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d'argument de publicité

Luxembourg, le 2021-01-05

Commission de Surveillance du Secteur Financier



## PROSPECTUS

MORGAN STANLEY HORIZON FUNDS SICAV

*Société d'investissement à capital variable  
à compartiments multiples*

Luxembourg

Subscriptions can only be received on the basis of this prospectus accompanied by the relevant key investor information document, latest annual report as well as by the latest semi-annual report, published after the latest annual report.

These reports form part of the present prospectus. No information other than that contained in this prospectus, in the periodic financial reports, as well as in any other documents mentioned in the prospectus and which may be consulted by the public may be given in connection with the offer.

R.C.S. LUXEMBOURG B 206692

December 2020

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FUND REGISTERED OFFICE	287-289, route d'Arlon L-1150 Luxembourg Grand Duchy of Luxembourg
MANAGEMENT COMPANY	MUFG Lux Management Company S.A. 287-289, route d'Arlon L-1150 Luxembourg Grand Duchy of Luxembourg
DIRECTORS OF THE FUND	Henry Kelly Non-Executive Director Chairman  Carmel McGovern Non-Executive Director  MUFG Lux Management Company S.A., represented by Jean-François Fortemps
DIRECTORS OF THE MANAGEMENT COMPANY	Shunji MAEHARA, Chairman Associate General Manager, Mitsubishi UFJ Trust and Banking Co., Ltd.  Jean-François Fortemps Managing Director  Akio Iida Chief Manager, Mitsubishi UFJ Trust and Banking Co., Ltd.  Paul Guillaume Independent Director, Altra Partners
CONDUCTING OFFICERS OF THE MANAGEMENT COMPANY	Jean-François Fortemps Managing Director  Tomasz Karzel Conducting Officer  Andrea Papazzoni Conducting Officer  Nathalie Chilla Conducting Officer  Pieter Siebens Conducting Officer

AUDITOR OF THE FUND	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg Grand Duchy of Luxembourg
INVESTMENT MANAGER AND DISTRIBUTOR (until 31 December 2020)	Morgan Stanley Investment Management Limited 25 Cabot Square London, E14 4QA United Kingdom
SUB-INVESTMENT MANAGER	Where relevant, is specified in the Supplement relating to the relevant Sub-Fund
INVESTMENT ADVISER	Where relevant, is specified in the Supplement relating to the relevant Sub-Fund
DEPOSITARY/ PAYING AGENT/ DOMICILIARY AGENT/ REGISTRAR AND TRANSFER AGENT	Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. 287-289, route d'Arlon L-1150 Luxembourg Grand Duchy of Luxembourg
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CENTRAL ADMINISTRATION	Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. 287-289, route d'Arlon L-1150 Luxembourg Grand Duchy of Luxembourg
LEGAL ADVISOR AS TO LUXEMBOURG LAW	Arendt & Medernach S.A. 41A, avenue J.F. Kennedy L-2082 Luxembourg Grand Duchy of Luxembourg

## **PART A: GENERAL INFORMATION**

The Prospectus is divided into two Parts. Part A “General Information” aims at describing the general features of MORGAN STANLEY HORIZON FUNDS SICAV. Part B “The Sub-Funds” contains supplements for each Sub-Fund (“Supplements”), which describe individual features that apply to each sub-fund.

### **1. INTRODUCTION**

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MORGAN STANLEY HORIZON FUNDS SICAV (hereinafter the “Fund”) is a Fund established in Luxembourg as an open-ended investment company with a variable capital, a *société d'investissement à capital variable* that may offer a choice of several separate sub-funds each with a different investment objective and policy.

The main objective of the Fund is to provide investors with access to a range of sub-funds (hereinafter referred to individually as “Sub-Fund” and collectively as the “Sub-Funds”) combined with active professional management to diversify investment risk and satisfy the needs of investors seeking income, capital conservation and longer term capital growth. Each Sub-Fund corresponds to a distinct part of the assets and liabilities of the Fund.

Each sub-fund will invest in transferable securities and/or other liquid financial assets permitted by Part I of the law of 17 December 2010 relating to undertakings for collective investments, as amended (in the following referred to as “Investment Fund Law”), transposing Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (the “UCITS”), as amended notably by Directive 2014/91/EC of the European Parliament and of the Council of 23 July 2014 (“UCITS V”).

As in the case of any investment, the Fund cannot guarantee future performance and there can be no certainty that the investment objectives of any of the Fund's individual Sub-Funds will be achieved.

The reference currency (the "Reference Currency") of each of the Sub-Funds is indicated in the Supplement applicable to each Sub-Fund (in the section headed "Investment Objectives and Policy") in Part B of this Prospectus.

The board of directors of the Fund (hereinafter the "Board of Directors" or the "Directors") may decide at any time to create new Sub-Funds or to issue new classes of units within a Sub-Fund, as further described in section 7 below. At the opening of such additional Sub-Funds, the current prospectus (hereinafter called the "Prospectus") shall be adapted accordingly.

As also indicated in the articles of incorporation (the "Statutes") of the Fund, the Board of Directors may:

- (i) Restrict or prevent the ownership of shares in the Fund by any physical person or legal entity where such holding may be detrimental to the Fund;
- (ii) Restrict the holding of shares in the Fund by any physical or corporate person in order to avoid breach of laws and regulations of a country and/or official regulations or to avoid that shareholding induces tax liabilities or other financial disadvantages, which it would otherwise not have incurred or would not incur.

Shares shall not be offered or sold by the Fund to

a) US Person and for this purpose, the term "US Person" shall include:

- (i) A US Person as defined under Regulation S under the US Securities Act of 1933, as amended;
- (ii) A citizen of the United States of America irrespective of his place of residence or a resident of the United States of America irrespective of his citizenship;
- (iii) A partnership organised or existing in laws of any state, territory or possession of the United States of America;
- (iv) A corporation organised under the laws of the United States of America or of any state, territory or possession thereof or
- (v) Any estate or trust which is subject to United States tax regulations.

Notwithstanding the above, the Directors may, in their absolute discretion, authorise the issue or transfer of Shares to or for the account of a US Person at their absolute discretion.

For further information on restricted or prohibited share ownership please consult the Fund.

The Directors shall maintain for each Sub-Fund a separate pool of assets. As between shareholders, each pool of assets shall be invested for the exclusive benefit of the relevant Sub-Fund. With regard to third parties, in particular towards the Fund's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.

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

## **2. THE FUND**

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The Fund was incorporated in the Grand Duchy of Luxembourg on 30 May 2016 as a *société anonyme* under the law of 10 August 1915 relating to commercial companies (the "Company Law") and is organized as a variable capital company (*société d'investissement à capital variable* "SICAV") under the Part I of the Investment Fund Law. As such the Fund is registered on the official list of undertakings for collective investment subject to Part I of the Investment Fund Law maintained by the Luxembourg regulator. It is established for an undetermined duration from the date of the incorporation.



The registered office of the Fund is at  
287-289, route d'Arlon  
L-1150 Luxembourg  
Grand Duchy of Luxembourg

The Statutes of the Fund were published on the electronic collection platform of companies and associations called "RESA" (formerly the *Mémorial C*) (hereafter referred to as the "RESA") on 14 June 2016. The Fund is registered with the *Registre de Commerce* of Luxembourg under number B 206692.

The financial year of the Fund starts on 1 April and ends on 31 March of each year.

Shareholders' meetings are to be held annually in Luxembourg ("Annual General Meeting") at the Fund's registered office or at such other place as is specified in the notice of meeting. The Fund's Annual General Meeting will be held on Wednesday of the 3<sup>rd</sup> week in July. If such day is a legal bank holiday in Luxembourg, the Annual General Meeting shall be held on the next following full bank business day in Luxembourg. Other meetings of shareholders may be held at such places and times as may be specified in the respective notices of meetings that will be published in compliance with the provisions of the Investment Fund Law. Resolutions concerning the interests of the shareholders of the Fund shall be taken in a general meeting and resolutions concerning the particular rights of the shareholders of one specific Sub-Fund shall be taken in a general meeting of the relevant Sub-Fund.

### **3. THE MANAGEMENT COMPANY**

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The Board of Directors has appointed MUFG Lux Management Company S.A. as management company (the "Management Company"). The Management Company is registered with the Luxembourg Supervisory Authority, the *Commission de Surveillance du Secteur Financier* (the "CSSF"), under Chapter 15 of the Investment Fund Law and complies with the rules of CSSF circular 18/698 (which repeal CSSF circular 12/546 amended by CSSF Circular 15/633). The Management Company has been appointed under a Collective Portfolio Management Agreement entered into on 1 August 2016. The Agreement is for an indefinite period of time and may be

terminated by either party within three (3) months' written notice. The Management Company was incorporated on 4 January 1995. Its statutes have been amended from time to time and the last amendments thereto were adopted on 25 January 2016 by a notarial deed published in the *Mémorial, Recueil des Sociétés et Associations* on 11 July 2016. It is registered with the Trade Registrar of Luxembourg under reference B049759. The Management Company is established for an undetermined period of time. The Management Company is a wholly owned subsidiary of Mitsubishi UFJ Trust & Banking Japan since 1 June 2017.

The Management Company will provide investment management services, administrative services and distribution services in accordance with the Investment Fund Law and as specified in the Collective Portfolio Management Agreement.

Subject to the conditions set forth by the Investment Fund Law, the Management Company is authorized to delegate under its responsibility and control, and with consent and under supervision of the Fund and its Board of Directors, part or all of its functions and duties to third parties.

For the purposes of investment management of the Sub-Funds, the Management Company may, under its control and supervision, appoint one or more investment managers (the "Investment Manager") to provide day-to-day management of the assets of certain Sub-Funds. The Investment Manager may further, under the same conditions, appoint sub-investment managers (the "Sub-Investment Manager").

In consideration of its investment management, administration and distribution services, the Management Company is entitled to receive management, distribution, central administration and other fees as indicated in each Sub-Fund Supplement (in the section headed "Expenses") in Part B of this Prospectus. These fees shall be calculated as set out in the relevant Supplement and shall be paid quarterly in arrears.

Third parties to whom any functions have been delegated by the Management Company may receive their remuneration directly from the Fund (out of the assets of the relevant Sub-Fund), such remuneration being in such cases not included in the management fee payable to the Management Company. Any such remuneration

shall be paid on a monthly or quarterly basis in arrears, depending on the terms and conditions of the relevant agreements.

The Management Company has adopted a remuneration policy compliant with the UCITS V standards and consistent with and promoting sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS funds managed by the Management Company. The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and the UCITS funds it manages and the best interest of investors of such UCITS funds, and includes measures to avoid conflicts of interest.

The Management Company has contractual delegation arrangements in place with external parties regarding accomplishment of some activities, including portfolio management activities. The Management Company ensures that the appointed delegates to which portfolio management activities have been outsourced are subject to regulatory requirements on remuneration that are equally as effective as those applicable under AIFMD, ESMA Guidelines and the Investment Fund Law through a due diligence process and on a contractual basis.

The remuneration policy applies to all fixed and variable remunerations paid by the Management Company to persons that have an employment contract with the Management Company, including directors, management and employees of the Management Company. In accordance with the applicable regulatory provisions, the application of the policy falls within the scope of the third level controls made by the internal auditor and the compliance officer of the Management Company. The result of such controls has to be reported to the Management Company's board of directors on an annual basis.

The Management Company has taken into consideration the principle of proportionality insofar as it shall comply with the principles stated in the Investment Fund Law and AIFMD in a way and to the extent that is appropriate to its size, internal organization and the nature, scope and complexity of its activities. Considering more specifically its particular nature:

- small number of employees of the Management Company

- liquidity profile of the funds managed by the Management Company being largely assets that can be readily converted to cash
- investment management being delegated and carried out by well-known portfolio management companies

The beneficiaries of the remuneration policy of the management company are:

- the Management Company's board of directors;
- members of the Management Company for whom it is to be noted that to prevent any potential conflict of interest, those members of the management that are also members of the board of directors are excluded from board meetings deciding the management's remuneration when it concerns their own remuneration for those specific items; and
- the staff of the Management Company whose fixed remuneration is determined by the management under the supervision of the Management Company's board of directors.

These beneficiaries fall into three categories: 1.) the identified staff of the Management Company, 2.) the risk takers of the Management Company and 3.) all other staff of the Management Company. The "identified staff" of the Management Company are the board members (executive and non-executive directors), the senior management (conducting officers and managing director), the control functions (compliance, internal audit and risk management) and the risk takers. There are currently no relevant persons that constitute the "risk takers" of the Management Company. All "other staff" are persons not classified as the "identified staff" of the Management Company.

The Management Company has a performance based-culture and therefore rewards its employees through variable remuneration. This is designed to attract, retain and motivate its employees without encouraging the taking inappropriate risks.

The Management Company's board of directors and management do not accept that a variable remuneration be fixed in the employment contract. The Management Company's board of directors may decide to allocate a variable remuneration based on the list of criteria described in the detailed policy and based on the results of the annual appraisal process. The annual appraisal process is used to evaluate and measure an employee's performance against defined objectives. The 'Specific

Measurable Achievable Realistic and Time-bound' (or else known as «SMART») objectives concept is utilized when setting objectives. If approved by the Management Company's board of directors, the variable remuneration is paid through an annual discretionary bonus.

For all the employees mentioned in the policy as being the "identified persons" of the Management Company, the assessment of performance is set in a multi-year framework appropriate to the holding period of the investors of the UCITS managed by the Management Company. The Management Company also ensures that the assessment of the performance of its identified persons is commensurate and appropriate to the long-term performance of the Fund and its investment risks.

The board of the directors of the Management Company when deciding matters relating to fixed and variable remuneration, will ensure that the fixed component constitutes a high proportion of the total compensation, in order that flexibility is retained when determining matters relating to variable remuneration. The board of the Management Company retain at all times the discretion in individual cases not to pay any variable remuneration.

This measure aims to minimize the risk of inappropriate risk-taking by the employees of the Management Company. Allocation of variable remuneration shall depend on an employee's annual performance assessment, their adherence to the Management Company's principles and on the annual profitability of the Management Company.

The Management Company's remuneration policy is accessible on the following website: <http://www.lu.tr.mufg.jp/lmsa/>. All details of the remuneration policy, together with a description of how remuneration and benefits are calculated and the identity of those responsible for the allocation of remuneration are available in this policy. Due to the principle of proportionality, the Management Company confirms that it has not established any remuneration committee as further explained in the remuneration policy. A paper version of the policy will be made available to investors free of charge upon request to the Management Company.

#### **4. CAPITAL STOCK**

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The capital of the Fund shall at all times be equal to the value of the assets of all the Sub-Funds of the Fund.

The minimum capital of the Fund must be at least EUR 1,250,000 (one million two hundred fifty thousand Euro) and must be reached within a period of six (6) months following the authorisation of the Fund. For the purpose of determining the capital of the Fund, the assets attributable to each Sub-Fund, if not expressed in Euro, will be converted into Euro at the then prevailing exchange rate in Luxembourg. If the capital of the Fund becomes less than two-thirds of the legal minimum, the Directors must submit the question of the dissolution of the Fund to a general meeting of shareholders. The meeting is held without a quorum, and decisions will be taken by a simple majority. If the capital becomes less than one quarter of the legal minimum, a decision regarding the dissolution of the Fund may be taken by shareholders representing one quarter of the shares present. Each such meeting must be convened not later than forty (40) days from the day on which it appears that the capital has fallen below two-thirds or one quarter of the minimum capital, as the case may be.

#### **5. INVESTMENT OBJECTIVES AND POWERS**

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##### 5.1. Investment objectives of the Fund

The main objective of the Fund is set out in section 1 above.

The investment objective and policy of each Sub-Fund is set out in the Supplement relating to each Sub-Fund. The Sub-Funds' assets will be invested in conformity with each Sub-Fund's investment objective and policy.

The investment objective and policy of each Sub-Fund will be determined by the Directors, after taking into account the political, economic, financial and monetary factors prevailing in the selected markets.

Unless otherwise mentioned in the Supplement for a particular Sub-Fund and always subject to any limits imposed by applicable law, the following principles will apply to the Sub-Funds.

## 5.2. Investment policy and restrictions of the Fund

- I. In the case that the Fund comprises more than one Sub-Fund, each Sub-Fund shall be regarded as a separate UCITS for the purpose of the investment objectives, policy and restrictions of the Fund.
- II. 1. The Fund, for each Sub-Fund, may invest in only one or more of the following:
  - a) Transferable securities and money market instruments admitted to or dealt in on a regulated market; for these purposes, a regulated market is any market for financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014,
  - b) Transferable securities and money market instruments dealt in on another market in a EU member state and in a contracting party to the agreement on the European Economic Area that is not a EU member state within its limits set forth and related acts ("Member State"), which is regulated, operates regularly and is recognised and open to the public;
  - c) Transferable securities and money market instruments admitted to official listing on a stock exchange in a non-Member State of the EU or dealt in on another market in a non-EU Member State which is regulated, operates regularly and is recognised and open to the public, and is established in a country in Europe, America, Asia, Africa or Oceania.
  - d) Recently issued transferable securities and money market instruments, provided that:
    - The terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market which operates regularly and is

recognised and open to the public or markets as defined in the paragraphs a), b), c) above;

- Provided that such admission is secured within one year of issue.
- e) Units of UCITS authorised according to Directive 2009/65/EC and/or other undertakings in collective investments (the “UCI”) within the meaning of the first and the second indent of Article 1, paragraph (2) points a) and b) of the Directive 2009/65/EC, whether or not established in a Member State, provided that:
- Such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU Community law, and that cooperation between authorities is sufficiently ensured,
  - The level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC,
  - The business of such other UCIs is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - No more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs.
- f) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (12) months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU Community law;
- g) Financial derivative instruments, including equivalent cash-settled



instruments, dealt in on a regulated market referred to in subparagraphs a), b) and c) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

- The underlying consists of instruments covered by this paragraph II. of section 5.2., financial indices, interest rates, foreign exchange rates or currencies, in which each Sub-Funds may invest according to its investment objectives;
  - The counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF, and
  - The OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;
- h) Money market instruments other than those dealt in on a regulated market and which fall under Article 1 of the Investment Fund Law, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- Issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - Issued by an undertaking any securities of which are dealt in on regulated markets referred to in subparagraphs a), b) or c) above, or
  - Issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as

stringent as those laid down by EU Community law, or

- Issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent of this sub-paragraph and provided that the issuer is a Fund whose capital and reserves amount to at least ten million Euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies including one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

2. However:

- a) The Fund, for each Sub-Fund, shall not invest more than 10% of its assets in transferable securities or money-market instruments other than those referred to in paragraph 1 of this section 5.II above;
  - b) The Fund, for each Sub-Fund, shall not acquire either precious metals or certificates representing them;
  - c) Unless specifically stated in the investment policy of a specific Sub-Fund and subject to any limits specified therein, no Sub-Fund will be permitted to invest in contingent convertible instruments. For this purpose a contingent convertible security is a debt security which may be converted into equity securities or suffer capital losses through decreasing its face value if pre-specified events occur, depending in particular on the capital ratio levels of the issuer of the security.
- III. The Fund, for each Sub-Fund, may acquire movable and immovable property which is essential for the direct pursuit of its business.
- IV. The Fund may hold ancillary liquid assets.
- V. a) (i) The Fund, for each Sub-Fund, may invest no more than 10% of the assets of any Sub-Fund in transferable securities or money market instruments issued by the same body.

- (ii) The Fund, for each Sub-Fund, may not invest more than 20% of its assets in deposits made with the same body. The risk exposure to a counterparty of each Sub-Fund in an OTC derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in paragraph II. f) or 5% of its assets in other cases.
- b) The total value of the transferable securities and money market instruments held by the Fund for each Sub-Fund in the issuing bodies in each of which it invests more than 5% of its assets shall not exceed 40% of the value of its assets of each Sub-Fund. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), the Fund, for each Sub-Fund, shall not combine any of the following:

- Investments in transferable securities or money market instruments issued by that body,
- Deposits made with that body, or
- Exposures arising from OTC derivative transactions undertaken with that body,

where this would lead to any Sub-Fund investing more than 20% of its assets in a single body.

- c) The limit of 10% laid down in sub-paragraph a) (i) above may be of a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its public local authorities, by a non-Member State or by public international bodies of which one or more Member States belong.
- d) The limit of 10% laid down in sub-paragraph a) (i) may be of a maximum of 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of

covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

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

- e) The transferable securities and money market instruments referred to in paragraphs c) and d) are not included in the calculation of the limit of 40% referred to in paragraph b).

The limits set out in sub-paragraphs a), b), c) and d) may not be combined, thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with paragraphs a), b), c) and d) may not, exceed a total of 35% of the assets of each Sub-Fund.

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

The Fund may cumulatively invest up to 20% of the assets of a Sub-Fund in transferable securities and money market instruments within the same group.

