts originating from the issue of the bonds must be invested, in conformity with the law, in assets that adequately cover, for the entire duration of the validity of the bonds, the related liabilities and that will be distributed preferentially as redemption of the capital and payment of interest accrued in the event of default by the issuer. When the Fund invests more than 5% of its assets in bonds as understood in this paragraph and issued by the same issuer, the total value of the investments may not exceed 80% of the value of the assets of a compartment of the Fund. The transferable securities and money market instruments mentioned in this paragraph are not accounted for when applying the 40% limit mentioned in point (b), above.

(e) The limits defined in the previous points (a), (b), (c) and (d) are not cumulative and therefore, the investments in transferable securities or money market instruments of a single issuer, in deposits or derivative instruments

involving this entity, in conformity with these points (a), (b), (c) and d) may not exceed a total of 35% of the net assets of the Fund in question;

(f) The companies that are grouped together in the consolidated accounts, within the meaning of Directive 83/349/EEC or in conformity with recognized international accounting rules, are considered as a single entity for the calculation of the limits described in points (a) to (e) of this section 6.2.

A single UCI may invest cumulatively up to 20% of its net assets in the transferable securities or money market instruments of a single group.

(g) Notwithstanding the above, the Fund may invest up to 100% of the net assets of each compartment in transferable securities and money market instruments issued or guaranteed by an EU or OECD Member state, by local authorities of an EU Member state or by international public bodies of which one or more EU Member states are members, provided that these securities belong to at least six different issues and that the securities belonging to a single issue do not exceed 30% of the net assets of the compartment in question.

(h) The Fund may not invest more than 20% of the net assets of each compartment in a single UCITS or other UCI as defined in Section 6.1.1. The investment in UCI units other than UCITS, may not exceed a total of 30% of the net assets of each compartment. In the application of this limit, each compartment of a UCI with multiple Sub-Funds is considered as a separate issuer provided that the liabilities of the different Sub-Funds with regard to third parties are segregated.

## 6.3

### 6.3.1

The Fund may not acquire for any of the Sub-Funds:

(a) shares granting voting rights in sufficient number to allow it to exert a significant influence on the management of the issuer;

(b) more than:

- 10% of shares without voting rights of a single issuer;
- 10% of the bonds of a single issuer;
- 25% of the units or shares of a single undertaking for collective investment;
- 10% of money market instruments of a single issuer.

The limits defined in the second, third and fourth indents above need not be respected at the time of acquisition if, at that time, the gross value of the bonds or money market instruments or the net value of securities issued cannot be calculated;

The restrictions mentioned above are not applicable:

- to the transferable securities and money market instruments issued or guaranteed by a European Union Member State, by its local authorities, or by a State that is not a member of the European Union;
- to the transferable securities and money market instruments issued by international public bodies of which one or more European Union Member

States are members;

- to shares held in the capital of a corporation of a third state to the EU that invests its assets mainly in the securities of issuers of that state, where under the legislation of that state such a holding represents the only way in which the UCITS can invest in the securities of issuers of that state. This exception is, however, only applicable when the third State to the EU respects in its investment policy the limits established by Articles 43 and 46 and Article 48, paragraphs (1) and (2), of the Law of 17 December 2010. In the case that the limits defined in Articles 43 and 46 of this law are exceeded, Article 49 applies with necessary modifications;

- to shares held by one or more investment companies in the capital of subsidiary companies exercising management, advising, or sales activities solely for the benefit of the subsidiary companies in the country where the subsidiary is located in regard to the redemption of shares at the shareholder's request.

### 6.3.2

(a) The Fund may for each compartment temporarily contract loans in a proportion not to exceed 10% of the net assets of that compartment.

(b) The Fund may not grant credits or act as guarantor on behalf of third parties. The paragraph above does not prevent the acquisition by the Fund of transferable securities, money market instruments or other financial instruments allowed under Section 6.1.1, points e), g) and h) not fully paid up.

(c) The Fund may not, for any compartment, undertake transactions involving the short sale of transferable securities, money market instruments or other financial instruments specified in Section 6.1.1, points e), g) and h).

### 6.3.3

(a) The Fund shall not necessarily be required to comply with the limits set in this chapter during the exercise of subscription rights connected to transferable securities or money market instruments that form part of its assets.

Provided they ensure compliance with the principle of diversification of risks, the newly approved Fund and each new Sub-Fund created subsequent to the Fund's approval may be exempted from points 6.1.3, 6.2, and from the investment limits described in chapters 3 and 4 for a period of six months from the date of their launch.

(b) In the events of any of the limits referred to in point 6.3.3 (a) being breached for reasons beyond the fund's control, as a result of the exercising of subscription rights, the Fund must aim, as a priority, through its sales transactions, to rectify the situation while taking unitholders' interests into account.

### 6.3.4

A Sub-Fund (the Cross-investing Sub-Fund) may invest in one or more other Sub-Funds. Any acquisitions of units of another Sub-Fund (the Target Sub-Fund) by the Cross-investing Sub-Fund is subject to the following conditions:

(a) the Target Sub-Fund may not invest in the Cross-investing Sub-Fund;

- (b) the Target Sub-Fund may not invest more than 10% of its net assets in UCITS (including other Sub-Funds) or other UCIs;
- (c) the voting rights attached to the shares of the Target Sub-Fund are suspended during the investment by the Cross-investing Sub-Fund;
- (d) the value of the share of the Target Sub-Fund held by the Cross-investing Sub-Fund are not taken into account for the purpose of assessing the compliance with the EUR 1,250,000.- minimum capital requirement; and
- (e) duplication of management, subscription or redemption fees is prohibited.

## 6.4 Use of derivatives

Options, futures contracts, swaps, exchange contracts on transferable securities, money market instruments, UCITS/other UCI's, currencies, financial indexes, interest rates or foreign exchange rates.

To ensure that the portfolio is managed efficiently and/or for hedging purposes, the Fund may for example buy and sell call and put options and futures contracts, and conclude exchange contracts, CFDs (Contracts For Difference) on transferable securities, money market instruments, UCITS/other UCI's, currencies, financial indexes, interest rates, or foreign exchange rates, provided that these derivative instruments are traded on a regulated market, operating regularly, that is recognized and open to the public; however, these derivative instruments may also be traded over-the-counter (OTC), provided they are contracted with leading financial institutions specializing in this type of transaction.

Each Sub-Fund must ensure that the overall risk connected with derivatives does not exceed the total value of net assets.

### Credit derivatives

The Fund may invest in buying and selling credit derivatives. Credit derivative products are used to insulate and transfer the credit risk associated with a base asset. There are two categories of credit derivatives: "financed" and "non-financed" depending on whether or not the protection seller has made an initial payment in relation to the base asset. Despite the great variety of credit derivatives, the three most common types of transaction are:

The first type: transactions on credit default products (for example Credit Default Swaps (CDS) or CDS options), are transactions in which the debts of the parties are linked to the presence or absence of one or several credit events in relation to the base asset. The credit events are defined in the contract and represent a decline in the value of the base asset. Credit default products may either be paid in cash or by physical delivery of the base asset following the default.

The second type: Total Return Swaps, are an exchange on the economic performance of an underlying asset without transferring ownership of the asset. When a buyer purchases a Total Return Swap, it makes a regular payment at a variable rate, in return for which all the results relating to a notional amount of that asset (coupons, interest payments, change in asset value) accrue to it over a period of time agreed with the counterparty. The use of these instruments can help offset the Fund's exposure.

The third type: "credit spread" derivatives, are credit protection transactions in which the payments may be made either by the buyer or by the seller of the

protection based on the relative credit value of two or more base assets.

However, at no time may these operations be conducted for the purpose of modifying the investment policy.

## 6.5 Structured Finance Securities

The Fund may invest in Structured Finance Securities; however, when Sub-Funds invest in structured finance securities of the credit linked notes-type, this will be clearly indicated within the compartment's investment policy.