- VI. a) Without prejudice to the limits laid down in paragraph VIII., the limits provided in paragraph V. are raised to a maximum of 20% for investments in shares and/or debt securities issued by the same body when, according to the constitutional documents of the Fund, the aim of a Sub-Funds' investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF on the following basis:
- The composition of the index is sufficiently diversified,
  - The index represents an adequate benchmark for the market to

which it refers,

- The index is published in an appropriate manner.
- b) The limit laid down in paragraph a) is raised to 35% where that proves to be justified by exceptional market conditions, in particular on regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

VII. **Notwithstanding the limits set forth under paragraph V., each Sub-Fund is authorized to invest in accordance with the principle of risk spreading up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a non-EU Member State accepted by the CSSF (being at the date of this Prospectus OECD member states or any member states of the G20 or Singapore) or public international bodies of which one or more EU Member States belong, provided that (i) such securities are part of at least six (6) different issues and (ii) the securities from a single issue shall not account for more than 30% of the total assets of the Sub-Fund.**

- VIII. a) The Fund may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- b) Moreover, the Fund may acquire no more than:
- 10% of the non-voting shares of the same issuer;
  - 10% of the debt securities of the same issuer;
  - 25% of the units of the same UCITS and/or other UCI with the meaning of Article 2 (2) of the Investment Fund Law.
  - 10% of the money-market instruments of any single issuer;

These limits laid down under second, third and fourth indents may be disregarded at the time of acquisition, if at that time the gross amount of the bonds or of the money market instruments or the net

amount of the instruments in issue cannot be calculated.

- c) The provisions of paragraphs (a) and (b) are waived as regards to:
- transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities,
  - transferable securities and money market instruments issued or guaranteed by a non-EU Member State, or
  - transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members,
  - shares held by the Fund in the capital of a Fund incorporated in a non-EU Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Fund for each Sub-Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the Fund from the non-EU Member State complies with the limits laid down in paragraph V., VIII. and IX. Where the limits set in paragraph V and IX are exceeded, paragraph XI a) and b) shall apply *mutatis mutandis*.
  - shares held by one or more investment companies in the capital of subsidiary companies carry on the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of units at the request of unitholders exclusively on its or their behalf.

- IX. a) The Fund may acquire the units of the UCITS and/or other UCIs referred to in paragraph II. e), provided that no more than 20% of a Sub-Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of this investment limit, each compartment of a Undertaking for Collective Investment ("UCI") with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- b) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the assets of each Sub-Fund.

When a Sub-Fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraph V.

- c) When a Sub-Fund invests in the units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Fund's investment in the units of such other UCITS and/or UCIs.

The Fund for each Sub-Fund that invests a substantial proportion of its assets in other UCITS and/or other UCIs will disclose in this prospectus in the relevant Sub-Fund Supplement the maximum level of the management fees that may be charged both to the UCITS itself and to the other UCITS and/or other UCIs in which it intends to invest.

- X.
  - 1. The Management Company will apply a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio. The Management Company monitors each Sub-Fund in accordance with the requirements of CSSF Regulation 10-04 and in particular CSSF circular 11/512 and the "Guidelines on Risk Measurement and the Calculation of Global Exposure and Counterparty Risk for UCITS" by the Committee of European Securities Regulators (CESR/10-788) as well as CSSF circular 13/559. The Central Administrator will employ a process for accurate and independent assessment of the value of OTC derivatives.
  - 2. The Fund, for each Sub-Fund, is also authorised to employ techniques and instruments relating to transferable securities and money-market instruments under the conditions and within the limits laid down by the Investment Fund Law, provided that such techniques and instruments are used for the purpose of efficient portfolio management. When these

operations concern the use of derivative instruments, these conditions and limits shall conform to the provisions laid down in the Investment Fund Law.

Under no circumstance shall these operations cause the Fund for each Sub-Fund to diverge from its investment objectives as laid down in this Prospectus.

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

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

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

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph X.

The global exposure may be calculated through the Value-at-Risk approach ("VaR Approach") or the commitment approach ("Commitment Approach") as described in each Supplement.

The purpose of the VaR Approach is the quantification of the maximum potential loss that could arise over a given time interval under normal market conditions and at a given confidence level. A confidence level of 99% with a time horizon of one month is foreseen by the Investment Fund Law.

The Commitment Approach performs the conversion of the financial derivatives into the equivalent positions in the underlying assets of those derivatives. By calculating global exposure, methodologies for netting and hedging arrangements and the principles may be respected as well as the



use of efficient portfolio management techniques.

Unless described differently in the relevant Supplement, each Sub-Fund will ensure that its global exposure to financial derivative instruments computed on a VaR Approach does not exceed either (i) 200% of the reference portfolio (benchmark) or (ii) 20% of the total assets or that the global exposure computed based on a commitment basis does not exceed 100% of its total assets.

To ensure the compliance of the above provisions the Management Company will apply any relevant circular or regulation issued by the CSSF or any European authority authorised to issue related regulation or technical standards.

- XI. a) The Fund for each Sub-Fund does not need to comply with the limits laid down in section 5 of the Investment Fund Law when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs V., VI., VII. and IX. for a period of six (6) months following the date of their authorisation.
- b) If the limits referred to in paragraph XI. a) are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.
- XII. 1. The Management Company on behalf of the Fund may not borrow.
- However, the Fund may acquire foreign currency by means of a back-to-back loan for each Sub-Fund.
2. By way of derogation from paragraph XII.1., the Fund may borrow provided that such a borrowing is:
- a) On a temporary basis and represents no more than 10% of the assets of a Sub-Fund
- b) To enable the acquisition of immovable property essential for the direct pursuit of its business and represents no more than 10% of the assets of a Sub-Fund.

The borrowings under points XII. 2. a) and b) shall not exceed 15% of a Sub-Fund's net assets in total.

XIII. A Sub-Fund may, subject to the conditions provided for in the Statutes as well as this Prospectus, subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds of the Fund under the condition that:

- The target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund;
- No more than 10% of the assets of the target Sub-Fund whose acquisition is contemplated may, pursuant to the Statutes be invested in aggregate in shares/units of other target Sub-Funds of the same fund; and
- Voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- In any event, for as long as these securities are held by the Fund, their value will not be taken into consideration of the calculation of the assets of the Fund for the purposes of verifying the minimum threshold of the assets imposed by the Investment Fund Law; and
- There is no duplication of management/subscription or repurchase fees between those at the level of the Sub-Fund of the Fund having invested in the target Sub-Fund, and this target Sub-Fund.

XIV. The Luxembourg law of 4 June 2009 transposing the Oslo Convention on Cluster Munitions introduced in Article 3 a prohibition on the financing, with full knowledge, of cluster munitions and explosive sub-munitions. As such both the Management Company and the Fund have adopted a policy designed to comply with the abovementioned Luxembourg law.

5.3. Securities lending, sale with right of repurchase transactions, repurchase and reverse repurchase agreement transactions, total return swaps and OTC Derivatives instruments.

It is not currently intended that the Fund will make use of (i) securities lending, (ii) sale with right of repurchase transactions, (iii) repurchase and reverse repurchase agreement transactions, (iv) total return swaps or (v) similar financial instruments. Should the Fund decide to use any of these techniques, this Prospectus shall be updated in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) 648/2012.

The risk exposures to a counterparty arising from OTC financial derivative transactions should be combined when calculating the counterparty risk limits of Article 52 of Directive 2009/65/EC.

Where a Sub-Fund enters into OTC financial derivative transactions all collateral used to reduce counterparty risk exposure should comply with the rules of CSSF circulars 08/356, 11/512, 13/559.

The following criteria have to be complied with at all times:

- a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 56 of the Directive 2009/65/EC.
- b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place
- c) Issuer credit quality – collateral received should be of high quality.
- d) Correlation – the collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of

sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the Sub-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.

f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

g) Where there is a title transfer, the collateral received should be held by the custodian of the Sub-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.

h) Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

i) Non-cash collateral received should not be sold, re-invested or pledged.

j) Cash collateral received should only be:

- placed on deposit with entities prescribed in Article 50(f) of the Directive 2009/65/EC;
- invested in high-quality government bonds;
- 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.

Collateral may be offset against gross counterparty exposure provided it meets a range of standards, including those for liquidity, valuation, issuer credit quality, correlation and diversification. In offsetting collateral its value is reduced by a percentage (a "haircut") which provides, inter alia, for short term fluctuations in the value of the exposure and of the collateral.

For Sub-Funds which receive collateral for at least 30% of their assets, the associated liquidity risk is assessed.

The collateral policy and the haircut policy of the Sub-Funds are disclosed in the annual report of the Fund.

#### 5.4. Benchmarks

Certain Sub-Funds may be users of benchmarks as defined by Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"). In such cases, the Management Company, acting in accordance with applicable laws, may take various actions to mitigate the potential risks involved, including written plans available upon request at the Management Company's registered office, in the event that the benchmark, including any of its constituent indexes, materially changes or ceases to be provided.. Where feasible and appropriate, such actions might include nominating one or several alternative benchmarks to be referenced in an amended version of this Prospectus to substitute the benchmark. Various factors, including external factors beyond the control of the Management Company, might result in material changes to, or cessation of, the benchmark, including where an administrator of the benchmark is no longer able to determine a reference rate or other figure for whatever reason; as a consequence, the Management Company shall not be held liable in this regard and will take appropriate actions to safeguard the interest of the Shareholders and the continuity of the Sub-Funds' Investment Objectives and Policies.

If a benchmark referred by a relevant Sub-Fund falls under the provisions of the Benchmark Regulation, such Sub-Fund's will clearly indicate whether the benchmark is provided by an administrator included in the relevant register, held by the European Securities and Markets Authority ("ESMA"), referred to into Benchmark Regulations.

#### 5.5. Financial Indices

All indices referenced will meet the criteria set out under Article 9 of the Grand-Ducal regulation of 8 February 2008.

## **6. RISK FACTORS**

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This Section of the Prospectus explains the risks that may apply to the Sub-Funds – investors must read these risk considerations before investing in any of the Sub-Funds.

In case existing investors or prospective investors are in doubt of the applicability or the extent of a particular risk mentioned below, they should consult with their advisor.

It is the duty of each (potential) investor to make up his own mind in respect of his own risk appetite towards a specific risk category and in respect of the global risk inherent to his (potential) investment into a particular Sub-Fund.

By subscribing into the Fund, investors are deemed to have analysed the risk aspects of their investments and are aware of the risks inherent to such investments.

### **General Risk**

Past performance is not a guide to future performance and the Sub-Funds should be regarded as medium to long-term investments. Investments in Sub-Funds are subject to market fluctuations and other risks inherent to investing in securities and other financial instruments. The price of the Shares can go down as well as up. An investor may not get back the amount he has invested, particularly if Shares are redeemed soon after they are issued and the Shares have been subject to a sales charge or transaction charge.

### **Investment Objective**

There is no guarantee or representation that the investment objective of the Fund or a Sub-Fund will be achieved. Depending on market conditions and the

macroeconomic environment, it may become more difficult or even impossible to achieve investment objectives.

### **Market Risk**

Investors may experience losses due to changes in the level of one or more market prices, rates, indices, or other market factors. Market risk cannot be eliminated through diversification, though it can be hedged against. Sources of market risk include, but are not limited to, recessions, political turmoil, changes in monetary policies, etc.

### **Currency Risk**

The Sub-Funds may invest in investments denominated in a number of different currencies other than the Reference Currency in which the Sub-Funds are denominated. Changes in foreign currency exchange rates between the Reference Currency and the currency in which the investments are denominated will cause the value of the investments expressed in the Reference Currency to differ. Currency movements may also affect the value of a Sub-Fund's net assets.

Many countries have experienced substantial currency devaluations relative to the currencies of other countries. The Sub-Funds may use derivatives to reduce this risk. However certain market conditions may make it impossible or uneconomical to hedge against currency risk. The Fund may in its discretion choose not to hedge against currency risk within the Sub-Funds.

### **Share Class Currency**

Certain Share Classes of certain Sub-Funds may be denominated in a currency other than the Reference Currency of the relevant Sub-Funds. Therefore changes in foreign currency exchange rates between the Reference Currency and the currency in which these Share Classes are denominated will cause the value of Shares held in such Sub-Funds to differ.

## **Liquidity Risk**

Liquidity risk exists when some of the Sub-Funds' investments may be difficult to sell due to unforeseen economic or market conditions, such as the deterioration in the creditworthiness of an issuer. In case of a large redemption request, the Funds may consequently not be able to sell certain assets to meet the redemption requirement or may only be able to sell the assets to meet the redemption requests at a price which negatively affects the Net Asset Value of the Sub-Funds.

## **Counterparty Risk**

The Sub-Funds may enter into transactions with counterparties (which could be a company, government or other institution), thereby exposing them to the counterparties' creditworthiness and their ability to perform and fulfil their financial obligations. There exists a risk that the obligation of such counterparties will not be satisfied. This risk may arise at any time the Sub-Funds' assets are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements. The weaker the financial strength of a counterparty, the greater the risk of that party failing to satisfy its obligations. The Net Asset Value of the Sub-Funds could be affected by any actual or anticipated breach of the party's obligations, while the income of the Sub-Fund would be affected only by an actual failure to pay, which is known as a default.

In addition, the Sub-Funds may enter into contracts with service providers and other third party contractors (the "Service Providers"). This risk means that in certain circumstances (including but not limited to force majeure events) the Service Providers may not be able to perform or fulfil their contractual obligations to the Sub-Funds. This could result in periods where the normal trading activity of the Sub-Funds may be affected or disrupted.

## **Depositary Risk**

The Assets of the Fund are entrusted to the Depositary for safekeeping and are identified in the Depositary's books as belonging to the Fund. Financial instruments held by the Depositary are segregated from other assets of the Depositary which mitigates but does not exclude the risk of non-restitution in case of bankruptcy of



the Depositary. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy.

The Depositary may not keep all the assets of the Fund itself but may use a network of sub-custodian which are not always part of the same group of companies as the Depositary. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Depositary.

The Sub-Funds may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Sub-Funds that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Depositary will have no liability.

#### *Country risk linked to custody*

The Management Company may decide from time to time to invest in a country where the Depositary has no correspondent. In such a case, the Depositary will have to identify and appoint after due diligence a local custodian. This process may take time and deprive in the meantime the Management Company of investment opportunities.

In the same manner, the Depositary shall assess on an ongoing basis the custody risk of the country where the Fund's assets are safe-kept. The Depositary may identify from time to time a custody risk in a jurisdiction and recommend to the Management Company to realize the investments immediately. In doing so, the price at which such assets will be sold may be lower than the price the Fund would have received in normal circumstances, potentially affecting the performance of the relevant Funds.

#### *Central Securities Depositaries*

In accordance with the UCITS Directive, entrusting the custody of the Fund's assets to the operator of a securities settlement system ("SSS") is not considered as a delegation by the Depositary and the depositary is exempted from the strict liability of restitution of assets. A central securities depository ("CSD") being a legal person

that operates a SSS and provides in addition other core services should not be considered as a delegate of the Depositary irrespective of the fact that the custody of the Fund's assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

### **Inflation/Deflation Risk**

Inflation risk refers to the possibility of a reduction in the value of the income or assets as inflation decreases the value of money. The real value of a Sub-Fund's portfolio could decline as inflation increases. Deflation risk is the risk that prices throughout the economy may decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Sub-Fund's portfolio.

### **Regulatory Risk**

The Sub-Funds are domiciled in Luxembourg and investors should note that all the regulatory protections provided by their local regulatory authorities may not apply. Additionally, some of the Sub-Funds may be registered in non-EU jurisdictions and, as a result, may be subject, without any notice to the Shareholders in the Sub-Funds concerned, to more restrictive regulatory regimes. In such cases the Sub-Funds will abide by these more restrictive requirements. This may prevent the Sub-Funds from making the fullest possible use of the investment limits. Regulators are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Funds could be substantial and adverse.

### **Dilution Risk**

As explained in Section 25 of Part A of this Prospectus entitled "Dilution Levy", the Management Company has reserved the ability to charge a "dilution levy" on subscriptions, redemptions and conversions of Shares (together, "Share Dealings") in any Sub-Fund when it considers that such levy is in the best interests of shareholders in the relevant Sub-Fund. The purpose of a dilution levy is to protect existing shareholders in the relevant Sub-Fund from bearing the costs of Share

Dealings by other investors and it is not operated with the intention of deriving a profit for the Fund and/or Sub-Fund.

The Management Company will consider various factors when considering whether or not to apply a dilution levy to any particular Sub-Fund. These factors include, but are not limited to, the estimated costs of investing or divesting assets to meet subscription or redemption requests, the investment policy of the relevant Sub-Fund and the shareholder base of the relevant Sub-Fund. The amount of the dilution levy for any Sub-Fund, if any, will be a good faith estimate of the relevant costs and may vary over time. The amount of any dilution levy will differ for each Sub-Fund.

The application of a dilution levy by the Management Company is discretionary in all cases. In cases in which the Management Company determines not to apply a dilution levy, the dealing costs attributable to Share Dealings will be borne by the Sub-Fund as a whole, and not by the subscribing or redeeming investors. Over time, and depending on the volume of Share Dealings, this could have an adverse effect on the net asset value of the relevant Sub-Fund.

## **Share Classes**

### *Suspension of Share Class Dealing*

Investors are reminded that in certain circumstances their right to redeem or switch Shares may be suspended.

### *Currency Hedged Share Classes*

The Management Company may decide from time to time for some or all of the Sub-Funds to issue Currency Hedged Share Classes.

Currency Hedged Share Classes utilise hedging strategies to seek to limit exposure to currency movements between a Sub-Fund's Reference Currency, Investment Currencies or Index Currencies and the currency Hedged Share Class is denominated in. The hedging strategy of the Currency Hedged Share Class does not seek to eliminate all currency exposure. Exchange rate risk exists as a result of

movements between the currency of denomination of the Currency Hedged Share Class and the valuation currencies of the assets in which the Sub-Fund invests where these currencies differ from the Reference currency of the Sub-Fund.

Such hedging strategies used by the Investment Manager (or any agent appointed by the Investment Manager) may not completely eliminate exposure to such currency movements. There can be no guarantee that hedging strategies will be successful. Mismatches may result between a Sub-Fund's currency position and the Currency Hedged Share Classes issued for that Sub-Fund. Investors should be aware that certain market events or circumstances could result in the Investment Manager no longer being able to perform hedging transactions or that such strategies may no longer be economically viable.

The use of hedging strategies may substantially limit Currency Hedged Share Class shareholders from benefiting if the currency of the Currency Hedged Share Class falls against a Sub-Fund's Reference Currency, Investment Currencies or Index Currencies. The costs of hedging and all gains/losses from hedging transactions are borne separately by the shareholders of the respective Currency Hedged Share Classes. Investors should also note that the hedging of Currency Hedged Share Classes is distinct from any hedging strategies that the Investment Manager or any delegate may implement at the Sub-Fund level.

#### *Non-deliverable Currencies*

Several Emerging Markets, Frontier Markets and other non-developed markets currencies are traded as cash settled, non-deliverable forwards, because they are either thinly traded or non-convertible. As such, where the Hedged Share Class Currency is non-deliverable the share class will be denominated, for subscription and redemption purposes, in a currency other than the Hedged Share Class Currency. For example, a Colombian Peso NAV Hedged Share Class may be subscribed or redeemed in US Dollar or Euro but the Sub-Fund's Reference Currency would be hedged to the Columbian Peso, notwithstanding it being denominated in US Dollar or Euro. Investors should note that additional exchange rate risk exists as a result of the movements between the non-deliverable currency denomination of the Currency Hedged Share Class and the valuation currencies of the assets in which the Sub-Fund invests where these currencies differ from the

Reference currency of the Sub-Fund and the currency in which the shareholder subscribes or redeems.

## **Taxation**

Investors should note that the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to withholding or other taxes imposed by the authorities in that market. Tax and law practice in certain countries into which a Sub-Fund invests or may invest in the future may not be clearly established, may be subject to change or may be subject to change with retrospective effect. It is possible therefore that the Sub-Funds could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

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

The Foreign Account Tax Compliance provisions of the 2010 Hiring Incentives to Restore Employment Act ("HIRE Act") generally impose a new reporting and 30% withholding tax regime with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends. As a general matter, the new rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the Internal Revenue Service ("IRS"). The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership.

Under the terms of FATCA, the Fund will be treated as a Foreign Financial Institution. As such, the Fund may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations.

Although the Fund will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding

tax as result of the FATCA regime, the value of the Shares held by the investor may suffer material losses.

Therefore and despite anything else herein contained and as far as permitted by Luxembourg law, the Fund shall have the right to:

- Require any Shareholder or beneficial owner of the Shares to promptly furnish such personal data as may be required by the Fund in its discretion in order to comply with any law and/or to promptly determine the amount of withholding to be retained;
- Divulge any such personal information to any tax authority, as may be required by law or such authority;
- Withhold any taxes or similar charges that it is legally required to withhold, whether by law or otherwise, in respect of any shareholding in the Fund; and
- Withhold the payment of any dividend or redemption proceeds to a Shareholder until the Fund holds sufficient information to enable it to determine the correct amount to be withheld.

In addition, the Registrar and Transfer Agent, as delegate of the Management Company, may request any other information that the Management Company may require in order to comply with its legal and regulatory obligations, including but not limited to the above mentioned laws and regulations, the Luxembourg law dated 18 December 2015 implementing the Common Reporting Standard and the Luxembourg law dated 24 July 2015 implementing FATCA. From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' ongoing due diligence obligations according to the relevant laws and regulations.