Structured finance securities include, but are not limited to, asset-backed securities, asset-backed commercial papers and portfolio credit-linked notes. Asset-backed securities are securities that are backed by financial cash flows from a group of debt securities (current or future) or by other underlying assets that may or may not be fixed. Such assets may include, but are not limited to, mortgages on residential or commercial property, leases, credit card debts as well as personal or business loans. Asset-backed securities may be structured in various ways, either as a "truesale" in which the underlying assets are transferred within an ad hoc structure that then issues the asset backed securities or synthetically, in which the risk linked to underlying assets is transferred via derivative instruments to an ad hoc structure that issues the asset-backed securities.

Portfolio credit-linked notes are securities in which payment of the nominal amount and the interest is directly or indirectly linked to one or several managed or unmanaged portfolios of reference entities and/or assets ("reference credit"). Until a threshold credit event occurs in relation to a reference credit (such as bankruptcy or payment default), a loss will be calculated (corresponding, for example, to the difference between the nominal value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses occurring in regard to underlying assets or, depending on the case, calculated in relation to reference credits, are first assigned to the most junior tranches until the nominal amount of the securities is brought to zero, then it is assigned to the nominal amount of the next most junior tranche remaining and so on.

Consequently, in the scenario that (a) for asset-backed securities, the underlying assets do not produce the expected financial flows and/or (b) for portfolio credit-linked notes, one of the credit events defined occurs with regard to one or several underlying assets or reference credits, there may be an effect on the value of the related securities (that may be zero) and any amount paid on such securities (which may be zero). This may in turn affect the net asset value per share of the compartment. Moreover, the value of the structured finance securities and thus the net asset value per share of the compartment may, from time to time, be negatively affected by macro-economic factors, including for example unfavorable changes in the economic sector of the underlying assets or the reference credits (including the industrial, service, and real estate sectors), economic recession in the respective countries or global recession, as well as events linked to the inherent nature of the assets (thus, a loan to finance a project is exposed to risks related to the type of project).

The extent of such negative effects is thus linked to the geographic and sectoral concentrations of the underlying assets, and the type of underlying assets or reference credits. The degree to which a particular asset-backed security or a portfolio credit-linked note is affected by such events will depend on its issue tranche; the most junior tranches, even ones rated "investment grade", may consequently be exposed to substantial risks.

Investments in structured finance securities may be more exposed to a greater liquidity risk than investing in government or corporate bonds. When a liquid market for these structured finance securities does not exist, such securities may only be traded for an amount lower than their nominal amount and not at the market value which may, subsequently affect the net asset value per share of the compartment.

Where the Fund enters into OTC financial derivative transactions, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

- Liquidity: any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing;

In view of the above, the following collateral will be accepted:

- Cash, short-term investments (maturity less than 6 months) in the currency of the Sub-Fund, haircut to be applied: 0%;
- Cash, short-term investments (maturity less than 6 months in a different currency to the Sub-Fund, haircut to be applied: up to 10%;
- Money market UCI, haircut to be applied: up to 10%;
- Bonds and/or other debt securities or rights, fixed-rate or variable rate, as well as bond fund, haircut to be applied: up to 20%;
- Shares and other equity investments as well as equity funds, haircut to be applied: up to 40%.

However, for some types of OTC financial derivatives transaction, the Fund may agree to deal with some counterparties without receiving collateral. In these cases, the Fund may agree to deal without receiving collateral as long as the counterparty risk at the level of the concerned Sub-Fund does not exceed 10 % of its net assets if the counterparty is a credit institution as defined by article 41(1)f of the Law of 17 December 2010 or 5 % of its net assets in any other case.

- Valuation: collateral received should be valued at least on a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place. The policy applied for haircuts is detailed below:
- Issuer credit quality – collateral received should be of high quality and must present a rating of at least BBB- (or equivalent) attributed by at least one rating agency for collateral received in bond form;
- Correlation: the collateral received by the Fund should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty;
- Collateral diversification (asset concentration): collateral should be sufficiently diversified in terms of countries, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be complied with if the Fund receives from a counterparty of OTC financial derivative transactions, a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. If the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer; where there is a title transfer, the collateral received should be held by the depositary of the Fund. 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;
- Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty;
- Non-cash collateral received should not be sold, re-invested or pledged;
- Cash collateral received should only be:
  - o placed on deposit with entities prescribed in chapter 6, "Restrictions on investment", point 1.1. f) of this prospectus;
  - o invested in high-quality government bonds;
  - o invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.
- Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

## **6.6. Use of techniques and instruments for the purpose of efficient portfolio management**

When investing in securities financing transactions and derivative instruments relating to transferable securities and money market instruments, the Fund shall comply with applicable restrictions and in particular with EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse of 25 November 2015 ("SFTR").

For the time being, no investments in securities financing transaction ("SFT") within the meaning of the SFTR are contemplated by the fund.

For the purposes of the SFTR, SFT shall include:

- a) a repurchase transaction;
- b) securities or commodities lending and securities or commodities borrowing;
- c) a buy-sell back transaction or sell-buy back transaction;
- d) a margin lending transaction.
- e) total return swap transaction.

In case of the Fund use SFT in the future, the prospectus shall be amended.

## **7. RISKS ASSOCIATED WITH THE USE OF DERIVATIVES AND OTHER SPECIAL INVESTMENT TECHNIQUES AND FINANCIAL INSTRUMENTS AND WITH THE INVESTMENT IN EMERGING MARKETS.**

Prudent use of derivative and other special investment techniques and financial instruments and investments in Emerging Markets may bring advantages, but does also entail risks which differ from those of the more conventional forms of investment and in some cases may be even greater. Below follows a general outline of important risk factors and other aspects relating to the use of derivative and other special investment techniques and financial instruments and investing in Emerging Markets, about which the investor should be informed before investing in the respective Sub-Fund.

- A) Market risks: these risks are of general nature and are present in all types of investments; the value of a particular financial instrument may change in a way that can be detrimental to the interests of a Sub-Fund.
- B) Monitoring and control: derivatives and other special investment techniques and financial instruments are specialized products which require different investment techniques and risk analyses than equities

or bonds. The use of derivatives requires not just knowledge of the underlying instrument, but also of the derivative itself, although the performance of the derivative cannot be monitored under all the possible market conditions. The complexity of such products and their use in particular require suitable control mechanisms for monitoring the transactions and the ability to assess the risks of such products for a Sub-Fund and estimate the developments of prices, interest rates and exchange rates.

- C) Liquidity risks: liquidity risks arise when a certain security is difficult to acquire or dispose of. In large-scale transactions or when markets are partially illiquid it may not be possible to execute a transaction or close out a position at an advantageous price.
- D) Counterparty risks: with OTC derivatives there is a risk that a counterparty will not be able to fulfil its obligations and/or that a contract will be cancelled, e.g. due to bankruptcy, subsequent illegality or a change in the tax or accounting regulations since the conclusion of the OTC derivative contract.
- E) Risks associated with credit default (“CDS”) transactions: the purchase of CDS protection allows the Sub-Fund, on payment of a premium, to protect itself against the risk of default by an issuer. In the event of default by an issuer, settlement can be effected in cash or in kind. In the case of a cash settlement, the purchaser of the CDS protection receives from the seller of the CDS protection the difference between the nominal value and the attainable redemption amount. Where settlement is made in kind, the purchaser of the CDS protection receives the full nominal amount value from the seller of the CDS protection and in exchange delivers to him the security which is the subject of the default, or an exchange shall be made for a basket of securities. The detailed composition of the basket of securities shall be determined at the time the CDS contract is concluded. The events which constitute a default and the terms of the delivery of bonds and debt certificates shall be defined in the CDS contract. The Sub-Fund can if necessary sell the CDS protection or restore the credit risk by purchasing call options. Besides the general counterparty risk (see D) above), upon the concluding of CDS transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil. The Sub-Funds which use credit default swaps will ensure that the counterparties involved in these transactions are selected carefully and that the risk associated with the counterparty is limited and closely monitored.
- F) Risk associated with credit spread swaps (“CSS”) transactions: concluding a CSS allows the Sub-Fund, on payment of a premium, to share the risk of a default by an issuer with the counterparty of the transaction concerned. A CSS is based on two different securities with differently rated default risks and normally a different interest rate structure. At maturity, the payment obligation of one or other party to the transaction depends on the differing interest rate structures of the underlying securities. Besides the general counterparty risk, upon the concluding CSS transaction there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil.
- G) Risks associated with inflation swap transactions: the purchase of inflation swap protection helps the Sub-Fund to hedge a portfolio either entirely or partially from an unexpectedly sharp rise in inflation or to

draw a relative performance advantage there from. For this purpose, a nominal, non-inflation-indexed debt is exchanged for a real claim that is linked to an inflation index. When the transaction is arranged, the inflation expected at this point is accounted for in the price of the contract. If the actual inflation is higher than that expected at the time the transaction was entered into and accounted for in the price of the contract, the purchase of the inflation swap protection results in higher performance; in the opposite instance it results in lower performance than if the protection had not been purchased. The functioning of the inflation swap protection thus corresponds to that of inflation-indexed bonds in relation to normal nominal bonds. It follows that by combining a normal nominal bond with inflation swap protection it is possible to construct synthetically an inflation-indexed bond. Besides the general counterparty risk, upon the conclusion of inflation swaps transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil.

- H) Other risks: The use of derivative and other special investment techniques and financial instruments also entails the risk that the valuations of financial products will differ as a result of different approved valuation methods (model risk) and the fact that there is no absolute correlation between derivative products and the underlying securities, interest rates, exchange rates and indexes. Numerous derivatives, particularly the OTC derivatives, are complex and are frequently open to subjective valuation. Inaccurate valuations can result in higher cash payment obligations to the counterparty or a loss in value for the Sub-Fund. Derivatives do not always fully reproduce the performance of the securities, interest rates, exchange rates or indexes which they are designed to reflect. The use of derivative or other special investment techniques and financial instruments by a Sub-Fund may therefore in certain circumstances not always be an effective means of achieving the Sub-Fund's investment objective.
- I) Risks associated with investments in Emerging Markets: investments in emerging markets securities involve a higher degree of risk due to their usually greater volatility. In particular, such investments are subject to the following risks:
  - a. trading volumes in relation to the securities may be low or absent on the securities market involved, which can lead to liquidity problems and serious price fluctuations;
  - b. uncertainties surrounding political, economic and social circumstances, with the associated dangers of expropriation or seizure, of unusually high inflation rates, prohibitive tax measures and other negative developments;
  - c. potentially serious fluctuations in the foreign exchange rate, different legal frameworks, existing or potential foreign exchange export restrictions, customs or other restrictions, and any laws and other restrictions applicable to investments;
  - d. political and other circumstances which restrict the investment opportunities of the Sub-Fund, for example restrictions with regard to issuers which are regarded as sensitive from the national point of view, and
  - e. the absence of sufficiently developed legal structures for private or foreign investments and the risk of potentially inadequate safeguards with respect to the ownership of private

property.

Foreign currency export restrictions and other related regulations in these countries may also lead to the delayed repatriation of all or some of the investments or may prevent them being repatriated in full or in part.

- J) Risks associated with the high yield bonds: Such bonds are subject to high levels of credit or default risk. The high yield bonds are more dependent on the macro-economic situation and may be less liquid and more difficult to sell or to value than higher-rated bonds. Due to these risks, investors should understand that such bonds are generally not appropriated for short term investing. The above underlined risks will be however mitigated by the high level of diversification.

## **8 RIGHTS OF THE UNITHOLDERS**

The Fund is open-ended, that is to say, existing unitholders may leave it at any time.

By acquiring units, the unitholder accepts all the terms and conditions of the Management Regulations.

The assets of each Sub-Fund constitute the joint and undivided property of the unitholders of that Sub-Fund.

Each unitholder has in the portion of assets relating to a Sub-Fund, an undivided interest in proportion to the units he owns in that Sub-Fund. The unitholder's entitlement only extends to the assets and income of the Sub-Fund in which he holds an interest.

As stated in the "Redemption" paragraph, and in accordance with the Management Regulations, the unitholder has the right to obtain repayment of his units at the redemption price on each Valuation Day.

The Management Regulations do not provide for the holding of general meetings of unitholders.

The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund if the investor is registered himself and in his own name in the unitholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing in 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.

## **9 MANAGEMENT - ORGANISATION**

DMC FUND is managed on behalf of the unitholders by "DYNAMIC ASSET MANAGEMENT COMPANY (LUXEMBOURG) S.A." which was incorporated on April 3rd, 1998 in the form of a "Société Anonyme" under Luxembourg Law. It has its registered office in Luxembourg at 15 rue du Fort Bourbon.

The Articles of Association of the Management Company were published in the Memorial C as of May 30th, 1998. The Articles were last changed by decision of the extraordinary general shareholders' meeting on June 19, 2013.

The object of the Company is the collective portfolio management, of one or several Luxembourg and/or foreign collective investment funds according to the Directive 2014/91/EU, as amended («UCITS») and of other Luxembourg and foreign collective investment funds not covered by this Directive, on behalf of their unitholders or shareholders. Its capital is EUR 400,000.- fully paid up, represented by 400 nominal shares, 260 shares being held by Banque de Profil de Gestion S.A. (following the merger by absorption of Dynagest S.A.), Cours de Rive, 11, CH-1211 Geneva 3 and

140 shares being held by Mattig Asset Management AG, Industriestrasse 22, CH-6302 Zug.

The Management Company can pay reimbursements of the front-end sales charge to institutional investors and to distributors and grant trailer fees to a wider circle of sales agents/partners.

The Management Company has been set up for an unlimited time. Its financial year starts on the 1st of April and ends on the 31st of March. The general meeting of shareholders of the Management Company is held each year on the third Wednesday in June in Luxembourg.

The Board of Directors of the Management Company has the broadest powers to act in the Company's name and to carry out all acts of administration and management relating to the Company's objective, without prejudice to the limitations imposed by Luxembourg Law, the Articles of Association of the Management Company and the Management Regulations.

The Board of Directors of the Management Company may be assisted by an Expert Committee, the expenses of which shall be borne by the Management Company.

The accounts of the Management Company are audited by an authorized independent auditor. This task has been entrusted to PwC Société coopérative, 2, rue Gerhard Mercator L-2182 LUXEMBOURG.

The Management Company has, under its control and responsibility, appointed Banque de Profil de Gestion S.A. (following the merger by absorption of Dynagest S.A.), a corporation incorporated under the laws of Switzerland (hereinafter referred to as "Investment Manager"), to act as investment manager for the DYNAMIC FLOORING family and the CORPORATE BONDS FAMILY.

The Management Company has, under its control and responsibility, appointed Hérens Quality Asset Management AG (formerly Hérens Partners AG.), a corporation incorporated under the laws of Switzerland (hereinafter referred to as "Investment Manager"), to act as investment manager for the HERENS QUALITY family.

The Investment Managers shall make, subject to compliance with this prospectus and the management regulation, investment decisions with respect to the investment and reinvestment of the assets of the Fund.

An Investment Management Agreement shall contain all rights and obligations of the parties, and a copy is available for inspection at the offices of the Management Company.

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the Company (the Remuneration Policy).

The Remuneration Policy includes fixed and variable components of salaries

not linked to the managed fund performances and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company.

An appropriate balance is established between the fixed and variable components of total compensation. The fixed component represents a sufficiently high part of the total compensation for a fully flexible policy to be applied to variable compensation components, including the possibility of not paying variable component.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders and includes measures to avoid conflicts of interest.