Each prospective investor should consult its own tax advisers regarding the requirements under FATCA with respect to its own situation.

### **Potential Conflicts of Interest**

The Management Company, the Investment Manager, the Sub-Investment Manager and the Investment Adviser(s) and other affiliates may effect transactions in which

they have, directly or indirectly, an interest which may involve a potential conflict with their duties to the Fund. None of the Management Company, the Investment Manager, the Sub-Investment Manager or the Investment Adviser(s) nor other affiliates shall be liable to account to the Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions nor will the Investment Manager's, any Sub-Investment Manager's or Investments Adviser(s)'s fees, unless otherwise provided, be adjusted. The Management Company, the Investment Manager, the Sub-Investment Manager and the Investment Adviser(s) will ensure that:

- such transactions are effected on terms which are not less favourable to the Fund than if the potential conflict had not existed;
- ;
- such transactions are on arm's length terms;
- the Management Company uses due care in the selection of brokers or dealers and that they are suitably qualified in the circumstances;
- the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- where applicable, the Management Company monitors such transactions to ensure compliance with its obligations; and
- the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer are disclosed in the Fund's annual report.

Such potential conflicting or duties may arise because the Management Company, the Investment Manager, the Sub-Investment Manager or the Investment Adviser(s) may have invested directly or indirectly in the Fund. More specifically, the Management Company, under the rules of conduct applicable to it, must try to avoid conflicts of interests and, when they cannot be avoided, ensure that its clients are treated fairly.

### **Cyber Security**

The Sub-Funds and their service providers are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks

or devices that the Sub-Funds and their service providers use to service the Sub-Funds' operations; or operational disruption or failures in the physical infrastructure or operating systems that support the Sub-Funds and their service providers. Cyber-attacks against or security breakdowns of the Sub-Funds or their service providers may adversely impact the Sub-Funds and their shareholders, potentially resulting in, among other things, financial losses; the inability of Sub-Funds' shareholders to transact business and the Sub-Funds to process transactions; inability to calculate the Sub-Funds' NAV; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. The Sub-Funds may incur additional costs for cyber security risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which the Sub-Funds invest, which may cause the Sub-Funds' investments in such issuers to lose value. There can be no assurance that the Sub-Funds or their service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

### **Epidemics / Pandemics / Outbreaks Risk**

The performance of the Shares depends on the performance of the investments of the Sub-Funds, which could also be adversely affected by the effects of epidemics, pandemics or outbreaks of communicable diseases. In response to intensifying efforts to contain epidemics, pandemics or outbreaks of communicable diseases, governments around the world may take a number of actions, such as prohibiting residents' freedom of movement, encouraging or ordering employees to work remotely from home, and banning public activities and events, among others. Any prolonged disruption of businesses could negatively impact financial conditions. The performance of the Shares could be adversely affected to the extent that any of these epidemics, pandemics or outbreaks harms the economy in general.

### **The withdrawal of the United Kingdom from the EU**

As at the date of this Prospectus, the proposed exit by the United Kingdom from the EU (Brexit) has resulted in global economic and political uncertainty and it is unknown what the impact shall be on the economic or political environment of each of the United Kingdom ("UK") and the EU.



On 29 March 2017, the UK's government gave notice of its intention to withdraw from the EU pursuant to Article 50 on the Treaty of the EU. On 31 January 2020 at 11 p.m. (London Time), the UK exited from the EU. On the basis of the agreement for an orderly withdrawal of the UK from the EU, the UK benefits from a transitional period, pursuant to which all EU Treaties and EU legislation still apply to the UK. This transitional period ends on 31 December 2020. At the end of this transitional period and in the absence of agreement determining the terms of the UK's relationship with the EU, the UK will be considered a third country as of 1 January 2021.

Negotiations have commenced seeking to determine the terms of the UK's relationship with the EU, including the terms of trade between the UK and the EU, after such transitional period. In addition, the UK will be required to negotiate with other countries with which the UK previously traded on the basis of agreements concluded with the EU (having been members thereof).

The UK's exit from the EU may result in regulatory change for the UK since a significant portion of the UK regulatory regime is derived from EU directives and regulations. Such uncertainty could lead to a high degree of economic and market disruption and uncertainty. It is not possible to ascertain how long this period will last and the impact it will have within the EU markets, including market value and liquidity, as well as the assets held by the Funds. Such conditions could have a material adverse effect on the business, financial condition, results of operations and prospects of the Fund, the Management Company, the Investment Manager, the Sub-Investment Manager(s), the Investment Adviser(s), and other transaction parties. The Fund, the Management Company, the Distributor, and the Investment Advisers cannot predict when political stability will return, or when the market conditions relating to the assets held by the Funds will stabilise.

### **Fixed Income Risk**

Sub-Funds which invest in debt securities will be subject to interest rate and credit risk, and the additional risks associated with securities such as high-yield debt securities, or asset backed securities.

Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). A Sub-Fund may invest in debt securities which are interest rate sensitive. An increase in interest rates will generally reduce the value of debt securities, while a decline in interest rates will generally increase the value of debt securities. The performance of such Sub-Funds will therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilise appropriate strategies to maximise returns, while attempting to minimise the associated risks to investment capital.

#### *Interest Rate Risk*

The values of debt securities held by the Sub-Funds will vary with changes in interest rates and such variation may affect Share prices accordingly. The value of debt securities will generally increase when interest rates fall and decrease when interest rates rise. Debt securities with greater interest rate sensitivity and longer maturities are usually subject to greater fluctuations in value in response to interest rate changes.

#### *Credit Risk*

Sub-Funds which invest in debt securities are subject to the risk that an issuer will fail to make timely payments of interest and principal. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are all factors that may have an adverse impact on an issuer's credit quality and security values

### *High Yield Securities*

Sub-Funds may invest in higher yielding debt securities which are subject to greater credit and market risk than lower yielding securities. Generally, lower rated securities pay higher yields than more highly rated securities to compensate investors for the higher risk. Such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity and as a result may be less liquid than lower yielding securities.

### *Downgrading Risk*

The credit ratings given to debt securities may be subject to changes. The downgrading of a rated debt security could decrease the value and liquidity of the security, particularly in a thinly traded market, and also increase the price volatility. The Fund may continue to invest in securities that are downgraded after purchase.

### *Non-Investment Grade Securities*

Non-investment grade securities have a lower credit rating than investment grade securities or are unrated and are generally considered to have a higher credit risk than more highly rated securities. In addition, non-investment grade securities tend to be more volatile than higher rated securities, so that adverse economic events may have a greater impact on the prices of non-investment grade securities than on higher rated securities. The market for securities which are rated below investment grade, have a lower credit rating or are unrated generally has lower liquidity and is less active than that for higher rated securities and a Sub-Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by such factors as adverse publicity and investor perceptions. Certain Sub-Funds may invest in securities rated below investment grade.

### *Unrated Securities*

Some Sub-Funds may invest in securities that are not rated. As they are unrated these securities may be subject to greater price volatility and Sub-Funds investing in these securities must rely on the Investment Manager's (or its delegate's) credit assessment of such securities and are in particular subject to a high credit risk.

### *Sovereign Debt*

Certain countries and government entities rely more heavily than others upon foreign investment and the international markets for funding. Investment in sovereign debt issued or guaranteed by such countries or government entities involves a high degree of risk as the issuing entity may be unable or unwilling to repay the principal or interest when due in accordance with the terms of the debt. As a result, there may be a risk that the issuing entity will reschedule repayment or default on the debt.

### *Asset-Backed Securities*

Unless otherwise provided for in the relevant Supplement, some Sub-Funds may invest in Asset-Backed Securities (ABS) which are debt securities backed or collateralised by the income stream from an underlying pool of assets such as credit cards, automobile loans, student loans, small business loans, mortgages and receivables. An ABS may be usually issued in a number of different tranches, or classes, with varying characteristics depending on the riskiness of the underlying assets assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the tranche, the more the ABS is likely to pay by way of income. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. ABS are often exposed to extension risk (where obligations on the underlying assets are not paid on time) and prepayment risks (where obligations on the underlying assets are paid earlier than expected), these risks may have a substantial impact on the timing and size of the cash flows paid by the securities and may negatively impact the returns of the securities. The average life of each individual security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory

prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets.

### *Mortgage-Backed Securities*

Unless otherwise provided for in the relevant Supplement, some Sub-Funds may invest in Mortgage-Backed Securities (MBS) which are debt securities backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. An MBS may be issued in a number of different tranches, or classes, with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate. The higher the risk contained in the tranche, the more the MBS pays by way of income. MBS may be subject to prepayment risk which is the risk that, in a period of falling interest rates, borrowers may refinance or otherwise repay principal on their mortgages earlier than scheduled. When this happens, certain types of MBS will be paid off more quickly than originally anticipated and the Sub-Funds will have to invest the proceeds in securities with lower yields. MBS may also be subject to extension risk, which is, the risk that, in a period of rising interest rates, certain types of MBS will be paid off more slowly than originally anticipated and the value of these securities will fall. As a result, the average duration of the Sub-Funds' portfolios may increase. The value of longer-term securities generally changes more in response to changes in interest rates than that of shorter-term securities. Because of prepayment risk and extension risk, MBS may react differently to changes in interest rates than other debt securities. Small movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain MBS. In some circumstances investments in MBS may become less liquid and in the case of a large redemption or change in market liquidity the Investment Manager (or its delegate) may not be able to sell the securities to meet the redemption requirement or may only be able to sell the securities at a price which negatively affects the Sub-Funds' Net Asset Value. In addition, the market price for MBS may be volatile.

### *Non-Agency Mortgage Backed Securities*

Non-agency Mortgage Backed Securities are MBS issued by private institutions. These securities have no credit guarantee other than the quality of the loans behind them, and any other structural credit protection provided by the terms of the bond deal they belong to. Investing in non-agency mortgage-backed securities generally entails credit, prepayment, extension, liquidity and default risk.

### *Convertible Bonds*

Convertible bonds are subject to a number of risks including risk arising from both debt and equity securities, and to convertible securities specific risks. Convertible bond valuations are sensitive to macro-economic risk, interest rate risk, spread risk, default risk, and equity risk. In addition, convertible bonds issuers may be downgraded. In certain market conditions convertible bonds may be less liquid than other asset classes.

### **Equity Risk**

Sub-Funds which invest in equity securities are subject to the volatility of the capital markets on which these securities are traded and may incur significant losses. The price of equities can be influenced by many factors at the individual company level, as well as by broader economic and political developments, including trends in economic growth, inflation and interest rates, corporate earnings reports, demographic trends and catastrophic events.

### *Depositary Receipts*

Depositary receipts (ADRs, GDRs and EDRs) are instruments that represent shares in companies trading outside the markets in which the depositary receipts are traded. Accordingly whilst the depositary receipts are traded on Recognised Exchanges, there may be other risks associated with such instruments to consider- for example the shares underlying the instruments may be subject to political, inflationary, exchange rate or custody risks.

### *Small and mid-sized companies*

The stock prices of small and mid-sized companies tend to be more volatile than the stock prices of larger companies. Smaller companies may have limited resources and product ranges and therefore may be more sensitive to changes in market conditions. The stocks of smaller companies are traded less frequently and in lower volumes than those of larger companies and this may contribute to greater stock price volatility.

### **Asset Allocation Funds**

Asset Allocation Funds provide the Investment Manager (or its delegates) with wide discretion to allocate between different asset classes. From time to time, Asset Allocation Funds may have significant exposure to a single or limited number of fixed income or equity asset classes. Accordingly, the relative relevance of the risks associated with equity securities, debt securities and derivatives will fluctuate over time.

### **Absolute Return Strategies**

The intention of an absolute return strategy is to deliver positive returns through a market cycle. However there can be no guarantee that such returns or capital will be achieved.

### **Financial Derivative Instruments**

Sub-Funds may, in accordance with their investment policy, invest in financial derivative instruments including but not limited to European and American options including single security, currency, basket and index calls and puts; single security, equity index and volatility futures; interest rate, Eurodollar and treasury futures; contract for differences (CFDs); single currency swaps; credit default swaps; interest rate swaps; Consumer Price Index (CPI) swaps, total return swaps, structured notes, warrants, currency forwards and participatory notes.

While the prudent use of derivatives may be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by

more traditional investments. If so provided in its investment policy, a Sub-Fund may engage various investment strategies with a view to reducing certain of its risks and/or enhancing return. These strategies may include the use of derivative instruments such as options, warrants, swaps and/or futures. Such strategies may be unsuccessful and incur losses for the Sub-Fund.

Derivatives also involve specific risks. These risks relate specifically to market risks, management risk, counterparty risk, liquidity risk, the risk of mispricing or improper valuation of derivatives and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Fund.

#### *Market Risk*

This is a general risk that applies to all investments, including derivatives, meaning that the value of a particular derivative may go down as well as up in response to changes in market factors. A Sub-Fund may also use derivatives to gain or short exposure to some investments. In extreme market conditions the use of derivatives may, theoretically, give rise to unlimited losses for the Sub-Fund, although an investor's loss is always limited to the amount invested in the Sub-Fund. Should such extreme market conditions occur, investors could, in certain circumstances, therefore face minimal or no returns, or may even suffer a loss on their investment in that particular Sub-Fund.

#### *Liquidity Risk*

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price.



### *Counterparty Risk*

The Sub-Funds may enter into transactions in OTC markets, which will expose the Sub-Funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative transactions may be terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated.

### *Leverage Risk*

Derivative instruments allow the Sub-Fund to gain a larger exposure to asset values than the amount the Sub-Fund invests. As a result, losses on derivative instruments can exceed the amount invested in them which may significantly reduce the value of the Sub-Fund as a whole.

### *Other Risks*

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals who often are acting as counterparties to the transaction to be valued.

Derivatives do not always perfectly or even highly correlate to or track the value of the securities, rates or indices they are designed to track. Consequently, a Sub-Fund's use of derivative techniques may not always be an effective means of following a Sub-Fund's investment objective. In cases where derivatives are being used to hedge risk, it is possible that the offsetting investments will not experience price changes that are perfectly inversely correlated. As a result, hedged portfolios

may be exposed to basis risk – the risk that the portfolio will realize excess gains or losses in the execution of the hedging strategy.

#### *Risks associated with OTC Derivatives*

An OTC derivative is a derivative instrument which is not listed and traded on a formal exchange such as FTSE or NYSE but is traded by counterparties who negotiate directly with one another over computer networks and by telephone. The counterparty risk on any transaction involving OTC derivative instruments may not exceed 10% of the assets of a Sub-Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU. This limit is set at 5% in any other case.

#### *Risks associated with the Control and Monitoring of Derivatives*

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and debt Securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

There is no guarantee that a particular forecast will be correct or that an investment strategy which deploys derivatives will be successful.

#### **Warrants**

Certain Sub-Funds may invest in equity linked securities or equity linked instruments such as warrants. The gearing effect of investment in warrants and the

volatility of warrant prices make the risk attached to the investment in warrants higher than in the case with investment in equities.

### **Efficient Portfolio Management Techniques**

A Sub-Fund may only enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in section 5 of this Prospectus. If the other party to a repurchase agreement or reverse repurchase agreement should default, the Sub-Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the Sub-Fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the Sub-Fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

A Fund may only enter into securities lending transactions subject to the conditions and limits set out in Section 5 of this Prospectus. If the other party to a securities lending transaction should default, the Sub-Fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Sub-Fund in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the Sub-Fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The Sub-Funds will only use repurchase agreements, reverse repurchase agreements or securities lending transactions for the purpose of either reducing risks (hedging) or generating additional capital or income for the relevant Fund. When using such techniques, the Funds will comply at all times with the provisions set out in section 5 of this Prospectus. The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will

be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. The use of repurchase agreements, reverse repurchase agreements and securities lending transactions is generally not expected to have a material adverse impact on a Sub-Fund's performance, subject to the Risk Factors described above.

## **Investment Funds**

### *Open-end and Closed-end Collective Investment Vehicles*

Some Sub-Funds may invest in other collective investment vehicles. By investing in collective investment vehicles indirectly through a Sub-Fund, the investor will bear not only his proportionate share of the management fee of the Sub-Fund, but also indirectly, the management and administration expenses of the underlying collective investment vehicles. In the case of investment in closed-end investment vehicles, shares may at times be acquired only at market prices representing premiums to their net asset values or disposed of at a market price representing a discount to their net asset value. Shares of such closed-end collective investment vehicles will be valued at their last available stock market value. Closed-end investment vehicles which are not subject in their country of origin to permanent supervision by a supervisory authority set up by law in order to ensure the protection of investors may expose the Sub-Funds investing in them to additional risks than if they were investing in collective investment vehicles established in other jurisdictions more protective of the investors (for instance, less frequent opportunities for disposal, delayed payment or non-receipt of settlement monies, or less protective judicial structures).

### *Investment in Third Party Funds*

Certain Funds may invest in shares of collective investment schemes including Exchange Traded Funds, Closed Ended Funds and UCITS funds – collectively, underlying funds. These funds may be advised or sub-advised by the Investment Manager, an affiliate adviser or by an unaffiliated adviser. The ability of a Sub-Fund which invests in shares of an underlying fund or funds to achieve its investment objective may be directly related to the ability of the underlying funds to meet their investment objectives. Sub-Funds which invest in underlying funds will be exposed

to the risks to which the underlying funds are exposed. These risks may include liquidity risk where the ability of the Sub-Fund to meet the liquidity requirements of its investment is directly linked to the ability of the underlying funds to meet their liquidity requirements.

### **Emerging Markets, Frontier Markets and other non-developed markets**

In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have, for the most part, substantially less volume than more developed markets, and securities of many companies may be less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of certain of the Funds.

Settlement systems in Emerging Markets, Frontier Markets and other non-developed markets may be less well organised than in developed markets. Thus there may be a risk that settlement may be delayed and that cash or securities of the Sub-Funds may be in jeopardy because of failures of or defects in the systems. In particular, market practice may require that payment shall be made prior to receipt of the security which is being purchased, or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the "Counterparty") through whom the relevant transaction is effected might result in a loss being suffered by Sub-Funds investing in non-developed market securities.

The Fund will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that this risk will be successfully eliminated for the Sub-Funds, particularly as Counterparties

operating in Emerging Markets, Frontier Markets and other non-developed markets frequently lack the substance or financial resources of those in developed countries.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Sub-Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Fund's claims in any of these events.

Investments in the Russian Federation are subject to certain heightened risks with regard to the ownership and custody of securities. In these countries the ownership is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Depository). No certificates representing ownership of such companies will be held by the Depository or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of effective state regulation and enforcement, the Fund could lose its registration and ownership of such securities through fraud, negligence or even mere oversight. However, in recognition of such risks, the relevant correspondent to the Depository follows increased "due diligence" procedures. The correspondent has entered into agreements with company registrars and will only permit investment in those companies that have adequate registrar procedures in place. In addition, the settlement risk is minimised as the correspondent will not release cash until registrar extracts have been received and checked. In addition, debt securities in these countries have an increased custodial risk associated with them as such securities are, in accordance with market practice, held in custody with institutions which may not have adequate insurance coverage to cover loss due to theft, destruction or default whilst such assets are in its custody.

Other risks could include, by way of example, controls on foreign investment and limitations on the repatriation of capital and the exchange of local currencies for US\$, the impact on the economy as a result of religious or ethnic unrest.

In addition investments in India may be subject to the withdrawal or non-renewal of the Investment Manager's Foreign Institutional Investor licence.

### *Corporate and Sovereign Debt*

Both corporate and sovereign debt will be subject to high risk in emerging markets, frontier markets and other non-developed markets will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation.

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

In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.

### *Exposure to the Euro and the Eurozone*

The Eurozone is an economic and monetary union of 19 European member states that have adopted the Euro as their common currency and sole legal tender. The success of the Euro and the Eurozone is therefore dependant on the general economic and political condition of each member state, as well as each state's credit worthiness and the willingness of the members to remain committed to monetary union and support for the other members. Currently, there are widely held concerns in the market regarding the credit risk associated with certain sovereigns, including some member states of the Eurozone, and the continued viability of the Eurozone. Risk to the Fund includes the possibility of exit of individual countries from the Euro, full breakup of the Eurozone or other circumstances which may result in the emergence or re-introduction of national currencies.

Default by any state on its Euro debts or a material decline in the credit rating of any Eurozone state could have a material negative impact on the Fund and its investments. A number of the Sub-Funds of the Fund may operate in Euro and/or may hold Euro denominated assets either directly or as collateral and may experience a reduction of the value and/or liquidity of their investments as a result of events in the Eurozone regardless of the measures the Investment Manager or Board may seek to take to reduce this risk.

In addition, the Management Company and/or the Fund's counterparties, banks, custodians and service providers may have direct or indirect exposure to these countries or currency and a default or credit decline could impact their ability to meet their obligations to and/or perform services for the Fund. In the event of one or more member states exiting the Eurozone, or the abandonment of the Euro entirely, there may be material negative impact on some or all Sub-Funds of the Fund and the value of investments, including risk of redenomination from Euro into another currency, possible capital controls and legal uncertainty as to the ability to enforce obligations and debts.