The details of the up-to-date remuneration policy of the Management Company, including a description of how remuneration and benefits are calculated, the persons responsible for the award of remuneration and benefits are available on : <http://www.dmcfund.lu/en/societe/management-company.html#Remuneration-policy> and a paper copy of the summarized Remuneration Policy is available free of charge at Management Company registered offices upon written request.

## 10 DEPOSITARY

The Management Company has appointed Banque et Caisse d'Epargne de l'Etat, Luxembourg (hereinafter referred to as 'BCEE'), as its Depositary within the meaning of the 2010 Law pursuant to the depositary agreement.

BCEE is an autonomous public establishment (*établissement public autonome*) under the laws of Luxembourg. It has been on the official list of Luxembourg credit institutions since 1856. It is authorised by the CSSF in Luxembourg in accordance with directive 2006/48/EC as implemented in Luxembourg by the 1993 law on the financial sector, as amended.

The key duties of the Depositary are to perform on behalf of the Fund the depositary duties referred to in the Luxembourg law essentially consisting of:

- a) monitoring and verifying the Fund's cash flows;
- b) safekeeping of the Fund's assets, including *inter alia* holding in custody financial instruments that may be held in custody and verification of ownership of other assets;
- c) ensuring that the sale, issue, repurchase, redemption and cancellation of the units on behalf of the Fund are carried out in accordance with the management regulations of the Fund and applicable Luxembourg law, rules and regulations;
- d) ensuring that the value of the units is calculated in accordance with the management regulations of the Fund and applicable Luxembourg law, rules and regulations;
- e) ensuring that in transactions involving the Fund's assets, any consideration is remitted to the Fund within the usual time limits;
- f) ensuring that the Fund's income is applied in accordance with the management regulations of the Fund and applicable Luxembourg law, rules and regulations;
- g) carrying out instructions from the Management Company unless they conflict with the management regulations of the Fund or applicable Luxembourg law, rules and regulations.

The Depositary may delegate its safekeeping functions subject to the terms of the depositary agreement. The list of the Depositary's delegates is available on the Depositary's website (<http://www.bcee.lu/en/Downloads/Publications>).

In the execution of its duties, the depositary acts in the sole interests of the Fund and the Fund's unitholders.

From time to time conflicts of interest may however arise between the depositary and the delegates or sub-delegates. In the event of any potential conflict of interest which may arise during the normal course of business, the depositary will have regard to the applicable laws and will respect at any time the duties and obligations of the depositary agreement.

Further, potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Fund, the Management Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, sub-custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have potential conflicts of interest with those of the Fund, the Management Company and/or other funds for which the Depositary (or any of its affiliates) act. Some situations likely to generate potential conflicts of interest have been identified at the date of the present prospectus:

- Conflicts of interest resulting from the delegation of safekeeping functions: none of the delegates or sub-delegates form part of BCEE-Group, minimizing the risk of conflicts of interest in this area;
- The Depositary acts as depositary bank for other funds: the Depositary is

doing everything possible to act objectively in order to treat all of its clients fairly;

- The Depositary, in addition to its safekeeping functions, offers various other banking services to the Fund: the Depositary is doing everything possible to act objectively and fairly.

Should the regulatory framework respectively the organizational structure of the relevant entities change, the potential list of conflicts of interest may change consequently. In this case, the present prospectus will be updated accordingly. Up-to-date information on the duties of the Depositary, delegations and sub-delegations and related potential conflicts of interest may be requested from the depositary by the unitholders.

The Depositary is liable to the Fund and the unitholders for the loss by the Depositary or a third party to whom the custody of financial instruments that can be held in custody has been delegated. In the case of such a loss of a financial instrument held in custody, the depositary shall return a financial instrument of identical type or the corresponding amount to the Fund without undue delay. The Depositary is not liable if it can prove that the loss has arisen as a 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 is also liable to the Fund and the unitholders for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfill its obligations.

The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party.

The depositary agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than three months prior written notice. The depositary agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of its obligations.

## **11 PAYING AGENT AND ADMINISTRATIVE AGENT**

Banque et Caisse d'Epargne de l'Etat, Luxembourg, has also been appointed as the Fund's administrative agent, paying agent, transfer agent and registrar. The administrative agent is responsible for the Fund's accounting and calculates the net asset value in accordance with the management regulations and the sales prospectus.

Banque et Caisse d'Epargne de l'Etat, Luxembourg shall use the services of European Fund Administration (EFA), a limited company (*société anonyme*) based at 2, Rue d'Alsace, B.P. 1725, L-1017 Luxembourg for some of its administrative and registrar functions, under its own responsibility.

## **12 SEGREGATED ACCOUNTS AND MARGIN ACCOUNTS**

The Management Company may, with the approval and under the supervision of the Custodian Bank, open segregated accounts and margin accounts in the name of the respective Sub-Fund with highly rated financial institutions specialised in this type of transactions in order to deal future contracts on Stock Exchange indices, on interest rates instruments and currency instruments, as well as options on the same instruments within the limits set in the investment restrictions.

All transactions of the above instruments dealt for the account of any of the Sub-Funds of the Fund will be recorded on these segregated accounts. Margin deposits and margin payments will also be booked over these accounts as well as any fees and expenses related to the transactions. Margin payments must be made in cash or covered by appropriate long term government securities. Margin deposits will be blocked once the margin transaction or transactions in respect of which it was accepted are undertaken with or for the Fund.

### 13 COSTS TO BE BORNE BY THE FUND

As compensation for its services for the following Sub-Funds, the management company shall receive an annual all-in fee, except for brokerage fees and bank charges normally payable on transactions relating to the portfolio of the relevant Sub-Fund, calculated on the average net assets of the relevant month, payable monthly:

<b>DYNAMIC FLOORING family</b>	<b>Maximal annual fee</b>
<b>DMC FUND - DYNAGEST EXPO BONDS EURO “MAS”</b> class share -R- in EUR class share -I- in EUR class share -II- in EUR	1.50% 1.10% 0.60%
<b>DMC FUND - DYNAGEST EXPO BONDS USD “MAS”</b> class share -R- in USD class share -I- in USD class share -II- in USD	1.50% 1.10% 0.60%

<b>HERENS QUALITY family</b>	<b>Maximal annual fee</b>
<b>DMC FUND - HERENS QUALITY LUXURY BRANDS</b> class share -R- in EUR class share -I- in EUR class share -R- in CHF (hedged) class share -I- in CHF (hedged) class share -R- in USD (hedged) class share -I- in USD (hedged) class share -R- in GBP (hedged) class share -I- in GBP (hedged) class share -R- in JPY (hedged) class share -I- in JPY (hedged)	1.90% 1.15% 1.90% 1.15% 1.90% 1.15% 1.90% 1.15% 1.90% 1.15%

<b>CORPORATE BONDS family</b>	<b>Maximal annual fee</b>
<b>DMC FUND - WORLD HY CORPORATE BONDS</b> class share –R- in USD class share –R- in EUR (hedged) class share –R- in CHF (hedged) class share -I- in USD class share –I- in EUR (hedged) class share -I- in CHF (hedged)	0.90% 0.90% 0.90% 0.60% 0.60% 0.60%

No management fee may be charged to the Sub-Funds for investments made in units of funds managed by the Fund management company or any company associated with it. In such cases, the funds whose units are bought may not charge an upfront or a redemption fee.