Prospective shareholders should inform themselves as to the risks surrounding the Eurozone crisis and the associated risk of an investment in the Fund, taking into account the uncertainty as to how the Eurozone crisis and more general global economic situation will continue to evolve.

### **Holdings Concentration**

Some Sub-Funds may invest in a relatively small number of investments. Concentrated portfolios may be more volatile than more diversified portfolios with a larger number of investments and may be more significantly impacted by a decline in the value or circumstance of any one stock, asset classes or sector.

### **Real Estate Industry**

There are special risk considerations associated with investing in the real estate industry securities such as closed-ended Real Estate Investment Trusts (REIT) and the securities of companies principally engaged in the real estate industry. These risks include: the cyclical nature of real estate values, risks related to general and



local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of a Sub-Fund investing in the Real Estate Industry.

### **Infrastructure**

There are special risk considerations associated with investing in the securities of companies principally engaged in the infrastructure industry. Infrastructure-related companies are subject to a variety of factors that may adversely affect their business or operations including high interest costs in connection with capital construction programs, costs associated with compliance with and changes in environmental and other regulations, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, the effects of surplus capacity, increased competition from other providers of services in a developing deregulatory environment, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

Additionally, infrastructure-related entities may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, government budgetary constraints, service interruption due to environmental, operational or other mishaps and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. Other factors that may affect the operations of infrastructure-related companies include innovations in technology that could render the way in which a company delivers a product or service obsolete, significant changes to the number of ultimate end-users of a company's products, increased susceptibility to terrorist acts or political actions, risks of environmental damage due to a company's operations or an accident, and general changes in market sentiment towards infrastructure and utilities assets.

In the event that any of the risks associated with the infrastructure industry materialise, the value of securities issued by companies engaged in the infrastructure business may decline. To the extent that a Sub-Fund is invested in such securities, this may result in a corresponding decline in the Net Asset Value per share of that Sub-Fund, potentially uncorrelated to the rest of the equity market.

Companies engaged in the infrastructure business may also include Real Estate Investment Trusts (REITS) and collective investment vehicles with exposure to infrastructure assets. Investors should refer to special risk considerations applicable to the Real Estate Industry and Collective Investment Vehicles.

### **Commodity Related Securities**

Certain Sub-Funds may invest in commodity related Securities including commodity exchange traded funds. Commodity related securities are highly volatile. Commodity markets are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates.

### **Volatility Strategies**

Certain Sub-Funds may invest, either directly or indirectly via investment into collective investment schemes in strategies which seek to take advantage of increases or decreases in volatility. Investment in such strategies may result in an increase in total portfolio volatility of the Sub-Fund. The risks of such investments are related to the risks associated with the underlying asset class on which the strategy invests (e.g. equity risk, commodity risk, liquidity risk, etc.). In periods of high market volatility the value of investments in volatility strategies may be subject to drawdowns which exceed those experienced in the markets and asset classes upon which the volatility strategy draws. Exposure to extreme market volatility may not be fully hedged which may result in a decrease in portfolio value. Sub-Funds which invest in volatility strategies will be exposed to derivative risk and basis risk, which is the risk that exposure gained through derivatives to an

underlying asset or assets will not be perfectly correlated to the price movements of the assets themselves.

## **7. SHARES OF THE FUND**

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Under the Statutes of the Fund, the Directors have the power to create and issue several different Sub-Funds, whose characteristics may differ from those Sub-Funds then existing.

Under the Statutes of the Fund, the Directors have the power to create and issue several different Classes of Shares within each Sub-Fund (hereinafter referred to collectively as the "Classes"/"Classes of Shares" or individually as the "Class"/"Class of Shares"), whose characteristics may differ from those Classes then existing.

The differences between the Classes may relate to the initial subscription price per share, the reference currency of the Class, the types of investors who are eligible to invest, the subscription and repurchase frequency, the charging structure applicable to each of them, the distribution policy or such other features as the Directors may, in their discretion, determine. The Supplement of each Sub-Fund details the Classes available in each Sub-Fund and their characteristics.

The Board of Directors is authorised, without limitation and at any time, to issue fully paid shares of any Class without reserving to existing shareholders a preferential right to subscribe for the shares to be issued. Additional shares in any Sub-Fund will be issued at a price corresponding to the net asset value ("Net Asset Value") per share of the relevant Class in the relevant currency determined in accordance with the provisions of the Fund's Statutes.

On issue, all shares have to be fully paid up. The shares do not have any par value. Each share carries one vote, regardless of its Net Asset Value and of the Sub-Fund to which it relates.

Shares are only available in registered form. No share certificates will be issued in respect of registered shares; registered share ownership will be evidenced by confirmation of ownership and registration on the share register of the Fund.

Fractions of shares may be issued up to one ten thousandth of a share. The resultant fractional shares shall have no right to vote but shall have the right to participate pro-rata in distributions and allocation of the proceeds of liquidation in the event of the winding-up of the Fund or in the event of the termination of the Fund.

The Board of Directors has full discretion to determine whether an investor qualifies for investment in a specific Class or not.

The Board of Directors is empowered to determine - on a case-by-case basis - whether certain investors are or are not to be categorised as institutional investors.

The specifics of each Class in relation to fees and expenses payable and the currency of each Class are indicated in the relevant Supplement (in the section headed "Expenses").

A Sub-Fund or Share Class may be closed to new subscriptions or switches in (but not to redemptions or switches out) if, in the opinion of the Management Company (as advised by the Investment Manager), the closure is necessary to protect the interests of existing Shareholders. Without limiting the circumstances where the closure may be appropriate, the circumstances would be where the Sub-Fund or a Share Class has reached a size such that the capacity of the market has been reached or that it becomes difficult to manage in an optimal manner, and/or where to permit further inflows would be detrimental to the performance of the Sub-Fund or the Share Class. Notwithstanding the above, the Management Company may, at its discretion (as advised by the Investment Manager), allow the continuation of subscriptions from regular savings schemes on the basis that these types of flows present no challenge with respect to capacity. Once closed, a Sub-Fund, or Share Class, will not be re-opened until, in the opinion of the Management Company (as advised by the Investment Manager), the circumstances which required closure no longer prevail. A Sub-Fund or Share Class may be re-opened to new subscriptions or switches in without notice to Shareholders.

## **8. DIVIDEND POLICY**

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Within each Sub-Fund, the Board of Directors may decide to issue accumulating and/or distributing shares.

In case of distributing shares and unless otherwise provided for in the relevant Supplement, the dividend policy applicable for each Class of shares or Sub-Fund is to distribute the net investment income of the relevant financial year. Any unrealised and realised net capital gains on investments will be retained by the relevant Share Class or Sub-Fund.

For distributing Share Classes or Sub-Funds, dividends, if any, will be declared and distributed to investors at least once per year. In addition, interim dividends may be declared and distributed on one or more occasions, at a frequency determined by the Board of Directors. Dividends will be paid within one month after they are declared, unless otherwise decided by the Board of Directors.

If a dividend is declared by the Board of Directors, it will be paid to each shareholder concerned in the reference currency of the relevant Sub-Fund or Class in accordance with the provisions mentioned here above.

Notwithstanding the above, dividend payments are restricted by law in that they may not reduce the assets of the Fund below the required minimum capital. In the event that a dividend is declared and remains unclaimed after a period of five (5) years from the date of declaration, such dividend will be forfeited and will revert to the Class or Sub-Fund in relation to which it was declared.

## **9. NET ASSET VALUE**

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The Net Asset Value per share of each Class will be determined on each valuation date (the "Valuation Date") as indicated in the relevant Supplement and expressed in the reference currency of the respective Class. The Net Asset Value per share of each Class will be calculated by the Central Administrator by dividing the value of

the assets of the Sub-Fund properly able to be allocated to such Class less the liabilities of the Sub-Fund properly able to be allocated to such Class by the number of shares then outstanding in that class (the "Net Asset Value per Class") on the relevant Valuation Date. The Net Asset Value per share of each Class may be rounded up or down to the nearest four decimals of the reference currency of such Class of shares.

When a Valuation Date falls on a day observed as a holiday on a stock exchange which is the principal market for a significant proportion of the Sub-Funds' investment or is a market for a significant proportion of the Sub-Fund's investment or is holiday elsewhere and impedes the calculation of the fair market value of the investments of the Sub-Funds, the Fund may decide that a Net Asset Value will not be calculated on such Valuation Date.

The calculation of the Net Asset Value of the shares of any Class and the issue, redemption and conversion, if available, of the shares of any Sub-Fund may be suspended in the following circumstances:

- During any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange, which is the main market or stock exchange for a significant part of the Sub-Fund's investments, is closed or during which trading therein is restricted or suspended; or
- During any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of the assets of a Sub-Fund; or it is impossible to transfer monies involved in the acquisition or disposition of investments at normal rates of exchange; or it is impossible for the Fund to fairly determine the value of any assets in a Sub-Fund; or
- During any breakdown in the means of communication normally employed in determining the price of any of the Sub-Fund's investments or of current prices on any stock exchange; or
- When for any reason the prices of any investment owned by the Sub-Fund cannot be reasonably, promptly or accurately ascertained; or

- During the period when remittance of monies which will or may be involved in the purchase or sale of any of the Sub-Fund's investments cannot, in the opinion of the Board of Directors, be carried out at normal rates of exchange; or
- Following a possible decision to liquidate or dissolve the Fund or one or several Sub-Funds; or
- In all other cases in which the Board of Directors considers a suspension to be in the best interest of the shareholders.

The suspension of the calculation of the Net Asset Value and of the issue, redemption and conversion, if available, of the shares shall be published in a Luxembourg newspaper and in one newspaper of more general circulation, selected by the Management Company in consultation with the Investment Manager.

The value of the assets of each Sub-Fund is determined as follows:

1. Transferable securities and money market instruments admitted to official listing on a stock exchange or dealt with in on another market in a non-EU Member State which is regulated, operates regularly and is recognised and open to the public provided, are valued on the basis of the last known price. If the same security is quoted on different markets, the quotation of the main market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good faith by the Board of Directors or its delegate with a view to establish the probable sales price for such securities;
2. Non-listed securities are valued on the basis of their probable sales price as determined in good faith by the Investment Manager and validated by the Board of Directors;
3. Liquid assets are valued at their nominal value plus accrued interest;
4. Derivatives are valued at market value.

Whenever a foreign exchange rate is needed in order to determine the Net Asset Value of a Class, the last available foreign exchange rate prevailing on a recognised market on the respective Valuation Date will be used.

In addition, appropriate provisions will be made to account for the charges and fees charged to the Sub-Funds and Classes as well as accrued income on investments.

In the event it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, such as hidden credit risk, the Board of Directors is entitled to use other generally recognised valuation principles, which can be examined by an auditor, in order to reach a proper valuation of each Sub-Fund's total assets.

## **10. ISSUE OF SHARES**

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Initial applications for shares must be made on the Fund's application form or in a format acceptable to the Management Company containing the information required by the Management Company and must be forwarded to the Transfer Agent in Luxembourg. Subsequent applications may be made in writing or by fax. The Management Company may also decide that initial and subsequent subscription applications may be made by electronic or other means (provided that a duly completed application form is received for initial subscription applications).

A subscription fee, if any, calculated on the Net Asset Value of the shares as specified in the relevant Supplement and to which the application relates as well as the percentage amount of which is indicated for each Class in the table in the relevant Supplement (see the section headed "Expenses" in the relevant Supplement), may be charged to the investors by the Nominee, a Distributor, any appointed sub-distributor or by Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. upon a subscription for shares in a Class.



## 10.1 Initial Subscription Period

The Initial Subscription Period (which may last one day) and the price of each newly created or activated Sub-Fund will be determined by the Directors and disclosed in the relevant Sub-Fund's Supplement.

Payments for subscriptions made during the Initial Subscription Period must have been received in the Reference Currency of the relevant Sub-Fund/Share-Class by the Fund within the time period indicated in the relevant Sub-Fund's Supplement in Part B of this Prospectus.

Payments must be received by electronic transfer net of all bank charges.

Alternatively, the Board of Directors may also accept payment for subscriptions in whole or in part by an in kind subscription of suitable investments. The transaction costs incurred in connection with the acceptance by the Board of Directors of an in kind subscription will be borne directly by the incoming shareholder. Any applicable sales charges or subscription fees will be deducted before investment commences. The investments forming the in kind subscription will be valued and a report will be issued by the Fund's auditors following their review of the methods of the valuation used by the Board of Directors for accepting the in kind subscription. The costs incurred in connection with the Fund's auditors report will be borne directly by the incoming shareholder.

Such review will be conducted in accordance with the professional recommendations of the *Institut des Réviseurs d'Entreprises*. The value determined, together with the Net Asset Value per share calculated for the share classes concerned in the relevant Sub-Fund, will determine the number of shares to be issued to the incoming shareholder. The purpose of the foregoing policy is to ensure that the existing shareholders in a Fund do not bear the transaction costs of acquiring additional assets for a large incoming shareholder.

The Board of Directors may at any time decide the activation of a Class.

Upon activation of a new Class in a Sub-Fund, the price per share in the new Class will, at its inception, correspond to the price per share during the Initial

Subscription Period in the relevant Sub-Fund or to the current Net Asset Value per share in an existing Class of the relevant Sub-Fund, upon decision of the Board of Directors.

## 10.2 Subsequent Subscriptions

Following any Initial Subscription Period, the issue price per share will be the Net Asset Value per share on the applicable Valuation Date.

Subscriptions received by the Registrar and Transfer Agent before the applicable cut-off time on a Valuation Date as specified in the Sub-Funds' Supplements in Part B of this Prospectus will be dealt with on the basis of the relevant Net Asset Value of that Valuation Date. Subscriptions received by the Registrar and Transfer Agent after such cut-off time on a Valuation Date or on any day which is not a Valuation Date will be dealt with on the basis of the Net Asset Value of the next Valuation Date. The investor will bear any taxes or other expenses attaching to the application.

All shares will be allotted immediately upon subscription and payment must be received by the Fund within the time period as described in each Sub-Fund in Part B of this prospectus. If payment is not received, the relevant allotment of shares may be cancelled at the risk and cost of the investor. Alternatively, overdraft costs may be charged to the investors. Payments should preferably be made by bank transfer and shall be made in the reference currency of the relevant Class; if payment is made in another currency than the reference currency of the relevant Class, the Fund will enter into an exchange transaction at market conditions and this exchange transaction could lead to a postponement of the allotment of shares.

Payments must be received by electronic transfer net of all bank charges.

Alternatively, the Board of Directors may also accept payment for subscriptions in whole or in part by an in kind subscription of suitable investments. The transaction costs incurred in connection with the acceptance by the Board of Directors of an in kind subscription will be borne directly by the incoming shareholder. Any applicable sales charge will be deducted before investment commences. The investments forming the in kind subscription will be valued and a report will be issued by the

Fund's auditors following their review of the methods of the valuation used by the Board of Directors for accepting the in kind subscription.

Such review will be conducted in accordance with the professional recommendations of the *Institut des Réviseurs d'Entreprises*. The value determined, together with the Net Asset Value per Share calculated for the Class of Shares concerned in the relevant Fund, will determine the number of Shares to be issued to the incoming shareholder. The purpose of the foregoing policy is to ensure that the existing shareholders in a Fund do not bear the transaction costs of acquiring additional assets for a large incoming shareholder.

The Board of Directors reserves the right to accept or refuse any subscriptions in whole or in part for any reason.

The issue of shares of any Sub-Fund shall be suspended on any occasion when the calculation of the Net Asset Value thereof is suspended.

### 10.3 Minimum Initial Subscription and Holding

Classes dedicated to institutional investors, may have a minimum subscription and/or holding amount as indicated in the relevant Supplement. The Fund may in its discretion waive this minimum subscription and/or holding amount. In particular, this applies for shareholders staggering investments over time, reaching above-mentioned thresholds over time.

If, as a result of redemption, the value of a shareholder's holding in a Class would become less than the relevant minimum holding amount as indicated above, then the Fund may elect to redeem the entire holding of such shareholder in the relevant Class. It is expected that such redemptions will not be implemented if the value of the shareholder's shares falls below the minimum investment limits solely as a result of market conditions. Thirty (30) calendar days prior written notice will be given to shareholders whose shares are being redeemed to allow them to purchase sufficient additional shares so as to avoid such compulsory redemption.

#### 10.4 Stock Exchange listing

Shares of different Sub-Funds and their Classes may at the discretion of the Directors of the Fund be listed on Stock Exchanges, in particular the Luxembourg Stock Exchange.

### **11. REDEMPTION OF SHARES**

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A shareholder has the right to request that the Fund redeems its shares at any time. Shares will be redeemed at the respective Net Asset Value of shares of each Class. Orders sent directly to the Transfer Agent can also be sent by swift.

A redemption fee, if any, calculated as a percentage amount on the Net Asset Value of the shares to which the redemption request relates, is indicated for each relevant Class in the tables in the relevant Supplement (see the section headed "Expenses" in each Sub-Fund Supplement) may be charged to the investors by the Nominee, the Distributor, any appointed sub-distributor or by Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. upon a redemption for shares in a Class. The redemption fee, if any, may be retained by any of these parties or retained by the relevant Sub-Fund for the benefit of the continuing Shareholders of that Sub-Fund.

Shareholders wishing to have all or any of their shares redeemed at the redemption price on a Valuation Date, should deliver to the Registrar and Transfer Agent before the cut-off time on a Valuation Date as specified in the relevant Supplement, an irrevocable written request for redemption in the prescribed form. Redemption requests received by the Registrar and Transfer Agent after such determined cut-off time on a Valuation Date or on any day, which is not a Valuation Date will be dealt with on the basis of the Net Asset Value of the next Valuation Date.

All requests will be dealt with in strict order in which they are received, and each redemption shall be effected at the Net Asset Value of the said shares.

Redemption proceeds will be paid in the reference currency of the respective Class. Payment will be effected after receipt of the proper documentation and as specified for each Sub-Fund in the relevant Supplement.

Investors should note that any redemption of shares by the Fund will take place at a price that may be more or less than the shareholder's original acquisition cost, depending upon the value of the assets of the Sub-Fund at the time of redemption.

Alternatively, the Board of Directors may also agree with Shareholders to settle redemption requests in whole or in part by an in kind transfer of suitable investments. The transaction costs incurred in connection with an in kind redemption will be borne directly by the redeeming shareholder. The investments forming the in kind redemption will be valued and a report will be issued by the Fund's auditors following their review of the methods of the valuation used by the Board of Directors for agreeing the in kind redemption. The costs incurred in connection with the Fund's auditors report will be borne directly by the incoming shareholder.

Such review will be conducted in accordance with the professional recommendations of the *Institut des Réviseurs d'Entreprises*. The value determined, together with the Net Asset Value per Share calculated for the Class of Shares concerned in the relevant Sub-Fund, will determine the securities to be transferred to the redeeming shareholder.

The redemption of shares of any Sub-Fund shall be suspended on any occasion when the calculation of the Net Asset Value for that Sub-Fund is suspended.

If requests for redemption on any Valuation Date exceed 10% of the Net Asset Value of a Sub-Fund's shares, the Fund reserves the right to postpone redemption of all or part of such shares to the following Valuation Date. On the following Valuation Date such requests will be dealt with in priority to any subsequent requests for redemption.

## 12. CONVERSION BETWEEN SUB-FUNDS/CLASSES OF SHARES

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Shareholders may be entitled to convert all or part of their shares of one Sub-Fund into shares of the same Class of Shares of other Sub-Funds. In addition, they may also convert from one Class of Shares of a Sub-Fund into other Classes of Shares of that Sub-Fund or other Sub-Funds. Whether or not conversions are permitted for shareholders is further specified in the Supplement of the relevant Sub-Fund.

If permitted, shares of any Class may be converted into shares of any other Class of the same, of another, Sub-Fund, upon written instructions addressed to the registered office of the Fund or the Distributor. No conversion fee will be charged. Shareholders may be requested to bear the difference in subscription fee between the Sub-Fund they leave and the Sub-Fund of which they become shareholders, should the subscription fee of the Sub-Fund into which the shareholders are converting their shares be higher than the fee of the Sub-Fund they leave.

Conversion orders received by the Registrar and Transfer Agent on a Valuation Date before the cut-off time as specified in the Sub-Funds specifics in Part B of this Prospectus will be dealt with on the basis of the relevant Net Asset Value established on that Valuation Date. Conversion requests received by the Registrar and Transfer Agent after such cut-off time on a Valuation Date or on any day, which is not a Valuation Date will be dealt with on the basis of the Net Asset Value of the next Valuation Date. Conversion of shares will only be made on a Valuation Date if the Net Asset Value of both share Classes is calculated on that day.

The Board of Directors will determine the number of shares into which an investor wishes to convert his existing shares in accordance with the following formula:

$$A = \frac{(B \times C)}{E} * EX$$

A = The number of shares in the new Class of shares to be issued

B = The number of shares in the original Class of shares

C = The Net Asset Value per share in the original Class of shares

E = The Net Asset Value per share of the new Class of shares

EX: being the exchange rate on the conversion day in question between the currency of the Class of shares to be converted and the currency of the Class of shares to be assigned. In the case no exchange rate is needed the formula will be multiplied by one (1).

If requests for conversion on any Valuation Date exceed 10% of the Net Asset Value of a Sub-Fund's shares, the Fund reserves the right to postpone the conversion of all or part of such shares to the following Valuation Date. On the following Valuation Date such requests will be dealt with in priority to any subsequent requests for conversion.

The conversion of shares of any Sub-Fund shall be suspended on any occasion when the calculation of the Net Asset Value thereof is suspended.

The Management Company may refuse to accept a conversion application if it is detrimental to the interests of the Fund or the Shareholders taking into account the monetary amount or number of Shares to be converted, market conditions or any other circumstances. The Management Company may, for example, at its discretion, decide to refuse a conversion application to protect a Fund and the Shareholders from the effects of short term trading or may limit the number of conversions between Funds which are permitted.

Shareholders should note that if an application for conversion relates to a partial conversion of an existing holding and the remaining balance within the existing holding is below the minimum requirement (which is the current minimum investment amount as detailed in this Prospectus), the Fund is not bound to comply with such application for conversion.

### **13. LATE TRADING/MARKET TIMING POLICY**

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The Fund takes appropriate measures to assure that subscription, redemption and conversion requests will not be accepted after the time limit set for such requests in this Prospectus.

The Fund does not knowingly allow investments which are associated with market timing or similar practices, as such practices may adversely affect the interests of all shareholders. The Fund reserves the right to reject subscription, redemption and conversion orders from an investor who the Fund suspects of using such practices and to take, if appropriate, other necessary measures to protect the other investors of the Fund.

As set out in the CSSF Circular 04/146, market timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same fund within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the net asset values.

### **14. TAXATION IN LUXEMBOURG**

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Under Luxembourg law, there are currently no Luxembourg taxes on income, withholding or capital gains by the Fund. The Fund is, however, subject to a *taxe d'abonnement* of 0.05% per year, calculated and payable quarterly, on the aggregate Net Asset Value of the outstanding shares of the Fund at the end of each quarter. This annual tax is however reduced to 0.01% on the aggregate Net Asset Value of the shares dedicated to institutional investors.

Shareholders are, at present, not subject to any Luxembourg capital gains, income, withholding, gift, estate, inheritance or other tax with respect to shares owned by them (except, where applicable, shareholders who are domiciled or reside in or have permanent establishment or have been domiciled or have resided in Luxembourg).



Prospective investors should inform themselves as to the taxes applicable to the acquisition, holding and disposition of shares of the Fund and to disposition of shares of the Fund and to distributions in respect thereof under the laws of the countries of their citizenship, residence or domicile.

### **Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information**

On 24 December 2015 Luxembourg has implemented into its legislation the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information. The agreement establishes automatic exchange of information between tax authorities of the partner jurisdictions. According to the law the Fund is required to identify the residents of CRS partner jurisdictions, via the collection of certain information with regard to the tax resident status of any account holder (i.e. shareholder, unit-holder) and/or beneficial owner of certain entities, and to report information concerning them to the Luxembourg tax authority. The latter shall in turn to transfer the information to the partner jurisdiction authorities for the country of residence of the person.

## **15. INVESTMENT MANAGERS**

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The Management Company, which is responsible for the collective portfolio management of the Fund, has appointed Morgan Stanley Investment Management Limited as Investment Manager on the basis of a form of amended and restated Investment Management Agreement, as may be amended from time to time (the "Investment Management Agreement"). The Investment Management Agreement covers by default all sub-funds in existence or to be created.

In particular situations, the Management Company may appoint Morgan Stanley Investment Management Limited as Investment Manager on the basis of a specific agreement that is entered into only for the purpose of one or more specific Sub-Funds. In this, the relevant agreement is specifically mentioned in the Supplement of the relevant Sub-Fund(s).

Under the Investment Management Agreement, unless the Supplement provides differently in respect of any Sub-Fund, the Investment Manager has full discretionary investment decision making power.

The Investment Management Agreement may be terminated by either party giving three (3) months prior notice. It may also be terminated immediately by the Fund, the Management Company or the Investment Manager in the circumstances provided for in the Investment Management Agreement applicable to a particular Sub-Fund as described above.

The Investment Manager was incorporated in England, under the Companies Act, as amended, on 22 January 1986 as a private limited liability company and is authorised and regulated by the Financial Conduct Authority in the conduct of its investment business.

## **16. SUB-INVESTMENT MANAGERS AND INVESTMENT ADVISERS**

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The Investment Manager may appoint sub-investment managers (the “Sub-Investment Manager”) in respect of any Sub-Funds. Information on Sub-Investment Managers, if any, can be found in the relevant Supplement.

The Management Company may also appoint investment advisers (the “Investment Advisers”) on behalf of the Fund. Investment Advisers may be appointed to provide such services as the Management Company considers appropriate, which may include any of the following:

- 1) providing general investment advice to the Investment Manager or any Sub-Investment Manager;
- 2) providing specific advice or recommendations in respect of any asset or certain categories of assets;
- 3) providing specific advice or recommendations in relation to certain transactions;

- 4) analysing all actions which it considers appropriate in order to carry out the investment guidelines of any Sub-Fund and making suggestions to the Fund and the Management Company in that respect including in respect of the amendment of the investment guidelines for any Sub-Fund.

Information on Investment Advisers, if any, can be found in the relevant Supplement.

## **17. CENTRAL ADMINISTRATION, DEPOSITARY, DOMICILIATION, TRANSFER, REGISTRAR & PAYING AGENT**

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The Management Company and the Fund have entered into an Administration Agency, Registrar and Transfer Agency Agreement with Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. (the "Central Administration"), on 1 August 2016 for an indefinite period of time. This Agreement may be terminated by either party with ninety (90) calendar days prior written notice.

Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. is registered with the Luxembourg Companies and Trade Register (RCS) under reference B 11.937 with its main place of business at 287-289, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services.

Under the above mentioned Agreement, Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. will provide the Fund, under the supervision and responsibility of the Management Company, with central administration services and transfer agency services. It will carry out the necessary administrative work required by law and the rules of the Fund and establish and keep books and records including the register of shareholders of the Fund. It will also execute all subscription, redemption and conversion applications and determine the Net Asset Value of the Fund.

In consideration of these services, Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. will receive a central administration fee out of the assets of the Fund as specified in each Supplement.

Moreover, the Fund has entered into a Depositary, Paying Agency and Domiciliary Agency Agreement with Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. (the "Depositary"), on 1 August 2016 for an indefinite period of time. The Agreement may be terminated by either party with ninety (90) calendar days' prior written notice.

The Depositary will:

- a) Ensure that the sale, issue, repurchase and cancellation of securities effected by the Fund or on its behalf takes place in conformity with the law and in conformity with the statutes of the Fund;
- b) Ensure that the value of the units of the Fund is calculated in accordance with the law and in conformity with the statutes of the Fund;
- c) Carry out the instructions of the Management Company or the Board of Directors, unless they conflict with the applicable national law, or with the fund rules or the instruments of incorporation;
- d) Ensure that in those transactions concerning the assets of the Fund, consideration is transmitted to the Depositary within the customary market period;
- e) Ensure that the income produced by the Fund is allocated in accordance with the law and in conformity with the statutes of the Fund;
- f) Provide a domicile to the Fund at the Depositary's registered address;
- g) take care of all corporate matters, including the organisation of the board and shareholders meetings, the legal and regulatory filings and the safekeeping of the files of the Fund.

Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. shall also act as paying agent for the Fund in connection with the receipt of payments in respect of the issue of shares, the payment of monies in respect of the repurchase of the shares and if applicable the payment of dividends.

In consideration of its services as Depositary, Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A. will receive a depositary fee out of the assets of the Fund as specified in each Supplement.

The Depositary Bank may delegate to delegates and sub-delegates only the functions relating to the safekeeping of Financial Instruments to be held in custody subject to the requirements set under the Investment Fund Law and UCITS V. These delegates and sub-delegates may, in turn, sub-delegate those functions, subject to the same requirements. The updated list of delegates and sub-delegates is available to the Shareholders of the Fund at <http://www.lu.tr.mufg.jp/about/legalandregulatory.html>. A paper copy is available free of charge upon request.

In addition, UCITS V imposes requirements on depositary banks in relation to conflicts of interest.

The Depositary makes every effort to avoid conflicts of interest in the conduct of its business to comply with its regulatory obligations by putting in place appropriate measures to identify, prevent, monitor, manage and mitigate every potential conflict of interest that may occur between the Depositary (or one or more entities belonging to the Depositary) and its clients, in particular collective investment schemes ("Funds") and the Funds' shareholders ("**Shareholder**").

#### **Criteria for identification of conflicts of interest**

When identifying situations in which a conflict of interest may arise, the Depositary shall take into consideration the interests of the Unitholder, the interests of the Fund and the duty of the Depositary towards the Fund and Unitholder.

For the purposes of identifying the types of conflict of interest which may arise, the Depositary will consider whether:

- (i) the Depositary,
- (ii) a Director or Managing Director of the Depositary,
- (iii) an employee of the Depositary, as well as any other natural person whose services are placed at the disposal and under the control of the Depositary and who is involved in the provision by the Depositary of central administration / depositary services,
- (iv) a natural person who is directly involved in the provision of services to the Depositary under a delegation arrangement to third parties for the purposes of the provision by the Depositary of central administration / depositary services
- (v) a person directly or indirectly linked by way of control to the Depositary, is in any of the following situations, whether as a result of providing central administration / depositary services or otherwise:
  - (a) is likely to make a financial gain, or avoid a financial loss, at the expense of the Depositary;
  - (b) has an interest in the outcome or a service or an activity provided to the Depositary or of a transaction carried out on behalf of the Depositary, which is distinct from the Depositary;
  - (c) has a financial or other incentive to favor the interest of someone else over the interest of the Depositary;
  - (d) carries on the same activities for the Depositary and for another client or clients which are not the Depositary;

receives or will receive from a person other than the Depositary an inducement in relation to central administration / depositary activities provided by the Depositary, in the form of monies, goods or services, other than the standard commission or fee for that service.

In order to identify all possible types of conflict of interest arising from the combined provision of central administration / depositary and/or ancillary services and other activities, a list of the potential situations of conflict of interest which the Depositary Bank could face has been developed as a result of its activities or the services it provides under the different regulations.

### **Main potential conflict of interest identified by the Depositary**

Here below are the main potential conflicts of interest identified by the Depositary:

- Potential conflict of interest between the Depositary and affiliated companies: the Depositary must compensate an affiliated company fairly for all products or services. The Depositary must never oblige the affiliated company to bear expenses, which are due to the Depositary.
- Potential conflict of interest related to a link or a group link between management company or the investment company and the depositary or the investment management and the custody/sub-custody: where a link or group link exists between them, the management company or the investment company and the Depositary, shall put in place policies and procedures ensuring that they identify all conflicts of interest arising from that link and they take all reasonable steps to avoid those conflicts of interest.
- Potential conflict of interest related to the independence of management boards and supervisory functions where a group link exists between them, the management company or the investment company and the Depositary.

**Measures to be adopted in order to manage such conflicts**

The procedures to be followed and measures to be adopted shall include the following where necessary and appropriate for the Depositary to ensure the requisite degree of independence.

- (i) effective procedures to prevent or control the exchange of information between relevant persons engaged in collective portfolio management activities involving a risk of a conflict of interest where the exchange of information may harm the interests of one or more Funds;
- (ii) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- (iii) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out collective portfolio management activities;
- (iv) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate collective management

activities where such involvement may impair the proper management of conflicts of interest.

Where the adoption or the practice of one or more of these measures and procedures does not ensure the requisite degree of independence, the Depositary will adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes on a case by case basis.

In addition, the Depositary acting as depositary bank shall ensure that while carrying out its functions of depositary, acts honestly, fairly, professionally and independently, solely in the interest of the Unitholders.

### **Recordkeeping and Reporting Requirements**

The Depositary will maintain and regularly update a record of the types of central administration / depositary activities undertaken by or on its behalf in which a conflict of interest involving a material risk of damage to the interests of one or more of the Funds / Unitholders has arisen.

In the event that any of the procedures and/or measures applied by the Depositary to manage any actual or potential conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interest of the relevant Fund or its unitholders will be prevented, the designated person nominated by the Depositary as responsible for compliance must be promptly informed in order for Depositary to take any necessary decision to ensure that the Depositary acts in the best interests of the relevant Funds and of the unitholders.

The Depositary shall report those situations referred to in the preceding paragraph to investors by an appropriate durable medium and give reasons for its decision.

Where the central administration / depositary cannot ensure that the conflicts of interest procedures in place are sufficient to avoid damage to the Funds or its Unitholders, the central administration / Depositary is obliged to report such cases to the designated person within the Depositary responsible for compliance and ensure that any decision taken by the senior management of the central administration / depositary (made in conjunction with the designated person responsible for compliance within the Depositary), will ensure that it acts in the



best interests of the Funds and of its Unitholders. Any such instances must be reported to Unitholders in accordance with the requirements outlined above.

For more information related to Conflict of Interests, the detailed Conflicts of Interest policy of the Depositary is accessible at: <http://www.lu.tr.mufg.jp/about/legalandregulatory.html>.

Up-to-date information regarding the Depositary, its delegates and sub-delegates and the conflicts of interests that may arise from such a delegation will be made available to investors on request.

## **18. DISTRIBUTORS<sup>1</sup>**

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The Management Company has appointed Morgan Stanley Investment Management Limited as main distributor for the Funds' shares (the "Distributor"). The Management Company may appoint additional distributors and Morgan Stanley Investment Management Limited may appoint sub-distributors.

In its capacity as Distributor, Morgan Stanley Investment Management Limited may enter into exclusive distribution arrangements with respect to particular territories and Sub-Funds.

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<sup>1</sup> With effect from 31 December 2020, MSIM Fund Management (Ireland) Limited will become the "Distributor" replacing Morgan Stanley Investment Management Limited. References in this document to "Distributor" should, with effect from that date, be construed as references to MSIM Fund Management (Ireland) Limited.

MSIM Fund Management (Ireland) Limited is an indirect wholly owned Irish subsidiary of Morgan Stanley. Its registered office is at The Observatory, 7-11 Sir John Rogerson's Quay, Dublin 2 D02VC42, Ireland, is supervised by the Central Bank of Ireland, and acts as a UCITS management company of, among others, certain Luxembourg Morgan Stanley funds.

In consideration of these services, Morgan Stanley Investment Management Limited may receive a distribution fee out of the assets of any particular Sub-Fund as specified in each Supplement. Any such distribution fee may be shared with any sub-distributors appointed in respect of the relevant Sub-Fund.

## **19. CONFLICTS OF INTEREST**

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The Management Company has established and implemented an effective conflicts of interest policy. This policy identifies in particular the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the Fund, taking also into account the relationships with other members of Mitsubishi UFJ Financial Group. This policy also includes procedures to be followed and measures to be adopted in order to manage such conflicts of interest. The conflicts of interest policy is available for inspection at the registered office of the Management Company.

## **20. MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION**

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In order to prevent the use of funds for money laundering and financing of terrorism ("ML/FT") purposes, the Fund will ensure compliance with the applicable Luxembourg laws and regulations in relation to the fight against money laundering and terrorist financing ("AML/CFT"), including but not limited to the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, (the "2004 Law"), the Grand-Ducal Regulation of 10 February 2010 providing details on certain provisions of the 2004 Law, as amended, the CSSF Regulation N°12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended, ("CSSF Regulation 12-02") as well as the relevant CSSF Circulars in the field of AML/CFT, as amended from time to time (collectively referred to as the "AML/CFT Rules").

Amongst others, the AML/CFT Rules require to establish and verify the identity of a potential shareholder, and, as the case may be, of any person acting on behalf of

such shareholder as well as of the beneficial owner. The identity of a potential shareholder should be verified on the basis of documents, data or information obtained from a reliable and independent source and depending on the legal form of the investor (individual, corporate or other category of investor).

Therefore, any shareholder will have to establish its identity to the Fund, the Central Administration or to the intermediary which collects the subscription proceeds, provided that the intermediary is regulated and located in a country that imposes an identification obligation equivalent to that required under Luxembourg law.

To that end, the Fund, the Management Company, the Central Administration or the intermediary may request information necessary to establish and verify the identity and the profile of any shareholder as well as of any beneficial owner, the nature and the intended purpose of the business relationship and the origin of subscription proceeds.

The identification shall be evidenced when subscribing for Shares as follows:

In order to appropriately identify any shareholder as well as the beneficial owners of the funds invested in the Fund and to contribute to the fight against money laundering and financing of terrorism, the information as required in the subscription requests or the Appendices thereto have to be provided by investors.

This identification obligation applies in the following cases:

- Direct subscriptions to the Fund;
- Subscription via an intermediary which is domiciled in a country in which it is not legally obliged to use an identification procedure equivalent to the one required by Luxembourg law in the fight against money laundering and terrorist financing, (including foreign subsidiaries or branches of which the parent Fund is subject to an identification procedure equivalent to the one required by Luxembourg law if the law applicable to the parent Fund does not oblige the parent Fund to ensure the application of these measures by its subsidiaries or branches).

Subscriptions may be temporarily suspended until identification of the investors has been appropriately performed. Failure to provide sufficient or additional information may result in a delay or rejection by the Management Company of any subscription order or a delay in the payout of the proceeds of the redemption of Shares by the relevant investor.

Any costs (including account maintenance costs) which are related to non-cooperation of such shareholder will be borne by the respective shareholder.

Depending on the circumstances of each application and in accordance with the AML/CFT Rules, a simplified customer due diligence might be applicable, in situations where the Fund has assessed that the risk of ML/FT is low. In such case the customer due diligence measures may be adjusted in timing, amount or type of information to be received.

In case of higher risk situations the Fund will apply enhanced customer due diligence measures in accordance with the AML/CFT Rules to manage and mitigate those risks appropriately.

Where Shares are subscribed through an intermediary acting on behalf of its customers, the Fund, the Management Company or its delegate shall put in place enhanced customer due diligence measures for this intermediary, in accordance with article 3 of the CSSF Regulation 12-02 and pursuant to the terms of article 3-2(3) of the 2004 Law.

In accordance with the preceding paragraph, the due diligence measures which apply to the relationship with the intermediary, shall apply at two (2) levels: (i) the intermediary, the persons purporting to act on its behalf and its beneficial owners shall be identified and their identity verified, where applicable, according to a risk-based approach, and (ii) enhanced due diligence measures shall be implemented for the business relationship, qualified as similar to correspondent relationship, with the intermediary which invests on behalf of its customers. These enhanced due diligence measures, referred to in the preceding paragraph, aim notably to analyse the robustness of the AML/CFT control framework of this intermediary.

Furthermore, pursuant to article 34 (2) of CSSF Regulation 12-02, the Fund is required to apply precautionary measures regarding the investments of the Fund and therefore the Fund should assess, in accordance with the risk-based approach adopted, the extent to which the offering of its products and services presents potential vulnerabilities to placement, layering or integration of criminal proceeds into the financial system. Article 39 (1a) of CSSF Regulation 12-02 further requires the Fund to identify the states, persons, entities and groups subject to restrictive measures/ financial matters with respect to the assets it manages and to ensure that the funds will not be made available to these states, persons, entities or groups.

The Fund, the Management Company and/or the Administrator of the Fund may require at any time additional documentation relating to an application for shares. If this information is not provided in a timely manner, the application may be delayed or rejected.

Until satisfactory proof of AML/KYC information and documentation, including identity, is provided by future or existing investors, as well as their beneficial owners, as determined by the Fund and/or the Management Company, the Fund and/or the Management Company reserves the right to withhold issue or approval of registration of issue or conversion of Shares or payment of redemption proceeds. In any such event, neither the Fund, the Management Company nor the Registrar and Transfer Agent will be liable for any interests, costs or compensation. In addition, the Registrar and Transfer Agent, as delegate of the Management Company, may request any other information that the Fund and/or the Management Company may require in order to comply with its legal and regulatory obligations under the AML/CFT Rules.

The 2004 Law requires the Fund to conduct an ongoing monitoring of the business relationship with the Shareholders of the Fund and therefore, from time to time, Shareholders may be asked to supply additional or updated data, information or identification documents in accordance with the applicable ongoing due diligence obligations according to the relevant laws and regulations.

Either prior to subscription or at any time thereafter, initially and on an ongoing basis, upon the Fund's and/or the Management Company's request or at the

relevant investor's own initiative (*e.g.* without delay in case of a change of beneficial ownership), each investor and any other related person thereto (A) shall use its best endeavours to proactively assist the Management Company, on behalf of the Fund, in fulfilling its AML/CFT obligations, and (B) in particular shall provide all information and documents which are required by the AML/CFT Rules and/or which the Fund and/or the Management Company considers necessary for performing its AML/CFT obligations, whilst ensuring at all times that each piece of information and each document provided to the Fund and/or the Management Company is and remains adequate, accurate and up-to-date. All information and documents are hereinafter collectively referred to as the "AML/CFT Information and Documentation".