The management company will bear the following costs for all Sub-Funds:

- all taxes owed on the fund's asset and income,
- sub-contractor fees,
- Investment Managers' fees,
- operating expenses (fees of the Custodian Bank, transfer and registrar agent, administrative agent and listing agent),
- auditors fee,
- printing and distribution of the annual and semi-annual report,
- fees related to indexes or benchmark,
- costs for the preparation, translation, printing for the publication,
- costs for the information of unitholders,
- legal fees and/or other legal expenses related to unitholder protection,
- costs for the official representative in Switzerland,
- the annual "taxe d'abonnement" calculated on the NAV of each Sub-Fund and payable quarterly on each unit class (0.05 % for the unit class R and 0.01 % for the unit class I ),
- cost relating to subscription taxes, records, deposit and other requirements concerning the Fund by all foreign authorities or stock exchanges,
- advertising costs or other expenses directly connected with the offering of distribution of units, including the costs of printing and copying of the documents mentioned above or reports used by distributors of units in their commercial activity.

## 14 SUBSCRIPTION

The Fund is offering registered units and the possibility to hold those units in Clearstream or Euroclear.

There will be no issuance of registered certificate, the inscription of the unitholder name in the Registrar of the fund will prove the ownership. The unitholder may request a holding statement.

Units of the DYNAMIC FLOORING family are issued on each Wednesday or "Valuation Day" (as described in the "NAV" paragraph below). If a subscription order is to be carried out on a Valuation Day, written instructions ("Subscription Form") together with the requested papers must have reached the Transfer Agent and Registrar, in a form immediately available, the Business Day before the corresponding Valuation Day before 2.00 pm (Luxembourg time); otherwise the order will be executed on the next following Valuation Day after everything has been duly received.

Units of the Sub-Fund DMC FUND - HERENS QUALITY LUXURY BRANDS of HERENS QUALITY family are issued on each Business Day in Luxembourg or "Valuation Day" (as described in the "NAV" paragraph below). If a subscription order is to be carried out on a Valuation Day, written instructions ("Subscription Form") together with the requested papers must have reached the Transfer Agent and Registrar, in a form immediately available, the Business Day before the corresponding

Valuation Day before 9.00 am (Luxembourg time); otherwise the order will be executed on the next following Valuation Day after everything has been duly received.

Units of the Sub-Fund DMC FUND – WORLD HY CORPORATE BONDS of the CORPORATE BONDS family are issued on each Wednesday or "Valuation Day" (as described in the "NAV" paragraph below). If a subscription order is to be carried out on a Valuation Day, written instructions ("Subscription Form") together with the requested papers must have reached the Transfer Agent and Registrar, in a form immediately available, three Business Day before the corresponding Valuation Day before 2.00 pm (Luxembourg time); otherwise the order will be executed on the next following Valuation Day after everything has been duly received. Payment for subscriptions must be made in the currency of the relevant Sub-Fund class of Units. However, the Management Company may also accept payments in other major currencies. The value of these payments in the base currency of the Sub-Fund will then be determined on basis of the prevailing market exchange rates.

Payment of the subscription amount must have reached the subscription account with Banque et Caisse d'Epargne de l'Etat, Luxembourg (BCEE):

- For DYNAMIC FLOORING family:

the following Business Day following the relevant Valuation Day.

- For CORPORATE BONDS family:

the following Business Day following the relevant Valuation Day.

- For HERENS QUALITY family:

within two Business Days following the relevant Valuation Day.

Units of all Sub-Funds, are issued at an Issue Price based on the NAV per unit on the relevant Issue Day and a front-end sales charge of up to 5.10% of the NAV, which may be waived in whole or in part, has, if applicable, to be paid to the Management Company, except for the portion of 0.10% which is payable to the relevant Sub-Fund to contribute to the transaction costs of investing the net subscription proceeds.

All subscriptions of units of DMC FUND - WORLD HY CORPORATE BONDS shall be submitted in addition to a dilution levy applied on the subscribed amount in order to offset spreads on bonds prices. The dilution levy will be paid into the Sub-Fund and will become part of the Sub-Fund's assets. The dilution levy shall not exceed **1.50%** of the subscribed amount. However under exceptional circumstances such as periods of crisis which render necessary a higher percentage, and always when it is in the best interest of the unitholders of the Sub-Fund, the Board of Directors shall be entitled to fix the dilution levy at a percentage higher than **1.50%** of the subscribed amount. In any case, the effective dilution levy charged on any Valuation Day shall be identical for all issues effected on such day.

This issue price does not include the charges taken by intervening correspondent banks for the execution of money transfers or for the cashing

of cheques. To this issue price are added all taxes and stamp duties that might be payable in the various countries of purchase or subscription. In no case may a unitholder be forced to make a payment exceeding the issue price of units as defined in this paragraph or to assume an obligation going beyond payment of this price.

The units of DMC FUND - DYNAGEST EXPO BONDS EURO "MAS" were offered to the investors at an initial issue price of EUR 1,000.- per unit. The first net asset value calculation of the Sub-Fund has been made on the 20th of April 2005.

The units of DMC FUND - DYNAGEST EXPO BONDS USD "MAS" were offered to the investors at an initial issue price of USD 1,000.- per unit. The first net asset value calculation of the Sub-Fund has been made on the 20th of April 2005.

The units of DMC FUND - HERENS QUALITY LUXURY BRANDS were offered to the investors at an initial issue price of EUR 1,000.-, respectively USD 1,000.-, CHF 1,000.-, per unit from February 11, 2013 up to February 14, 2013, 11.00 a.m.. The first NAV at par value was dated February 14, 2013. The first net asset value calculation of the Sub-Fund was calculated on February 18, 2013 and dated February 15, 2013. The money of the initial subscription was paid with value date February, 19, 2013.

The units of DMC FUND - WORLD HY CORPORATE BONDS will be offered to the investors at an initial issue price of USD 1,000.- respectively CHF 1,000.- and EUR 1,000, per unit from September 17th, 2018 up to October 11th, 2018, 2.00 p.m. The first NAV at par value will be dated October 15th, 2018. The first net asset value calculation of the Sub-Fund will be calculated on October 17th, 2018 and dated October 16th, 2018. The initial subscription have to reach the subscription account with Banque et Caisse d'Epargne de l'Etat Luxembourg with value date October 15th 2018..

## **15 REDEMPTION**

Owners of units may request redemption of their units at any time. To do so, they must send an irrevocable request in writing for redemption to the Transfer Agent and Registrar for execution.

For units of DYNAMIC FLOORING family, if a redemption order is to be executed at the Redemption Price ruling on a Valuation Day, the application for the redemption of units (Redemption and/or Conversion Form) must reach the Transfer Agent and Registrar the Business day before the corresponding Valuation Day before 2.00 pm (Luxembourg time) (as described in the "NAV" paragraph below).

For units of DMC FUND – HERENS QUALITY LUXURY BRANDS if a redemption order is to be executed at the Redemption Price ruling on a Valuation Day, the application for the redemption of units (Redemption and/or Conversion Form) must reach the Transfer Agent and Registrar the Business Day before the corresponding Valuation Day before 9.00 am (Luxembourg time) (as described in the "NAV" paragraph below).

For units of the Sub-Fund DMC FUND – WORLD HY CORPORATE

BONDS of the CORPORATE BONDS family, if a redemption order is to be executed at the Redemption Price ruling on a Valuation Day, the application for the redemption of units (Redemption and/or Conversion Form) must reach the Transfer Agent and Registrar three Business day before the corresponding Valuation Day before 2.00 pm (Luxembourg time) (as described in the "NAV" paragraph below).

All redemptions of units of DMC FUND - WORLD HY CORPORATE BONDS shall be submitted in addition to a dilution levy applied on the redeemed amount in order to offset spreads on bonds prices. The dilution levy will be paid into the Sub-Fund and will become part of the Sub-Fund's assets. The dilution levy shall not exceed **1.50%** of the redeemed amount. However under exceptional circumstances such as periods of crisis which render necessary a higher percentage, and always when it is in the best interest of the unitholders of the Sub-Fund, the Board of Directors shall be entitled to fix the dilution levy at a percentage higher than **1.50%** of the redeemed amount. In any case, the effective dilution levy charged on any Valuation Day shall be identical for all issues effected on such day.