Pursuant to the Luxembourg law of 13 January 2019 establishing a register of beneficial owners (the "2019 RBO Law"), the Fund is required to collect and make available certain information on its beneficial owner(s). Beneficial ownership broadly refers to the natural person (each a "beneficial owner") who ultimately, hence directly or indirectly, owns or controls a legal person (the "beneficially owned person") or on whose behalf a transaction or activity is being conducted. According to the further definitions under the 2004 Law to which the 2019 RBO Law refers to, beneficially owned persons include corporate and other legal entities, as well as trusts and similar legal structures. The further specified criteria (such as ownership thresholds and control features) set forth in the AML/CFT Rules determine if a natural person is or is not a beneficial owner of a beneficially owned person. Internal policies and procedures may possibly provide for additional criteria. This means that not any direct or indirect holding in the Fund automatically renders an investor as a beneficial owner of the Fund or an investor's beneficial owner.

The Fund and/or the Management Company may be required to transmit certain information of its beneficial owner as further specified in the 2019 RBO Law and, as the case may be, all or part of the AML/CFT Information and Documentation to certain third parties, including other potentially beneficially owned persons, competent authorities and the Luxembourg register of beneficial owners as further referred to in the 2019 RBO Law. In the Luxembourg register of beneficial owners certain information on the beneficial owner(s) is in principle accessible to members of the general public. Under the 2019 RBO Law, criminal sanctions may be imposed on the Fund in case of its failure to comply with the obligations to collect and make

available the required information, but also on any beneficial owner(s) that fails to make all relevant necessary information available to the Fund and/or the Management Company. If the Fund becomes subject to a fine or penalty as a result of the RBO Law, the value of the shares held by the shareholders may suffer material losses.

## **21. NOMINEE FOR SHAREHOLDERS**

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The Fund may enter into nominee agreements.

In such case, the nominee shall, in its name as Nominee for the investor, purchase, request the conversion or request the redemption of shares for the investor and request registration of such operations in the Fund's books. However, the investor:

- a) may invest directly in the Fund without using the Nominee service;
- b) has a direct claim on its shares subscribed in the Fund;
- c) may terminate the mandate at any time with prior written notice.

The provisions under a), b) and c) are not applicable to shareholders solicited in countries where the use of the service of a nominee is necessary or compulsory for legal, regulatory or compelling practical reasons.

The Fund will ensure that the nominee presents sufficient guarantees for the proper execution of its obligations toward the investors who utilise its services. In particular, the Fund will ensure that the nominee is a professional duly authorised to render nominee services and domiciled in a country in which it is legally obliged to use an identification procedure equivalent to the one required by Luxembourg law in the fight against money laundering and terrorist financing.

## **22. EXPENSES**

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The Fund shall bear as well as the fees due to the Management Company, the Depository, Central Administration and the Distributor as well as to any service provider appointed by the Board of Directors from time to time. The Fund shall bear the following expenses:

- All expenses connected with its establishment;
- All fees to be paid to the Management Company, the Central Administration, the Investment Manager(s), the Sub-Investment Manager(s), the Investment Adviser(s) (if any), the Depository, the Distributor as well as to any service provider appointed by the Board of Directors from time to time;
- All taxes which may be payable on the assets, income and expenses chargeable to the Fund;
- Standard brokerage and bank charges incurred on the Fund's business transactions;
- All fees due to the Auditor and the Legal Advisors to the Fund;
- All expenses connected with publications and supply of information to shareholders, in particular and where applicable, the cost of drafting, printing and distributing the annual and semi-annual reports, as well as any prospectuses;
- All expenses related to the maintenance, production, printing, translation, distribution, despatch, storage and archiving of KIIDs;
- All expenses related to FATCA and CRS;
- All expenses involved in registering, and maintaining the Fund registrations, with all governmental agencies and stock exchanges;
- All other fees and expenses incurred in connection with its operation, administration, its management and distribution.



Advertising costs will be charged first against current income, then, should this not suffice, against realised capital gains, and, if necessary, against assets.

Morgan Stanley Investment Management Limited, acting in its capacity as Investment Manager or Distributor,, may pay a portion of the investment management fee or any distribution fee related to any share class of any sub-fund to distributors, dealers or other entities that assist the Investment Manager or Distributor in the performance of its duties or provide services, directly or indirectly, to the Sub-Funds or their Shareholders, and may pay a portion of the investment management fee related to any Share Class of any Sub-Fund on a negotiated basis in a private arrangement with a holder or prospective holder of Shares.

The selection of holders or prospective holders of Shares with whom such private arrangements may be made and the terms on which the Distributor or Investment Manager, or its affiliates, designees or placement agents may enter into such private arrangements are a matter for the Distributor or Investment Manager except that the Distributor or Investment Manager may not enter into any such arrangements unless, as a condition of any such arrangements, neither the Fund nor the Management Company will thereby incur any obligation or liability whatsoever.

Subject to the investment restrictions described in section 5 of Part A and to the specific investment restrictions in each Supplement, Sub-Funds may invest in UCITS, other UCIs and closed ended investment undertakings qualifying as transferable securities within the meaning of UCITS rules (the "Undertakings") managed by the Management Company, the Investment Manager or any of their affiliates. In accordance with paragraph 5.2 (IX) (C) of section 5 of Part A, no double-charging of subscription or redemption fees by the Management Company will occur.

Where a Sub-Fund invests in Undertakings, including Undertakings managed by the Investment Manager, the Investment Management Fee for the relevant Sub-Fund may be charged regardless of any fees reflected in the price of the shares or units of the Undertakings. Where a Sub-Fund wishes to utilise this power, the expenses

section of the relevant Supplement will contain a description of the total management fees that may be charged in this situation.

All recurring expenses will be charged first against current income, then should this not be sufficient, against realised capital gains, and, if need be, against assets.

Each Sub-Fund can amortise its own expenses of establishment over a period of five (5) years as of the date of its creation. The expenses of first establishment will be exclusively charged to the Sub-Funds opened at the incorporation of the Fund and shall be amortised over a period not exceeding five (5) years.

Any costs, which are not attributable to a specific Sub-Fund, incurred by the Fund will be charged in proportion to all Sub-Funds accordingly. Each Sub-Fund will be charged with all costs or expenses directly attributable to it.

The different Sub-Funds of the Fund have a common generic denomination and one or several investment advisers and/or investment managers which determine their investment policy and its application to the different Sub-Funds in question via a single Board of Directors. Under Luxembourg law, the Fund including all its Sub-Funds is regarded as a single legal entity. However, pursuant to Article 181 of the Investment Fund Law, as amended, each Sub-Fund shall be liable for its own debts and obligations. In addition, each Sub-Fund will be deemed to be a separate entity having its own contributions, capital gains, losses, charges and expenses.

### **Expenses borne by the Fund**

The liabilities of each Sub-fund shall be segregated on a Sub-fund by Sub-fund basis with third party creditors having recourse only to the assets of the Sub-fund concerned. Any costs incurred by the Fund, which are not attributable to a specific Sub-fund, will be charged to all Sub-funds in proportion to their net assets. Each Sub-fund will be charged with all costs and expenses directly attributable to it.

Moreover, the Fund shall bear the following expenses:

- all taxes which may be payable on the assets, income and expenses chargeable to the Fund;

- third party standard brokerage fees and bank charges such as transaction fees originating from the Fund's business transactions;
- all fees due to the Management Company, the Depositary, the Main Distributor, the Auditor and the Legal Adviser to the Fund;
- all expenses connected with publications and the supply of information to Shareholders, in particular the cost of printing, the distribution of the Annual and Semi-Annual Reports as well as any Prospectuses;
- all expenses related to the maintenance, production, printing, translation, distribution, despatch, storage and archiving of the KIIDs;
- all expenses involved in registering and maintaining the registration of the Fund with all governmental agencies and stock exchanges;
- all expenses incurred in connection with its operation and its management.

Advertising costs and expenses other than those specified above, relating directly to the offer or distribution of Shares will be charged to the Fund to the extent decided by the Management Company. All recurring expenses will be charged first against current income, then, should this not suffice, against assets.

## **23. SHAREHOLDERS' INFORMATION**

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Notices to shareholders are available at the Fund's registered office. If required by law, they will be published on the RESA and a newspaper in Luxembourg and in other newspapers circulating in jurisdictions in which the Fund is registered as the Directors may determine.

The Net Asset Value of each Sub-Fund and the issue and redemption prices thereof will be available at all times at the Fund's registered office.

Audited annual reports will be made available at the registered office of the Fund no later than four (4) months after the end of the financial year and unaudited semi-annual reports will be made available two (2) months after the end of such period.

All reports will be available at the Fund's registered office. The first financial report was an audited financial report dated 31 March 2017.

Shareholders have the right to complain free of charge in the official language or one of the official languages of the relevant country of distribution.

Shareholders have the possibility to lodge their complaints at the registered office of the Management Company: 287-289, route d'Arlon, L-1150 Luxembourg and/or directly with their local distributors and/or paying agents of the relevant country of distribution.

## **24. LIQUIDATION OF THE FUND, TERMINATION OF THE SUB-FUNDS AND CLASSES OF SHARES, MERGER**

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### 24.1 Liquidation of the Fund

In the event of the liquidation of the Fund, liquidation shall be carried out by one or several liquidators appointed by the meeting of the shareholders deciding such dissolution and which shall determine such dissolution and which shall determine their powers and their compensation. The liquidators shall realise the Fund's assets in the best interest of the shareholders and shall distribute the net liquidation proceeds (after deduction of liquidation charges and expenses) to the shareholder in proportion to their share in the Fund. Any amounts not claimed promptly by the shareholders will be deposited at the close of liquidation in escrow with *the Caisse de Consignation*. Amounts not claimed from escrow within the statute of limitations will be forfeited according to the provisions of Luxembourg law.

### 24.2 Termination of a Sub-Fund or a Class of Shares

A Sub-Fund or Class may be terminated by resolution of the Board of Directors if the Net Asset Value of a Sub-Fund or of a Class is below an amount as determined by the Board of Directors from time to time, or if a change in the economic or political situation relating to the Sub-Fund or Class concerned would justify such liquidation or if necessary in the interests of the shareholders or the Fund. In such event, the assets of the Sub-Fund or Class will be realised, the liabilities discharged and the net proceeds of realisation distributed to shareholders in proportion to their

holding of shares in that Sub-Fund or Class. Notice of the termination of the Sub-Fund or Class will be given in accordance with Luxembourg Law.

In accordance with the provisions of the Investment Fund Law, only the liquidation of the last remaining Sub-Fund of the Fund will result in the liquidation of the Fund as referred to in Article 145 of the Investment Fund Law. In this case, and as from the event given rise to the liquidation of the Fund, and under penalty of nullity, the issue of shares shall be prohibited except for the purpose of liquidation.

Any amounts not claimed by any shareholder shall be deposited at the close of liquidation with the Depository during a period of six (6) months; at the expiry of the six (6) months' period, any outstanding amount will be deposited in escrow with the *Caisse de Consignation*.

Unless otherwise decided in the interest of, or in order to ensure equal treatment between shareholders, the shareholders of the relevant Sub-Fund or Class may continue to request the redemption of their shares or the conversion of their shares, free of any redemption and conversion charges (except disinvestment costs) prior the effective date of the liquidation. Such redemption or conversion will then be executed by taking into account the liquidation costs and expenses related thereto.

### 24.3 Merger

The Board of Directors shall be competent to decide on the effective date of any merger of the Fund, any Sub-Fund or any Class of shares with another UCITS, sub-fund of a UCITS or class of shares of a UCITS. The shareholders will be notified of such merger in accordance with Luxembourg law and shall have at least thirty (30) days as of the date of notification to request the repurchase or conversion of their shares free of charge.

Where the merger results in the cessation of the Fund, a general meeting of shareholders shall decide by simple majority of the votes cast by the shareholders present or represented at such meeting on the effective date of such merger.

## 25. DILUTION LEVY

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In certain circumstances, subscriptions, redemptions and conversions in a Sub-Fund may have a negative impact on the Net Asset Value of the Sub-Fund as a result of the transaction costs incurred in the purchase and sale of the underlying investments and the spread between the buying and selling prices of such investments. To the extent that the Management Company considers that it is in the best interests of Shareholders, taking into account factors including the prevailing market conditions, the level of subscriptions and redemptions in a particular Sub-Fund and the size of the Sub-Fund, the Management Company may at its discretion, on any Dealing Day when there are net subscriptions or net redemptions apply at Sub-Fund level a dilution adjustment to cover actual dealing costs such as trading costs, sub-depositary/custodian fees and taxes which occur when subscriptions and redemptions take place, to preserve the value of the underlying assets of the relevant Sub Fund. The dilution levy will be applied at Sub-Fund level to the amount of each individual subscription or redemption.

The purpose of the dilution levy described above is to protect existing Shareholders from bearing the costs or other impacts of subscriptions, redemptions and conversions and it is not operated with the intention of deriving a profit for the Fund, the Investment Manager or any other party. The specifics and level of the dilution levy applicable to each Sub-Fund in normal market conditions are indicated in the relevant Supplement. A periodical review will be undertaken by the Management Company in order to verify the appropriateness of the dilution levy in view of market conditions.

However, whilst the dilution levy is normally not expected to exceed the level indicated in the relevant Supplement on the relevant Dealing Day, the Management Company may decide to temporarily increase this limit in exceptional circumstances (e.g. stressed or dislocated markets resulting in increased trading costs beyond the cap indicated in the relevant Supplement) to protect Shareholders' interests, although it is not possible to accurately predict whether it will occur at any future point in time and consequently how frequently it will need to be made. Up-to-date information on the increased level of dilution level actually applied to the relevant Sub-Fund will be made available on the Fund's website

(<https://www.morganstanley.com/im/msinvf/index.html>.) and may also be made available to Shareholders free of charge upon request. Shareholders will also be informed on the Fund's website when the market conditions no longer require that the adjustment limit exceeds the level disclosed in the relevant Supplement.

If charged, the dilution levy will be in addition to (and not part of) the subscription fee (in case of subscription) or the redemption fee (in case of redemption) of the Shares. Also, in case of redemption, the dilution levy, if charged, will reduce the amount of the redemption proceeds. The dilution levy will be paid into the assets of the relevant Sub-Fund, thus protecting the value of the remaining Shareholders' interests. It is not, however, possible to predict accurately whether dilution will occur at any future point in time.

## **26. DOCUMENTS**

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The following documents may be consulted and obtained at the Fund's registered office and the Depositary:

- The Fund's full prospectus;
- The Key Investor Information Documents (KIID) in respect of each Sub-Fund and share class;
- The Fund's Articles of Incorporation;
- The Collective Portfolio Management Agreement between the Fund and MUFG Lux Management Company S.A.;
- The Investment Management Agreement between the Fund, MUFG Lux Management Company S.A. and Morgan Stanley Investment Management Limited;
- The Sub-Investment Management Agreement between Morgan Stanley Investment Management Limited and Morgan Stanley Smith Barney LLC;

- The Sub-Investment Management Agreement between Morgan Stanley Investment Management Limited and Morgan Stanley Investment Management Company;
- The Investment Advisory Agreement between the Fund, the Management Company and Finaccess Advisors, LLC;
- The Fund Administration Services Agreement between MUFG Lux Management Company S.A. and Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.;
- The Depositary, Paying Agency and Domiciliary Agency Agreement between the Fund and Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A.;
- The Fund's annual and semi-annual financial report.

The KIIDs are also available on the following website:

<http://www.morganstanleyinvestmentfunds.com>

## 27. DATA PROTECTION

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Investors are informed that their personal information (i.e. any information relating to an identified or identifiable natural person, referred to here as "**Personal Data**") or Personal Data of their representatives (such as employees, managers, board members, signatories, beneficial owners) provided in connection with an investment in the Fund will be processed by the Fund and MUFG Lux Management Company S.A. as the Management Company under their responsibility (as joint data controllers, together the "**Controller**") and their service providers as specified in this Prospectus (together, the "**Processors**") as data processors in accordance with Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, as amended from time to time (the "**General Data Protection Regulation**" or, "**GDPR**"), as well as any applicable



law or regulation relating to the protection of personal data (together with GDPR, the "**Data Protection Law**").

The Controller and Processors collect and use Personal Data for the purposes of providing investment services, managing customer relations and complaints, managing, testing, securing and optimising their systems and compliance with legal or regulatory obligations (including tax reporting), based on the necessity for the provision of the services, their legal obligations or their legitimate interests.

The Controller and Processors may also use Personal Data for marketing purposes (such as market research or in connection with investments), based on their legitimate interests or as required, based on consent.

Personal Data processed includes mainly identification details, including professional details, financial and tax information necessary for the provision of the services and legal reporting and Know Your Customer/Anti Money Laundering related information and is kept for a period of up to ten (10) years after the liquidation of the Fund.

Personal Data may be shared by the Controllers and Processors with affiliates, service providers and third parties (including regulatory authorities), some of which are not located within the European Economic Area ("**EEA**"), in countries that may not provide the same level of Personal Data protection as the EEA. In such cases, appropriate safeguards are put in place.

The Fund's privacy notice is annexed to the subscription form and available at <http://www.lu.tr.mufg.jp/lmsa/> includes the details of the purposes of data processing, types of data processed, of individuals concerned, Processors used, disclosures made, transfers of data abroad and individual's rights in relation to their Personal Data as well as the contact details as to where further requests and complaints may be made.

<b>PART B: THE SUB-FUNDS</b>
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***MS HORIZONS Global Multi-Asset Risk Control Fund of Funds***  
***SUB-FUND SPECIFICS***

**1. Reference Currency of the Sub-Fund**

The Reference Currency of the Sub-Fund is the US Dollar (“US\$”).

**2. Investment Objective and Policy**

The investment objective of the Sub-Fund is to generate capital appreciation over time with an objective return of 4-5% over US Inflation on a 3- to 5-year investment horizon, while seeking to control risk by keeping the annual volatility target within a range of 4% to 10%. However, there is no guarantee or representation that the objective of the Sub-Fund will be achieved.

The assets of the Sub-Fund will be invested via collective investment schemes in a variety of different types of investments, including mutual funds, exchange traded funds which will comply with article 41 (1) e) of the Investment Fund Law, cash, money market instruments, US Government Bonds and Approved Listed Derivatives, as further defined under item 2.8 below.

The Investment Manager may not invest in individual stock or bonds with the exception of US government bonds. Other than in exceptional circumstances, investments in US government bonds will be on an ancillary basis. High-yield debt securities and non-investment grade securities will only be held indirectly via other collective investment schemes.

**2.1 Liquidity**

- (a) The overall weight of the liquidity component (money market instruments, commercial paper and bank deposits) should be within the 0% - 50% range of Sub-Fund’s net assets

- (b) However, if the Investment Manager considers this is in the best interest of the shareholders, the Sub-Fund may hold up to 100% of Sub-Fund's net assets in US Treasury Bills.

## 2.2 Fixed Income Investment Guidelines on a Net Basis

- (a) The overall weight of the fixed income component should be within the 0%-80% range of Sub-Fund's net assets
- (b) The overall weight of investment grade bonds should be within the 0%-80% range of Sub-Fund's net assets
- (c) The overall weight of developed markets non-investment grade should be within the 0%-40% range of Sub-Fund's net assets
- (d) The overall weight of emerging market fixed income investments, either investment grade or non-investment grade, should be within the 0%-40% range of Sub-Fund's net assets
- (e) No more than 10% of Sub-Fund's net assets will be invested in a single Fixed Income Fund for more than 3 months
- (f) Fixed income ETFs may only be used where the underlying assets represent sovereign debt issued by developed market countries.

## 2.3 Equity Investment Guidelines on a Net Basis

- (a) The investment manager will maintain a diversified portfolio of equity funds, ETFs and approved listed derivatives
- (b) The overall weight of the equity component should be within the 0% - 80% range of Sub-Fund's net assets
- (c) No more than 10% of Sub-Fund's net assets will be invested in a single Equity Fund for more than 3 months
- (d) The overall weight in emerging market equities should be within the 0% - 40% range of Sub-Fund's net assets.

## 2.4 Alternative Investment Guidelines on a Net Basis

- (a) Alternative Investments are defined as:
  - (i) Absolute Return Funds
  - (ii) UCITS Hedge Funds
  - (iii) Closed-end REITS
  - (iv) funds investing into companies active in the real estate sector
  - (v) Convertible Bond Funds

- (vi) Total Return Funds
  - (vii) Mixed Assets Funds
  - (viii) Master Limited Partnerships (MLPs), or ETFs providing exposure to MLPs, provided in each case that they qualify as transferable securities under article 41 of the Investment Fund Law
  - (ix) Exchange Traded Commodities.
- (b) The overall weight of the Alternative Investments component should be within the 0% - 45% range of Sub-Fund's net assets. The indirect Equity and Fixed Income exposures through Alternative Investments will not be included on the Equity and Fixed Income investment limits provided in 2.1, 2.2 and 2.3 above.
  - (c) No more than 10% of the Sub-Fund's net assets will be invested in a single Alternative Investments fund for more than 3 months.
  - (d) All alternative investments must qualify as eligible assets for UCITS within the meaning of Directive 2007/16/EC, as implemented in Luxembourg.

#### 2.5 Aggregate Exposures on a Net Basis

- (a) Aggregate limit of Equity, Non-Investment Grade Fixed Income and Emerging Market Fixed Income (either investment grade or non-investment grade) may not exceed 80% of Sub-Fund's net assets
- (b) Aggregate limit of Equity and Alternative Investments may not exceed 80% of Sub-Fund's net assets
- (c) Aggregate limit of Equity, Non-Investment Grade Fixed Income, Emerging Market Fixed Income and Alternative Investments may not exceed 80% of Sub-Fund's net assets
- (d) Aggregate limit of Liquidity, Fixed Income, Equity, Alternative Investments and derivatives may not exceed 100% of Sub-Fund's assets
- (e) The Fund will not invest more than 40% of its net assets in aggregate in a combination of: (i) Developed market Non-Investment Grade Fixed Income securities; and (ii) Emerging Market Fixed Income securities, whether Investment Grade or Non-Investment Grade.

- 2.6 Other Asset Classes Guidelines
- (a) Exposure to commodities / precious metals components (through exchange traded commodities) which will not use embedded derivatives and which qualify as 'transferable securities' may only be used as permitted by applicable regulation, and are to be considered as Alternative Investments. Physical commodities and precious metals will not be permitted.
  - (b) Securities lending is prohibited.
  - (c) Short sales are prohibited except for hedging purposes.
  - (a) Unlisted Derivatives may only be used for hedging purposes. Unlisted derivatives will be limited to the approved list provided in 2.7 below.
  - (b) Listed derivatives may be used for hedging purposes and cost efficient long exposures to major markets. Listed derivatives will be limited to the approved list provided in 2.8, below.
- 2.7 Approved Unlisted Derivative Instruments
- (a) Currency Forwards for offsetting/decreasing the main financial risk factors of the direct and indirect investments of the sub-fund only.
- 2.8 Approved Listed Derivatives instruments
- (a) Developed Equity Index Futures, (the index being in line with article 9 of the Grand-Ducal Regulation of 8 February 2008).
  - (b) Investment Grade Sovereign Debt Futures.
  - (c) Developed Market Currency Futures (Subject to 5% per currency position).
  - (d) Index Listed Options are for Hedging Purposes only, with the exception of selling covered call strategies.
  - (e) No Inverse Delta ETFs and ETFs with Delta >1.
- 2.9 Other investment techniques and instruments:
- (a) The Sub-Fund may not enter into securities lending and borrowing transactions and/or repurchase agreements (repo) and reverse repo.
  - (b) Short sales are prohibited except for hedging purposes.
  - (c) Maximum 40% of Sub-Fund's net assets will be invested in non-USD currency exposure.

- (d) No more than 20% of the portfolio may be invested in Morgan Stanley funds.

The Sub-Fund will not use any securities financing transactions within the meaning of the EU Regulation 2015/2365 on transparency of securities financing transactions (“SFTR”).

Investors should refer to Section 6 of Part A of this Prospectus for special risk considerations applicable to high yield or sub-investment grade securities, derivatives, emerging markets and asset allocation.

Non-Investment Grade securities are considered to be fixed income securities issued by corporations that are rated lower than “BBB-” by S&P or “Baa3” by Moody’s or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager.

The Investment Manager will not purchase securities for the Fund that are rated at the time of purchase lower than “B-” by S&P or “B3” by Moody’s or similar by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager. The Fund will not, however, be required to sell securities that are downgraded below this level after being purchased by the Fund.

The Sub-Fund will at all times comply with the investment restrictions set out in section 5 of Part A of this Prospectus.

The Sub-Fund has an active investment strategy and is not managed in reference to a benchmark.

### **3. Risk Profile /Risk factors**

Investors should consider all of the risk factors set out in Section 6 of Part A of this Prospectus before making a decision to invest.

The global exposure of the Sub-Fund will be calculated on the basis of absolute value at risk. VaR reports will be produced and monitored based on the following criteria:

- at least a one year effective historical observation period (250 days);
- 1 month holding period;
- 99% unilateral confidence interval;

unless market conditions require a shorter observation period or usage of different VaR methodology.

The Sub-Fund will have expected gross leverage of 50%. Expected Leverage is provided using the 'sum of the notionals of the derivatives used' methodology as per the ESMA Guidelines 10-788. The expected level of leverage is an indicator and not a regulatory limit. The Fund's levels of leverage may be higher or lower than this expected level as long as the Fund remains in line with its risk profile and complies with its VaR limit. Specific hedged share classes may have higher or lower levels of expected leverage than indicated at the Sub-Fund level.

#### **4. Profile of the Typical Investor**

In light of the Sub-Funds' investment objective it may be appropriate for investors who:

- Seek capital appreciation over the long term.
- Accept the risks associated with this type of investment, as set out in the "Risk Factors" section above and in Part A of this Prospectus.

Investors must thus be aware that they may not recover their initial investments.

Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund.

#### **5. Valuation Date**

The Valuation Date shall be every full bank business day in Luxembourg (the "Bank Business Day").

## **6. Launch date and distribution**

The Sub-Fund may be launched at the Directors' discretion, at which time, confirmation of the launch of the Sub-Fund will be made available at the registered office of the Fund. Exclusive distribution rights for this Sub-Fund may be reserved for certain territories. For any question in this regard, please contact the Distributor, Morgan Stanley Investment Management Limited.

## **7. Subscription**

### **7.1. Initial subscription**

During the Initial Subscription Period shares will be offered at a price of US\$ 10,000 per share for Classes "A", "AX", "Z", "ZX", "B" and "I", and at a price of EUR 10,000 for Classes "AH", "AXH", "ZH" and "ZXH".

The Initial Subscription Period for each share class will be determined by the Board of Directors of the Fund. The Initial Subscription Period may be one single day only.

No dilution levy will be imposed during the Initial Subscription Period.

### **7.2. Subsequent subscription / cut-off time**

Shares are available for subsequent subscriptions on each Valuation Date. Applications for shares must be received by the Registrar and Transfer Agent no later than 4 pm CET to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for shares received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Subscriptions may be made in amounts and or in a number of shares.

### **7.3. Subscription – value date**



Payment must be received within three (3) Bank Business Days, which are also days when the relevant foreign exchange market is open, of the applicable Valuation Date. If payment is not received, the relevant allotment of shares may be cancelled at the risk and cost of the investor.

## 8. Redemption – Value date / cut-off time

Shareholders are entitled to redeem their shares on each Valuation Date. Applications for redemptions must be received by the Registrar and Transfer Agent no later than 4 pm CET to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for redemptions received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Redemptions may be made in a number of shares.

Redemption payments will be affected three (3) Bank Business Days, which are also days when the relevant foreign exchange market is open, after the redemption of the shares.

## 9. Classes available and dividend policy

The Share Classes available in this Sub-Fund are as follows:

<b>Class</b>	<b>Type of Investors</b>	<b>Currency</b>	<b>Minimum Initial Subscription Requirement*</b>	<b>Minimum Holding Requirement</b>	<b>Dividend Policy</b>
A USD	All Investors	USD	USD 5,000	None	Capitalisation
AX USD	All Investors	USD	USD 5,000	None	Distribution
Z USD	Institutional Investors	USD	USD 3,000,000	None	Capitalisation
ZX USD	Institutional Investors	USD	USD 3,000,000	None	Distribution
A EUR H	All Investors	EUR	EUR 5,000	None	Capitalisation
AX EUR H	All Investors	EUR	EUR 5,000	None	Distribution
Z EUR H	Institutional Investors	EUR	EUR 3,000,000	None	Capitalisation
ZX EUR H	Institutional Investors	EUR	EUR 3,000,000	None	Distribution
I USD	Institutional Investors	USD	USD 1,000,000	None	Capitalisation

B USD	All Investors	USD	USD 5,000	None	Capitalisation
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The specific fees applicable to them are listed in the table in section “Expenses” below. The reference currency of the Class is also available in the second column of this table.

Class Z, ZX and I shares are accessible to institutional investors only whereas Class A, AX and B shares are only accessible to other investors with the prior consent of the Management Company.

## 10. Minimum Subscription/ Holding Amount

The minimum subscription/ holding amounts are set out in the table above.

The Board of Directors may in its discretion waive these minimum subscription and/or holding amount. In such latter case, the Sub-Fund will ensure that concerned investors are fairly treated.

## 11. Conversion

Investors of this Sub-Fund may only be allowed to convert their shares to the MS HORIZONS Global Multi-Asset Growth Fund, under the conditions as further described in section 12 of the Part A of this Prospectus.

## 12. Expenses

Name of Classes	Currency of Classes	Subscription Fee	Redemption Fee	Investment Advisory Fee (basis points)	Investment Management Fee (basis points)	Depositary Fees	Central Administration Fees	Management Company Fees	Annual Tax (basis points)
A USD	USD	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5
AX USD	USD	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5
Z USD	USD	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
ZX USD	USD	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
A EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5

AX EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5
Z EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
ZX EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
I USD	USD	Up to 3.00%	None	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
B USD	USD	Up to 3.00%	None	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5

For each subscription and each redemption, a dilution levy of a maximum of 2% may apply.

Since 28 September 2017, Class Z, ZX, A and AX shares may also bear a distribution fee of up to 1 basis point (0.01%) per annum, and Class I and B shares may also bear a distribution fee of up to 15 basis points (0.15%) per annum, paid out of the net assets of the Sub-Fund. The fee may be paid to Morgan Stanley Investment Management Limited as the Distributor, or directly paid to the relevant sub-distributor.

In addition the Classes shall bear other expenses such as banking, brokerage and transaction based fees, auditors' fees, legal fees and taxes.

In respect of the Sub-Fund's investments in UCITS and other UCIs, the total management fee (excluding any performance fee, if any) charged to the Sub-Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 3.5% of the relevant assets. The Fund will indicate in its annual report the total management fees charged both to the Sub-Fund and to the UCITS and other UCIs in which the Sub-Fund has invested during the relevant period.

An investor who subscribes converts or redeems shares through paying agents may be required to pay fees connected to the transactions processed by said paying agents in the jurisdictions in which shares are offered.

### **13. Investment Manager**

In accordance with section 15 of Part A of this Prospectus, the Management Company has appointed Morgan Stanley Investment Management Limited as Investment Manager of the Sub-Fund.

The Investment Manager may delegate certain investment management activities related to the Sub-Fund, including the discretion to make investment decisions, to Morgan Stanley Investment Management Company, regulated by the Monetary Authority of Singapore, and having its registered office at 23 Church Street, 16-01 Capital Square Singapore, 049481.

#### **14. Investment Adviser**

The Management Company has appointed Finaccess Advisors, LLC, as Investment Adviser of the Fund by an Investment Advisory Agreement dated 1 August 2016. The Investment Adviser will be in charge of the matters detailed in the Investment Advisory Agreement.

The Investment Advisory Agreement may be terminated by either party giving three (3) months' notice.

Finaccess Advisors, LLC, having its registered office at 1111 Brickell Avenue, Suite 2300, Miami, FL 33131 is a registered investment adviser with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended and is authorized to provide investment advisory services. The Investment Adviser is a limited liability company organized and existing under the laws of the State of Delaware, and registered to do business in the State of Florida, as of 2009.

The Investment Adviser has been appointed to provide investment advisory and other services to the Management Company in respect of the Sub-Fund. In consideration for these services, the Investment Adviser will be paid an annual fee equal to the percentage basis points stated in Section 12 ("Expenses") above of the Net Asset Value of the Sub-Fund out of the assets of the Sub-Fund.

Investors should note that, so far as permitted by law, the Investment Adviser or any affiliate of the Investment Adviser may, in accordance with its conflicts of interest policy:

- a) invest in shares of the Sub-Fund (or any other Sub-Fund) for its own account;
- and

b) carry out the same and/or similar investments for its own account as the investments which the Investment Adviser may recommend for the Sub-Fund(s).

***MS HORIZONS Global Multi-Asset Growth Fund***

***SUB-FUND SPECIFICS***

**1. Reference Currency of the Sub-Fund**

The Reference Currency of the Sub-Fund is the US Dollar (“US\$”).

**2. Investment Objective and Policy**

Part 1: Objective

As stated in the relevant prospectus, the investment objective of the Sub-Fund is to generate capital appreciation over time with an objective return of 4-5% over US Inflation on a 3- to 5-year investment horizon. There is no guarantee or representation that the objective of the Sub-Fund will be achieved.

Part 2: Guidelines

The investment objective of the Sub-Fund is to generate capital appreciation. Portfolio of the Sub-Fund will be invested (directly or via collective investment schemes) in Mutual Funds, ETFs in compliance with article 41 (1) e) of the Investment Fund Law, Cash, Money Market Instruments, or US government bonds, including US Treasury bills and Approved Listed Derivatives. As such, it is understood that the guidelines outlined herein will not be directly applied to the management of any mutual fund, exchange traded fund or other collective investment scheme. However, the Sub-Investment Manager will utilize mutual funds, exchange traded funds and other collective investment schemes that generally comply with the investment guidelines stated herein.

The Sub-Investment Manager may not invest in single name securities, e.g. individual stocks or bonds, with the exception of US government bonds. High-yield debt securities and non-investment grade securities will only be held indirectly via other collective investment schemes.

**2.1 Liquidity**

- (a) The overall weight of the liquidity component (money market instruments, commercial paper and bank deposits) should be within the 0% - 50% range of Sub-Fund’s net assets.

- (b) However, if the Investment Manager considers this is in the best interest of the shareholders, the Sub-Fund may hold up to 100% of Sub-Fund's net assets in US Treasury Bills.

## 2.2 Fixed Income Investment Guidelines on a Net Basis

- (a) The overall weight of the fixed income component should be within the 0% - 80% range of Sub-Fund's net assets.
- (b) The overall weight of investment grade bonds should be within the 0%-80% range of Sub-Fund's net assets.
- (c) The overall weight of developed markets non-investment grade should be within the 0%-20% range of Sub-Fund's net assets.
- (d) The overall weight of emerging market fixed income investments, either investment grade or non-investment grade, should be within the 0%-20% range of Sub-Fund's net assets.
- (e) No more than 10% of Sub-Fund's net assets will be invested in a single Fixed Income Fund.

## 2.3 Equity Investment Guidelines on a Net Basis

- (a) The Sub-Investment Manager will maintain a diversified portfolio of equity funds, ETFs, Balanced Funds and Approved Listed Derivatives as defined under item 2.8 below.
- (b) The overall weight of the equity component should be within the 0% - 60% range of Sub-Fund's net assets.
- (c) No more than 10% of Sub-Fund's net assets will be invested in a single Equity Fund.
- (d) The overall weight in emerging market equities should be within the 0% - 20% range of Sub-Fund's net assets.

## 2.4 Alternative Investment Guidelines on a Net Basis

- (a) Alternative Investments are defined as:
  - (i) Absolute Return Funds
  - (ii) UCITS Hedge Funds
  - (iii) Closed-end REITS
  - (iv) Funds investing into companies active in the real estate sector
  - (v) Convertible Bond Funds
  - (vi) Total Return Funds

- (vii) Mixed Assets Funds
  - (viii) Master Limited Partnerships (MLPs) or ETFs providing exposure to MLPs, provided in each case that they qualify as transferable securities under article 41 of the Investment Fund Law
  - (ix) Exchange Traded Commodities.
- (b) The overall weight of the Alternative Investments component should be within the 0% - 45% range of the Sub-Fund's net assets. The indirect Equity and Fixed Income exposures through Alternative Investments will not be included on the Equity and Fixed Income investment limits provided in 2.1, 2.2 and 2.3 above.
  - (c) No more than 10% of the Sub-Fund's net assets will be invested in a single Alternative Investments fund for more than 3 months.
  - (d) All alternative investments must qualify as eligible assets for UCITS within the meaning of Directive 2007/16/EC, as implemented in Luxembourg.

## 2.5 Aggregate Exposures on a Net Basis

- (a) Aggregate limit of Equity, Non-Investment Grade Fixed Income and Emerging Market Fixed Income (either investment grade or non-investment grade) may not exceed 75% of Sub-Fund's net assets.
- (b) Aggregate limit of Equity and Alternative Investments may not exceed 75% of Sub-Fund's net assets.
- (c) Aggregate limit of Equity, Non-Investment Grade Fixed Income, Emerging Market Fixed Income and Alternative Investments may not exceed 80% of Sub-Fund's net assets.
- (d) Aggregate limit of Liquidity, Fixed Income, Equity and Alternative Investments may not exceed 100% of the Sub-Fund's assets.
- (e) The Fund will not invest more than 40% of its net assets in aggregate in a combination of: (i) Developed market Non-Investment Grade Fixed Income securities; and (ii) Emerging Market Fixed Income securities, whether Investment Grade or Non-Investment Grade.

## 2.6 Other Asset Classes Guidelines

- (a) Exposure to commodities / precious metals components (through exchange traded commodities) which will not use embedded derivatives and which qualify as 'transferable securities' may only be



used as permitted by applicable regulation, and are to be considered as Alternative Investments. Physical commodities and precious metals will not be permitted.

- (b) Securities lending is prohibited.
- (c) Short sales are prohibited except for hedging purposes.
- (d) Unlisted Derivatives may only be used for hedging purposes. Unlisted derivatives will be limited to the approved list provided in 2.7 below.
- (e) Listed derivatives may be used for hedging purposes and cost efficient long exposures to major markets. Listed derivatives will be limited to the approved list provided in 2.8, below.

#### 2.7 Approved Unlisted Derivative Instruments

- (a) Currency Forwards for offsetting/decreasing the main financial risk factors of the direct and indirect investments of the sub-fund only

#### 2.8 Approved Listed Derivatives Instruments

- (a) Developed Equity Index Futures, (the index being in line with article 9 of the Grand-Ducal Regulation of 8 February 2008)
- (b) Investment Grade Sovereign Debt Futures
- (c) Developed Market Currency Futures (Subject to 5% per currency position)
- (d) Listed Index Options are for Hedging Purposes only, with the exception of selling covered call strategies
- (e) No Inverse Delta ETFs and ETFs with Delta >1.

#### 2.9 Other investment techniques and instruments:

- (a) The Sub-Fund may not enter into securities lending and borrowing transactions and/or repurchase agreements (repo) and reverse repo.
- (b) Short sales are prohibited except for hedging purposes.
- (c) Maximum 20% of the Sub-fund's net assets may be invested in non-USD currency exposure.
- (d) No more than 20% of the Sub-Fund's net assets may be invested in Morgan Stanley Funds.

The Sub-Fund may not use any securities financing transactions within the meaning of the EU Regulation 2015/2365 on transparency of securities financing

transactions (“SFTR”). All alternative investments must qualify as eligible assets for UCITS within the meaning of Directive 2007/16/EC, as implemented in Luxembourg. The Sub-Fund will comply at all times with the investment restrictions contained in section 5 of Part A of the Prospectus.

Investors should refer to Section 6 of Part A of this Prospectus for special risk considerations applicable to high yield or sub-investment grade securities, derivatives, emerging markets and asset allocation.

Non-Investment Grade securities are considered to be fixed income securities issued by corporations that are rated lower than “BBB-” by S&P or “Baa3” by Moody’s or similarly by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager.

The Investment Manager will not purchase securities for the Fund that are rated at the time of purchase lower than “B-” by S&P or “B3” by Moody’s or similar by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager. The Fund will not, however, be required to sell securities that are downgraded below this level after being purchased by the Fund.

The Sub-Fund has an active investment strategy and is not managed in reference to a benchmark.

### **3. Risk Profile /Risk factors**

Investors should consider all of the risk factors set out in Section 6 of Part A of this Prospectus before making a decision to invest.

The global exposure of the Sub-Fund will be calculated on the basis of commitment approach.

### **4. Profile of the Typical Investor**

In light of the Sub-Funds’ investment objective it may be appropriate for investors who:

- Seek capital appreciation over the long term / Seek a return over the medium term.
- Seek a balanced investment that focuses on those asset classes the Sub-Investment Manager finds tactically most attractive.
- Seek income whether in the form of capital appreciation or distributions, as outlined in “Dividend Policy”.
- Accept the risks associated with this type of investment, as set out in the “Risk Factors” section above and in Part A of this Prospectus.

Investors must thus be aware that they may not recover their initial investments.

Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund.

## **5. Valuation Date**

The Valuation Date shall be every full bank business day in Luxembourg (the “Bank Business Day”).

## **6. Launch date and distribution**

The Sub-Fund may be launched at the Directors’ discretion, at which time, confirmation of the launch of the Sub-Fund will be made available at the registered office of the Fund.

Exclusive distribution rights for this Sub-Fund may be reserved for certain territories. For any question in this regard, please contact the Distributor, Morgan Stanley Investment Management Limited.

## **7. Subscription**

### **7.1. Initial subscription**

During the Initial Subscription Period shares will be offered at a price of US\$10,000 per share for Classes “A”, “AX”, “Z”, “ZX”, “B” and “I” and at a price of EUR10,000 for Classes “AH”, “AXH”, “ZH” and “ZXH”.