All redemption orders reaching the Transfer Agent and Registrar after the deadline will be executed on the next following Valuation Day at the Redemption Price then ruling.

The price to be paid in respect of each unit tendered for redemption (the "Redemption Price") will be the NAV per unit, less an exit fee of 0.10% thereof payable to the relevant Sub-Fund to offset estimated realisation costs arising from the redemption.

The Management Company reserves the right to reduce proportionally all requests for redemption in a Sub-Fund to be executed on one Valuation Day whenever the total proceeds to be paid for the units so tendered for redemption exceeds 10% of the total net assets of that specific Sub-Fund. The portion of the redemptions not executed on that Valuation Day will then be executed by priority on the next Valuation Day.

Confirmation of the execution of a redemption will be made by the dispatch to the unitholder of an advice, specifying the number and class of units redeemed and the name of the relevant Sub-Fund. Payment will be made by bank transfer in the currency of the relevant Sub-Fund class of Units, with a value date:

- For DYNAMIC FLOORING family:

the following Business Day following the relevant Valuation Day.

- For CORPORATE BONDS family:

the following Business Day following the relevant Valuation Day.

- For HERENS QUALITY family:

within two Business Days following the relevant Valuation Day.

The Custodian Bank is only obliged to make payments for redemptions where legal provisions, particularly exchange control regulations or other cases of force majeure do not prohibit it from transferring or paying the redemption proceeds in the country where the redemption is requested.

## 16 CONVERSION

A unitholder may convert all or part of the units he holds in a Sub-Fund into units of one or more other Sub-Funds or units of one class into units of another class.

Conversions are made between Sub-Funds of the same family, they are executed at the NAV per unit.

If conversions are made from the Sub-Funds of one family to the Sub-Funds of the other family, they are executed at the NAV per unit, less a fee of 0.10% on the redeemed Sub-Fund, plus a fee of 0.10% on the subscribed Sub-Fund. These fees are paid to the respective Sub-Funds to offset estimated transaction costs. Conversions to the CORPORATE BONDS family will be submitted to a dilution levy as described in the "Subscription" paragraph. Furthermore requests for conversion will only be accepted if they represent a minimum value of units as defined in chapter 5 UNITS.

To apply for conversion, the unitholders of the DYNAMIC FLOORING family and of the CORPORATE BONDS family must send an irrevocable request in writing ("Redemption and/or Conversion Form"), to the Transfer Agent and Registrar. If received the day before a Valuation Day before 2.00 pm (Luxembourg time) requests for conversion are executed on the basis of the NAV per unit of the relevant Sub-Funds and the relevant class, ruling on that Valuation Day. Requests for conversion received after that deadline will be executed on the next following Valuation Day at the prices ruling on that day.

To apply for conversion, the unitholders of DMC FUND - HERENS QUALITY LUXURY BRANDS must send an irrevocable request in writing ("Redemption and/or Conversion Form"), to the Transfer Agent and Registrar. If received the day before a Valuation Day before 9.00 am (Luxembourg time), requests for conversion are executed on the basis of the NAV per unit of the relevant Sub-Funds and the relevant class, ruling on that Valuation Day. Requests for conversion received after that deadline will be executed on the next following Valuation Day at the prices ruling on that day.

Conversions may not be executed if the calculation of the NAV, or subscriptions or redemptions are suspended in one of the concerned Sub-Funds.

The number of units allotted in the new Sub-Fund is determined by means of the following formula:

$$\frac{A \times [B \times (100\% - p)] \times C}{D \times (100\% + p)} = N$$

where:

“A” is the number of units presented for conversion

“B” is the NAV of one unit in that Sub-Fund of which the units are presented

for conversion, on the day the conversion is executed

“C” is the translation rate between the base currencies of the Sub-Funds on the day of execution. If the Sub-Funds have the same base currency, this rate is one

“D” is the NAV per unit of the new Sub-Fund on the day of execution

“N” is the number of units allotted in the new Sub-Fund (to the nearest 10,000th of a unit)

“p” is a parameter depending on the type of conversion: Inside the same family of Sub-Funds or from one family to the other. If inside the same family,  $p = 0$ ; from one family to the other  $p = 0.10\%$ .

## 17 LATE TRADING AND MARKET TIMING

The Management Company will take all the necessary measures in order to prevent unlawful trading practices such as market timing and late trading. To that effect the deadlines and cut-off times for subscriptions and redemptions described in the Prospectus will be strictly enforced. The Management Company will make sure that each transaction in units of the Fund is processed in accordance with the Prospectus and at the applicable net asset value per unit. The Management Company may refuse to process subscriptions if there is a suspicion that the transactions are illegal or abusive and will pursue the perpetrators to the fullest extent of the law.

## 18 NET ASSET VALUE (NAV)

The NAV of units in a Sub-Fund, expressed in the currency of the relevant Unit class, is calculated by the Administrative Agent.

Throughout this prospectus, a Business Day is any day of the week other than (a) Saturday; (b) Sunday; (c) a legal holiday under the laws of Luxembourg; (d) a bank holiday where banks in Luxembourg are closed; (e) January 2<sup>nd</sup>, December 24<sup>th</sup> (morning) and December 31<sup>st</sup>.

For units of the DYNAMIC FLOORING family, the calculation is done each Wednesday, this day is called the Valuation Day. If Wednesday is not a Business Day in Luxembourg, the NAV calculation will take place on the next following Business Day. The NAV is dated of the Business Day in Luxembourg preceding the Valuation Day.

For units of the Sub-Fund DMC FUND - HERENS QUALITY LUXURY BRANDS, the calculation is done each Business Day in Luxembourg, this day is called the Valuation Day. The NAV is dated of the Business Day in Luxembourg preceding the Valuation Day.

For the units of the Sub-Fund DMC FUND – WORLD HY CORPORATE BONDS, the calculation is done each Wednesday, this day is called the Valuation Day. If Wednesday is not a Business Day in Luxembourg, the NAV calculation will take place on the next following Business Day. The NAV is dated of the Business Day in Luxembourg preceding the Valuation Day.

For a Sub-Fund which has issued only one class of units, the NAV of a unit is determined by dividing the net assets of the relevant Sub-Fund by the total number of units in that Sub-Fund outstanding at that time.

For a Sub-Fund which has issued several classes of units, the NAV of one unit for each class of units will be determined by dividing the net assets of the Sub-Fund attributed to this class of units by the total number of units of that same class outstanding at that time.

The assets of each Sub-Fund shall be deemed to include:

- (a) all cash in hand or receivable or on deposit, including accrued interest;
- (b) all bills and notes payable on demand and any amounts due (including the proceeds of securities sold but not yet collected);
- (c) all securities, shares, bonds, debentures, options or subscription rights and any other investments and securities belonging to the Sub-Fund;
- (d) all dividends and distributions due to the Sub-Fund in cash or in kind to the extent known to the Sub-Fund, provided that the Sub-Fund may adjust the valuation for fluctuations in the market value of securities due to trading practices such as trading ex-dividends or ex-rights;
- (e) all accrued interest on any interest bearing securities held by the Sub-Fund except to the extent that such interest is comprised in the principal thereof;
- (f) all other permitted assets of any kind and nature including prepaid expenses.

The liabilities of each Sub-Fund shall be deemed to include:

- (a) all bills and other amounts due;
- (b) the preliminary expenses, all administrative expenses due or accrued including the costs of annual registration with the regulatory authority, legal, audit, management, custodial, paying agency and corporate and central administration agency fees and expenses, the cost of legal publications, Prospectuses, financial reports and other documents made available to unitholders, translation expenses and generally any other expenses arising from the administration of the Sub-Fund;
- (c) all known liabilities, due or not yet due including all matured contractual obligations for payments of money or property;
- (d) an appropriate amount set aside for taxes due on the date of the valuation and any other provisions or reserves;
- (e) any other liabilities of the Sub-Fund of whatever kind towards third parties. For the purposes of valuation of its liabilities, the Sub-Fund may duly take into account all administrative and other expenses of regular or periodical character by valuing them for the entire year or any other period and by dividing the amount concerned proportionally for the relevant fractions of such period.

For the valuation of each Sub-Fund's assets, the following principles are observed:

- (a) calculation is done on the basis of the closing stock exchange prices on the Business Day preceding the Valuation Day i.e securities or derivatives instruments quoted on an official Stock Exchange or any other market, are valued on the basis of the closing price as of the Business Day preceding the Valuation Day, and, if there are several markets, the closing price of the Stock Exchange which is the principal market for the security/derivative in question, unless these prices are not representative;

- (b) for unlisted securities, and for quoted securities or derivatives instruments for which the closing price on the Business Day preceding the Valuation Day is not representative, valuation is based on the reasonable foreseeable sales price estimated prudently and in good faith by the Management Company;
- (c) liquid assets are assessed at their nominal value plus accrued interest;
- (d) financial derivative instruments which are not listed on any official stock exchange or traded on any organized market will be valued in accordance with market practice as of the Business Day preceding the Valuation Day
- (e) shares or units in open-ended investment funds will be valued at their last available net asset value or closing price as of the Business Day preceding the Valuation Day
- (e) assets denominated in other currencies than the base currency of the Sub-Fund will be translated into that base currency at the mid rates of these currencies on the Business Day preceding the Valuation Day (snapshot Reuters at 5:00 PM Luxembourg time);
- (f) the Management Company is authorised to adopt other realistic valuation principles for assets of the Fund where circumstances make the determination of values according to the criteria specified above non-realistic, impossible or inadequate. Especially in case of major changes in market conditions, the valuation basis of the different investments may be adjusted to the new market yields.

The annual and semi-annual financial reports of the Fund will include a consolidation of all the Sub-Funds. These consolidated figures will be expressed in EUR. For this purpose, all figures expressed in another currency than the EUR will be translated into EUR.

To third parties, the Fund represents a single legal entity, and any commitments apply to the Fund as a whole, notwithstanding the fact that the debts following from these commitments may be attributed to separate Sub-Funds. The property, commitments, fees and expenses, that are not attributed to a certain Sub-Fund, will be ascribed equally to the different Sub-Funds, or if the amounts and cause justify doing so, will be prorated according to the Net Asset Value of each Sub-Fund.

## 19 RISKS CONSIDERATIONS

**The global risk exposure of the Fund is determined under the commitment approach.** This measures the incremental exposure and leverage through the use of derivative instruments by converting the derivative instrument position to the equivalent underlying asset position.

## 20 SUSPENSION OF THE CALCULATION OF THE NAV, AND SUSPENSION OF SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS

The Management Company is authorised to suspend temporarily the calculation of the NAV and the subscription, redemption and conversion of units in one or several Sub-Funds in the following cases:

- (a) where one or several securities or exchange markets forming the basis of the valuation of a major part of a Sub-Fund's assets are closed for periods other than legal holidays, or where transactions are suspended thereon or subject to restrictions;

(b) where political, economical, military, monetary or social circumstances or any cases of force majeure, beyond the responsibility or power of the Management Company, make it impossible to dispose of a Sub-Fund's assets by reasonable and normal means, without causing serious prejudice to unitholders;

(c) in case of an interruption of the means of communication normally used to determine the value of any investment of a Sub-Fund or where, for any reason, the value of any investment of the Fund cannot be known with sufficient speed or accuracy;

(d) where restrictions on exchange or capital movements prevent the execution of transactions on behalf of a Sub-Fund or where purchase or sale transactions of the Fund's assets cannot be carried out at normal exchange rates;

(e) if the Management Company recommends the winding up of the Fund or the termination of a Sub-Fund;

(f) where, in the opinion of the Management Company, circumstances which are beyond the control of the Management Company make it impracticable or unfair vis-à-vis the unitholders to continue trading the units.

The Management Company may, at any time, if it considers it necessary, temporarily suspend or finally halt or limit issuing of units of one or several Sub-Funds to individuals or companies residing or domiciled in certain countries and territories, or exclude them from acquiring units, if such measure is necessary to protect existing unitholders and the Fund.

In case of a suspension for reasons as stated above for a period of more than six days, a notice to unitholders will be published in conformity with the stipulations of the "Publications" paragraph hereafter.

In addition, the Management Company is entitled:

- to refuse, at its discretion, a request for acquisition of units;
- to redeem, at any time, units that might have been acquired in violation of an exclusion measure adopted in virtue of this section.

## **21 PUBLICATIONS**

The NAV, issue and redemption prices of each Sub-Fund and of each class of units, are made public in Luxembourg at the offices of the Custodian Bank, the Administrative Agent and the Management Company.

A notice to all amendments to the Management Regulations will be published in the RESA (Recueil électronique des sociétés et associations). At the same time, a notice to unitholders may be published in a Luxembourg newspaper and in newspapers in countries where the Fund's units are publicly sold and the text of the amendments will be available for inspection by the unitholders at the offices of the Custodian Bank and the Management Company. Registered unitholders will be informed in writing.

Amendments and notices to unitholders may also be published in newspapers in the countries where the Fund's units are publicly sold.

## **22 QUOTATION**

The units are listed on the EURO MTF market.

## **23 FINANCIAL SERVICING**

The financial servicing for the Fund is provided by Banque et Caisse d'Epargne de l'Etat, Luxembourg (BCEE) and the respective Agents for financial servicing, where information concerning the Fund may be obtained, including the documents "Subscription Form" and "Redemption and/or Conversion Form".

Agents for financial servicing are to be understood as distributors. Distributors are the intermediaries who are part of the distribution process set up by the Management Company and who actively participate in the marketing of the units of the Fund. They are appointed herein and in any other document as being authorised to receive subscription and redemption/conversion orders on behalf of Fund units.

For the purpose of the processing of the subscription and redemption/conversion orders collected by them, the distributors must forthwith transmit to the Transfer Agent and Registrar the data necessary for the timely accomplishment of the entirety of the tasks connected to the processing of such orders.

The distributors provide the Transfer Agent and Registrar with the registration data necessary to accomplish on an individual basis the tasks referred to above.

It is not necessary for the distributors from GAFI countries to forward to the Transfer Agent and Registrar the documentation relating to subscription and redemption/conversion orders from the investors. However, where such documentation is not forwarded to Luxembourg, the distributors must allow the Transfer Agent and Registrar to have access thereto without any restriction in case of need.

The distributors are authorised to receive and make settlement payments in respect of the subscription and redemption/conversion orders collected by them, they may aggregate and set off individual payments in order to deal on a net basis with the Transfer Agent and Registrar. This possibility is available for orders relating to registered units.

## **24 TAX STATUS**

The Fund is subject to Luxembourg legislation. With regard to their citizenship, residence or nationality, buyers of the Fund's units should consult a local adviser to inform themselves of the legislation and taxation, relating to the rules applicable to the purchase, holding and redemption of units as well as to fund mergers.

In accordance with current legislation in Luxembourg neither the Fund nor the unitholders, except those whose domicile, residence or permanent establishment is Luxembourg, are subject to any tax on income, capital gains or wealth. The Fund's income may however be subject to withholding tax in the countries where the Fund's assets are invested. In such cases neither the Custodian Bank nor the Management Company is required to obtain tax certificates.

## **European Union Tax Considerations**

The Council of the European Union has adopted on 3 June 2003 a Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

A withholding tax on interest payments from funds may be applied at a rate of 35%.

## **25 FINANCIAL YEAR**

The accounts of the Fund are closed on March 31st of each year.

## **26 REGULAR REPORTS**

The Fund will publish an annual report drawn up as per March 31st and a semi-annual report as per September 30th.

The annual report includes the accounts of the Fund audited by an auditor. The semi-annual report includes the accounts of the Fund, unaudited. Both these reports will be sent free of charge to unitholders making a request in writing and are available to unitholders at the offices of the Management Company and the Administrative Agent.

## **27 DURATION AND LIQUIDATION OF THE FUND**

The Fund has been set up for an unlimited time, and the Management Company may at any time, with the agreement of the Custodian Bank, decide upon the liquidation of one or more Sub-Funds.

The Fund will also be liquidated when the Custodian Bank or the Management Company cease their functions without having been replaced within two months, in case of failure of the Management Regulations, and when the total NAV of the Fund has for a period of more than six months become inferior to one fourth of the minimum of EUR 1,250,000.- required by Luxembourg Law.

The event leading to the Fund's dissolution and liquidation must be announced by a notice published in the RESA (Recueil électronique des sociétés et associations) and in two newspapers with sufficient circulation, one of which at least must be a Luxembourg newspaper. No application for subscription or conversion of units and no application for redemption will be accepted after the date of the event leading to the dissolution and the decision to liquidate the Fund. The Management Company will appoint a liquidator who can be an individual or a legal entity. The liquidator will liquidate each Sub-Fund's assets in the best interests of the unitholders and will give instructions to the Custodian Bank to apportion the proceeds of the

liquidation, after deduction of liquidation costs, amongst the unitholders of the relevant Sub-Fund according to the respective prorata.

In case the net assets of a Sub-Fund drop down to zero due to redemptions, the Management Company may decide that this Sub-Fund is closed.

If the Management Company considers that the assets of a Sub-Fund are not sufficient anymore to allow an efficient and rational management, it may decide that this Sub-Fund will be liquidated. The decisions of the Management Company to liquidate a Sub-Fund must be announced by a notice published in at least two newspapers with sufficient circulation, one of which at least must be a Luxembourg newspaper. The registered unitholders will be informed by registered mail.

A Sub-Fund may be merged with one or more Sub-Funds or with another or part of another collective investment undertaking by resolution of the Management Company. In such event, notice will be given in writing to registered unitholders and will be published in the Official Gazette of the Grand Duchy of Luxembourg RESA as well as in newspapers such as determined from time to time by the Management Company. A merger with another or part of another collective investment undertaking is possible only if it is a collective investment undertaking governed by Part I of the Luxembourg Law of December 17, 2010. Each unitholder of the relevant Sub-Fund shall be given the possibility, within a period of at least one month, to request either the redemption or the conversion of his units against units of the absorbing Sub-Fund at no cost for the unitholder.

In case of a merger with another collective investment undertaking or any other Sub-Fund of the Fund, the subscription price may be paid by contribution in kind of all assets and liabilities of the absorbed Fund or Sub-Fund, valued pursuant to the rules described in the paragraph "Net Asset Value" below. Units of the respective classes will be issued at their respective NAV against the contribution in kind valued this way.

In order to avoid the repayment to subscribers of small surplus amounts, the Administrative Agent will issue fractions to the nearest 10,000th of a unit on registered units.

Any amounts unclaimed by the unitholders at the closing of the liquidation of the Fund or a Sub-Fund will be deposited with the Caisse des Dépôts et Consignations in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they will be forfeited.

Liquidation and distribution of the Fund cannot be requested by an owner of units, his heirs or beneficiaries.

Unitholders' claims against the Management Company or the Custodian Bank cannot be enforced after the expiry of five years after the claim has arisen. The regulations as determined under section Mergers above are not affected by this.

The statute of limitations for coupons is five years from the time of publication of the respective statement of distribution. Amounts to be

distributed which are not claimed within this period of time; expire in favour of the respective fund.

## **28 STATUTE OF LIMITATIONS**

Claims of unitholders against the Management Company or the Custodian Bank lapse five years after the date of the event giving rise to the rights invoked.

## **29 APPLICABLE LAW, JURISDICTION AND GOVERNING LANGUAGE**

Disputes arising between the unitholders, the Management Company and the Custodian Bank shall be settled according to Luxembourg Law and subject to the jurisdiction of the District Court of Luxembourg, provided, however, that the Management Company and Banque et Caisse d'Epargne de l'Etat, Luxembourg (BCEE) may subject themselves and the Fund to the laws and jurisdiction of the courts of such countries in which the units of the Fund are offered and sold, with respect to claims by investors resident in such countries and, with respect to matters relating to subscriptions and redemptions and conversions by unitholders resident in such countries.

English shall be the governing language for the Fund's Management Regulations and the Prospectus, provided, however, that the Management Company and the Custodian Bank may, on behalf of themselves and the Fund, consider as binding the translation in languages of the countries in which the units of the Fund are offered and sold.

## **30 ANTI-MONEY LAUNDERING PROCEDURES**

The applicants wanting to subscribe units of the Fund must provide the Management Company with all necessary information, which the Management Company may reasonably require to verify the identity of the applicant. Failure to do so may result in the Management Company refusing to accept the subscription for units in the Fund. Applicants must indicate whether they invest on their own account or on behalf of a third party. Except for applicants applying through companies who are regulated professionals of the financial sector, bound in their country by rules on the prevention of money laundering equivalent to those applicable in Luxembourg, any applicant applying in its own name or applying through companies established in non GAFI countries, is obliged to submit to the Management Company in Luxembourg all necessary information, which the Management Company may reasonably require to verify. The Management Company must verify the identity of the applicant. In the case of an applicant on behalf of a third party, the Management Company must also verify the identity of the beneficial owner(s). Furthermore, any such applicant hereby undertakes that it will notify the Management Company prior to the occurrence of any change in the identity of any such beneficial owner.

## **31 DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents can be inspected by the unitholders at the offices of the Custodian Bank and the Management Company:

The most up to date Management Regulations

The most up to date Depositary Agreement

## **32 REPRESENTATIVE AND DISTRIBUTION IN SWITZERLAND**

### **NOTE TO THE INVESTOR IN SWITZERLAND: REPRESENTATIVE IN SWITZERLAND**

In accordance with a representation and distribution contract dated November 8 2004, Banque de Profil de Gestion S.A. (following the merger by absorption of Dynagest S.A.), Cours de Rive 11, 1211 Geneva 3 has been designated as Representative in Switzerland.

### **DISTRIBUTOR IN SWITZERLAND**

For the units distributed in Switzerland, the place of execution, as well as the applicable law, are those prevailing at the seat of the Representative.

The Fund's Management Regulations, the relevant Prospectus, the Annual Report as well as the Fund's Semi-annual Report can be obtained free-of-charge at the seat of the Representative.

### **PAYING AGENT IN SWITZERLAND**

In accordance with an agreement dated April 2010 Banque Cantonale Vaudoise, place Saint François 14, 1003 Lausanne has been designated as Paying Agent in Switzerland.

Banque Cantonale Vaudoise will ensure in particular payment of possible dividends, liquidation dividends, repurchase value of units submitted for reimbursement, as well as, should the case arise, distribution of cost-free units.

### **PUBLICATIONS**

All publications of the Fund in Switzerland will appear in SwissFundData.

### **COSTS OF ISSUE AND REPURCHASE**

The issue price together with the repurchase price of units will be published each working day on the electronic platform « Swiss Fund Data ». They will be published with the reference “exclusive commissions”.

**Dynamic Asset Management  
Company**

**(Luxembourg) S.A.  
15 rue du Fort Bourbon  
L-1249 Luxembourg**

**For further information,  
please contact**

**Dynamic Asset Management  
Company (Luxembourg) S.A.**

**Phone : +352 26 48 02 64**

**Fax : +352 26 48 02 65**

**[www.dmc.lu](http://www.dmc.lu)**

**or**

**Banque de Profil de Gestion S.A.**

**(following the merger by  
absorption of Dynagest S.A.)**

**Phone: + 41 22 818 32 00**

**Fax: + 41 22 818 31 03**