The Initial Subscription Period for each share class will be determined by the Board of Directors. The Initial Subscription Period may be one single day only.

No dilution levy will be imposed during the Initial Subscription Period.

#### 7.2. Subsequent subscription / cut-off time

Shares are available for subsequent subscriptions on each Valuation Date. Applications for shares must be received by the Registrar and Transfer Agent no later than 4pm CET to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for shares received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Subscriptions may be made in amounts and or in a number of shares.

#### 7.3. Subscription – value date

Payment must be received within three (3) Bank Business Days, which are also days when the relevant foreign exchange market is open, of the applicable Valuation Date. If payment is not received, the relevant allotment of shares may be cancelled at the risk and cost of the investor.

### **8. Redemption – Value date / cut-off time**

Shareholders are entitled to redeem their shares on each Valuation Date. Applications for redemptions must be received by the Registrar and Transfer Agent no later than 4pm CET to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for redemptions received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Redemptions may be made in a number of shares.

Redemption payments will be affected three (3) Bank Business Days, which are also days when the relevant foreign exchange market is open, after the redemption of the shares.

#### 9. Classes available and dividend policy

<b>Class</b>	<b>Type of Investors</b>	<b>Currency</b>	<b>Minimum Initial Subscription Requirement*</b>	<b>Minimum Holding Requirement</b>	<b>Dividend Policy</b>
A USD	All Investors	USD	USD 5,000	None	Capitalisation
AX USD	All Investors	USD	USD 5,000	None	Distribution
Z USD	Institutional Investors	USD	USD 3,000,000	None	Capitalisation
ZX USD	Institutional Investors	USD	USD 3,000,000	None	Distribution
A EUR H	All Investors	EUR	EUR 5,000	None	Capitalisation
AX EUR H	All Investors	EUR	EUR 5,000	None	Distribution
Z EUR H	Institutional Investors	EUR	EUR 3,000,000	None	Capitalisation
ZX EUR H	Institutional Investors	EUR	EUR 3,000,000	None	Distribution
I USD	Institutional Investors	USD	USD 1,000,000	None	Capitalisation
B USD	All Investors	USD	USD 5,000	None	Capitalisation

The specific fees applicable to them are listed in the table in section “Expenses” below. The reference currency of the Class is also available in the second column of this table.

Class Z, ZX and I shares are accessible to institutional investors only whereas Class A, AX and B shares are only accessible to other investors with the prior consent of the Management Company.

The minimum subscription/holding amounts are set out in the table above.

The Board of Directors may in its discretion waive this minimum subscription and/or holding amount. In such latter case, the Fund will ensure that concerned investors are fairly treated.

## 10. Conversion

Investors of this Sub-Fund may only be allowed to convert their shares to the MS Global Multi-Asset Risk Control Fund of Funds, under the conditions as further described in section 12 of the Part A of this Prospectus.

## 11. Expenses

Name of Classes	Currency of Classes	Subscription Fee	Redemption Fee	Investment Advisory Fee (basis points)	Investment Management Fee (basis points)	Depositary Fees	Central Administration Fees	Management Company Fees	Annual Tax (basis points)
A USD	USD	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5
AX USD	USD	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5
Z USD	USD	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
ZX USD	USD	Up to 2.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
A EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5
AX EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5
Z EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
ZX EUR H	EUR	Up to 3.00%	Up to 2.00%	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
I USD	USD	Up to 3.00%	None	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	1
B USD	USD	Up to 3.00%	None	Up to 60	Up to 40	Up to 4 bps	Up to 6 bps	Up to 6 bps	5

For each subscription and each redemption, a dilution levy of a maximum of 2% may apply.

In respect of the Sub-Fund's investments in UCITS and other UCIs, the total management fee (excluding any performance fee, if any) charged to the Sub-Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 3.5% of the relevant assets. The Fund will indicate in its annual report the total management fees charged both to the Sub-Fund and to the UCITS and other UCIs in which the Sub-Fund has invested during the relevant period.

Since 28 September 2017, Class Z, ZX, A and AX shares may also bear a distribution fee of up to 1 basis point (0.01%) per annum, and Class I and B shares may also bear a distribution fee of up to 15 basis points (0.15%) per annum, paid out of the net assets of the Sub-Fund. The fee may be paid to Morgan Stanley Investment Management Limited as Distributor, or directly paid to the relevant sub-distributor.

In addition the Classes shall bear other expenses such as banking, brokerage and transaction based fees, auditors' fees, legal fees and taxes.

An investor who subscribes converts or redeems shares through paying agents may be required to pay fees connected to the transactions processed by said paying agents in the jurisdictions in which shares are offered.

## **12. Investment Manager**

In accordance with the Chapter 15 of the General Part, the Management Company, has appointed Morgan Stanley Investment Management Limited as Investment Manager of the Sub-Fund.

The Investment Manager will delegate the portfolio management of the Sub-Fund, including full investment discretion, to Morgan Stanley Smith Barney LLC, having its registered office at 2000 Westchester Avenue, Purchase, New York.

Morgan Stanley Smith Barney LLC is regulated by the US Securities and Exchange Commission as an investment adviser.

## **13. Investment Adviser**

The Management Company, in its function as being responsible for the collective portfolio management of the Fund, has appointed Finaccess Advisors, LLC, as Investment Adviser of the Fund by an Investment Advisory Agreement dated 1 August 2016. The Investment Adviser will be in charge of the matters detailed in the Investment Advisory Agreement.

The Investment Advisory Agreement may be terminated by either party giving three (3) months' notice.

Finaccess Advisors, LLC, having its registered office at 1111 Brickell Avenue, Suite 2300, Miami, FL 33131, is a registered investment adviser with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended and is authorized to provide investment advisory services. The Investment Adviser is a limited liability company organized and existing under the laws of the State of Delaware, and registered to do business in the State of Florida, as of 2009.

The Investment Adviser has been appointed to provide investment advisory and other services to the Management Company in respect of the Sub-Fund. In consideration for these services, the Investment Adviser will be paid an annual fee equal to the percentage basis points stated in Section 11 ("Expenses") above of the Net Asset Value of the Sub-Fund out of the assets of the Sub-Fund.

Investors should note that, so far as permitted by law, the Investment Adviser or any affiliate of the Investment Adviser may, in accordance with its conflicts of interest policy:

- a) invest in shares of the Sub-Fund (or any other Sub-Fund) for its own account; and
- b) carry out the same and/or similar investments for its own account as the investments which the Investment Adviser may recommend for the Sub-Fund(s).



***MS HORIZONS Multiactivos Global Conservador Fund***

***SUB-FUND SPECIFICS***

**1. Reference Currency of the Sub-Fund**

The Reference Currency of the Sub-Fund is the Euro ("EUR").

**2. Investment Objective and Policy**

The investment objective of the Sub-Fund is to provide an attractive level of risk adjusted return, measured in Euro, through investing primarily in a portfolio of transferable securities and money market instruments globally via a set of eligible financial indices (in addition to financial derivative instruments, as explained herein). The portfolio investments of the Sub-Fund will be apportioned between the **"Global Multi-Asset Component"** and the **"Euro Bond Component"**.

In respect of the **"Global Multi-Asset Component"**, which will typically comprise 45% to 55% of the Net Asset Value of the Sub-Fund, the Investment Manager will seek to manage risk using the total portfolio risk approach and to target volatility of 2%. No guarantee or representation is made that the objective of the Sub-Fund will be achieved.

In respect of the **"Euro Bond Component"**, which will typically comprise 45% to 55% of the Net Asset Value of the Sub-Fund, the Sub-Fund will invest primarily in high quality Euro- denominated fixed income securities issued by corporations, governments or government-guaranteed entities, with a maximum maturity from the date of purchase of five years and one month.

The Investment Manager anticipates that the following investment strategies will be primarily employed in respect of each component of the Sub-Fund's portfolio.

**Global Multi-Asset Component**

The Investment Manager will implement top-down, tactical views on global asset classes by investing in the following securities in line with asset class indices

individually selected by the Investment Manager: (1) fixed income securities; (2) equities; and (3) commodity-linked investments.

(1) Fixed Income Securities: the Sub-Fund will seek to achieve its investment objective by investing in fixed income securities across a spectrum of fixed income asset classes (including developed and emerging markets, emerging market sovereign debt and emerging market corporate debt), which may include investment grade, non-investment grade and unrated securities, government and government-related bonds (including, for the avoidance of doubt, those issued by governments, agencies and corporations located in developed and emerging markets), investment grade corporate bonds, high yield bonds, inflation-linked securities, investment grade and non-investment grade bonds of varying maturities, convertibles and currencies.

For these purposes, "non-investment grade" means securities which at the time of purchase are rated lower than "BBB-" by S&P or "Baa 3" by Moody's, or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager.

The Investment Manager will not purchase securities for the Sub-Fund that are rated at the time of purchase lower than "C" by S&P or "Ca" by Moody's or similar by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager. The Sub-Fund will not be required to sell securities that are downgraded below this level after being purchased, but the Sub-Fund may not make additional purchases of securities that have been downgraded.

(2) Equities: the Sub-Fund will invest in developed and emerging markets worldwide (on a regional, country or sector basis) in listed equity securities, which may include investment in the listed securities of closed-end Real Estate Investment Trusts (REITS) and open-ended collective investment schemes that are compliant with Article 41(1)(e) of the Investment Fund Law.

The Sub-Fund may also invest on an ancillary basis in preference shares, debt securities convertible into common shares, warrants and other equity linked instruments issued by any companies engaged in infrastructure related business.

The Sub-Fund will seek to achieve its investment objective by investing directly in individual stocks to provide broad exposure in each region, country or sector in which the Sub-Fund invests. This may be supplemented by the use of derivative instruments and, to a limited extent, investment in open-ended collective investment schemes such as actively managed mutual funds and exchange-traded funds (ETFs) in accordance with Article 41(1) e) of the Investment Fund Law. Please see below for further information on the use of derivatives and open-ended collective investment schemes.

(3) Commodity-linked investments: the Sub-Fund may (in accordance with the investment powers and restrictions set out in the Prospectus) implement tactical views on commodities via exchange traded commodities (ETCs) which will not use embedded derivatives and which qualify as 'transferable securities' and/or eligible commodity linked notes (the underlying of which may be commodity indices and/or sub-indices, both qualifying as financial indices under UCITS regulations) which will not use embedded derivatives and which qualify as 'transferable securities'.

### **Euro Bond Component**

In respect of the Euro Bond Component, the Sub-Fund will invest primarily in high quality issues of Euro-denominated fixed income securities issued by corporations, governments or government guaranteed issuers. In respect of the Euro Bond Component the Sub-Fund will invest primarily, in order to reduce volatility, in individual securities with maturity dates having a maximum unexpired term from the date of purchase of five years and one month.

Securities will be deemed to be high quality if at the time of purchase they are rated either "BBB-" or better by S&P or "Baa 3" or better by Moody's, or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager in respect of the Euro Bond Component. In respect of the Euro Bond Component, the Sub-Fund may continue to invest in such securities that are downgraded after purchase but it will not hold securitised bonds downgraded below "BBB-" by S&P or "Baa3" by Moody's and/or other securities downgraded below "B-" by S&P or "B3" by Moody's, or, in each case, a similar rating by another internationally recognised rating service or

determined to be of similar creditworthiness by the Investment Manager in respect of the Euro Bond Component. The Sub-Fund may not make additional purchases of securities that are downgraded.

The Sub-Fund may, in respect of the Euro Bond Component, also invest in non-Euro denominated fixed income securities, on an ancillary basis.

#### Additional Investment Strategies, and Investment Restrictions

In order to achieve the Sub-Fund's investment objective in respect of one or both (as applicable) of its portfolio components, the Investment Manager may employ additional investment strategies such as:

- cash, money market instruments and money market funds: the Sub-Fund may hold cash, place cash on deposit, invest cash in high quality government bonds and/or invest in cash equivalents such as money market instruments. Money market instruments include commercial paper, certificates of deposit and short term government bonds. The Sub-Fund may also invest in money market funds and short-term money market funds.
- use of financial derivative instruments for efficient portfolio management (including hedging) purposes, including futures, options, warrants, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts, whether traded on- or off- exchange. The Sub-Fund's exposure to financial derivative instruments will not exceed 100% of the Net Asset Value of the Sub-Fund.
- currency hedging: the exposure of the Sub-Fund's portfolio assets to currency fluctuations will typically be unhedged, unless the Investment Manager has a particular view on a relevant currency, in which case part of the Sub-Fund's non-Euro exposure may be hedged back to the Euro as its base currency. The Investment Manager anticipates maintaining the Sub-Fund's EUR exposure between 50% to 100% of the Net Asset Value of the Sub-Fund.

- the overall value of the fixed income securities invested shall not exceed 100% of the Net Asset Value of the Sub-Fund.
- the overall value of non-investment grade securities will not exceed 10% of the Net Asset Value of the Sub-Fund. Unrated securities will not exceed 5% of the Net Asset Value of the Sub-Fund. Collectively non-investment grade securities and unrated securities will not exceed 10% of the Net Asset Value of the Sub-Fund.
- the Sub-Fund will not invest in asset backed securities or mortgage backed securities.
- the overall value of the equities invested shall not exceed 20% of the Net Asset Value of the Sub-Fund.
- the overall value of the commodity-linked investments made shall not exceed 10% of the Net Asset Value of the Sub-Fund.
- the overall value of the cash, money market instruments and money market funds invested shall not exceed 20% of the Net Asset Value of the Sub-Fund.
- no more than 10% of the Sub-Fund's net assets shall be invested in open-ended collective investment schemes, including active mutual funds, those managed by the Investment Manager and ETFs.
- ESG screening: when making equity investments, the Investment Manager may consider environmental, social and governance ("ESG") factors on a bottom-up basis; where investing directly in transferable securities, the Investment Manager may consider the relative ranking of issuers for ESG factors as part of assessing the potential for return and as part of managing total portfolio risk. Such screening may in future be extended to fixed income securities, at the Investment Manager's discretion.

- the Sub-Fund may not enter into securities lending and borrowing transactions and/or repurchase agreements (repo) and reverse repo or any securities financing transactions, or total return swaps, within the meaning of the EU Regulation 2015/2365 on transparency of securities financing transactions (“SFTR”).
- investors should refer to section 6 “Risk Factors” of Part A of this Prospectus for the risks associated with an investment in the Sub-Fund.
- The Sub-Fund will at all times comply with the investment restrictions set out in section 5 of Part A of this Prospectus.

The Sub-Fund has an active investment strategy and is not managed in reference to a benchmark.

### **3. Risk Profile / Risk factors**

Investors should consider all of the risk factors set out in Section 6 of Part A of the Prospectus before making a decision to invest.

The global exposure of the Sub-Fund will be calculated on the basis of absolute value at risk. VaR reports will be produced and monitored based on the following criteria:

- at least a one year effective historical observation period (250 days);
- 1 month holding period;
- 99% unilateral confidence interval;

unless market conditions require a shorter observation period or usage of different VaR methodology.

The Sub-Fund will have expected gross leverage of 60%. Expected leverage is provided using the “*sum of the notionals of the derivatives used*” methodology as per the ESMA Guidelines 10-788. The expected level of leverage is an indicator and not a regulatory limit. The Sub-Fund’s levels of leverage may be higher or lower than this expected level as long as the Sub-Fund remains in line with its risk profile.

#### **4. Profile of the Typical Investor**

In light of the Sub-Fund's investment objective it may be appropriate for investors who:

- seek capital appreciation over the medium term;
- seek a balanced investment that focuses on those asset classes the Investment Manager finds tactically most attractive; and
- accept the risks associated with this type of investment, as set out in Section 6 of Part A of the Prospectus.

Investors should understand that they may not recover the amounts that they invest. Investors should read and understand the risk factors that are associated with an investment in the Sub-Fund, as explained in the Section entitled "*Risk Factors*" in the Prospectus.

Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund.

#### **5. Valuation Date**

The Valuation Date shall be every full bank business day in Luxembourg (the "Bank Business Day").

#### **6. Launch date and distribution**

The Sub-Fund may be launched at the Directors' discretion, at which time confirmation of the launch of the Sub-Fund will be made available at the registered office of the Fund.

Exclusive distribution rights for this Sub-Fund may be reserved for certain territories. For any question in this regard, please contact the Distributor, Morgan Stanley Investment Management Limited.

The Sub-Fund may offer for subscription Shares belonging to one or more of the Classes set forth in Section 9 (*"Classes Available, Subscription Requirements and Dividend Policy"*) of this Supplement.

## **7. Subscription**

### **7.1. Initial subscription**

Shares of any Class may be offered by the Sub-Fund for subscription at a price of EUR25.00 per Share during the subscription periods of each newly activated class the start and duration of which will be determined by the Board of Directors.

Subscriptions may be made in amounts and/or in a number of Shares.

The minimum initial subscription requirement and the minimum holding requirement for Shares of each Class are set out in Section 9 (*"Classes Available, Subscription Requirements and Dividend Policy"*) of this Supplement. The Board of Directors may in its discretion waive any minimum subscription and minimum holding amount.

### **7.2. Subsequent subscription / cut-off time**

Following the close of an initial subscription period, Shares of the relevant Class will be available for subsequent subscription on each Valuation Date. Applications for Shares must be received by the Registrar and Transfer Agent no later than 12pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for Shares received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Subscriptions may be made in amounts and/or in a number of Shares.

### **7.3. Payment for Shares**

Payment for Shares must be received within three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, of the



applicable Valuation Date. If payment is not received within this timeframe, the relevant allotment of Shares may be cancelled at the risk and cost of the investor. Payments must be received by electronic transfer net of all bank charges.

## 8. Redemption – Value date / cut-off time

Shareholders are entitled to redeem their Shares on each Valuation Date. Applications for redemptions must be received by the Registrar and Transfer Agent no later than 12pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for redemptions received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Redemptions may be made in amounts and/or in a number of Shares.

Redemption payments will be made no later than three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, following the Valuation Date in respect of which the Shares have been redeemed.

The Board of Directors may agree with shareholders to settle redemption requests in whole or in part by an in-kind transfer of suitable investments, as further explained in Section 11 of Part A of the Prospectus.

## 9. Classes Available, Subscription Requirements and Dividend Policy

Class	Type of Investors	Currency	Minimum Initial Subscription Requirement	Minimum Holding Requirement	Dividend Policy
A EUR	All Investors	EUR	EUR 1,000	EUR 1,000	Capitalisation
AX EUR	All Investors	EUR	EUR 1,000	EUR 1,000	Distribution
Z EUR	Institutional Investors	EUR	EUR 1,000	EUR 1,000	Capitalisation
ZX EUR	Institutional Investors	EUR	EUR 1,000	EUR 1,000	Distribution

Class Z Shares may be subscribed by institutional investors only. Class A Shares may be subscribed by other investors, with the prior consent of the Management Company.

The Board of Directors may in its discretion waive these minimum subscriptions and/or holding amounts. In such latter case, the Sub-Fund will ensure that concerned investors are fairly treated.

## 10. Conversion

Investors of this Sub-Fund may be allowed to convert their Shares to MS HORIZONS Multiactivos Global Prudente Fund only, under the conditions as further described in section 12 of Part A of the Prospectus.

## 11. Expenses

Name of Classes	Currency of Classes	Subscription Fee	Redemption Fee	Investment Management Fee	Depositary Fees	Central Administration Fees	Management Company Fees	Annual Tax (basis points)
A EUR	EUR	Up to 3%	Up to 2%	58bp	Up to 4bp	Up to 6bp	Up to 6bp	5
AX EUR	EUR	Up to 3%	Up to 2%	58bp	Up to 4bp	Up to 6bp	Up to 6bp	5
Z EUR	EUR	Up to 3%	Up to 2%	23bp	Up to 4bp	Up to 6bp	Up to 6bp	1
ZX EUR	EUR	Up to 3%	Up to 2%	23bp	Up to 4bp	Up to 6bp	Up to 6bp	1

The Investment Manager has reserved the ability to charge a subscription fee of up to 3% on subscription proceeds, and a redemption fee of up to 2% on redemption proceeds.

No dilution levy will be applied to subscriptions or redemptions of Shares in the Sub-Fund.

An investor who subscribes, converts or redeems Shares in the Sub-Fund through paying agents may be required to pay fees connected to the transactions processed by said paying agents in the jurisdictions in which the Shares are offered.

## 12. Investment Manager

In accordance with section 15 of the Part A of this Prospectus, the Management Company has appointed Morgan Stanley Investment Management Limited as Investment Manager of the Sub-Fund.

The Investment Manager may delegate certain investment management activities related to the Sub-Fund, including the discretion to make investment decisions, to Morgan Stanley Investment Management Company, regulated by the Monetary Authority of Singapore, and having its registered office at 23 Church Street, 16-01 Capital Square Singapore, 049481.

***MS HORIZONS Multiactivos Global Prudente Fund***

***SUB-FUND SPECIFICS***

**1. Reference Currency of the Sub-Fund**

The Reference Currency of the Sub-Fund is the Euro ("EUR").

**2. Investment Objective and Policy**

The investment objective of the Sub-Fund is to provide an attractive level of risk adjusted return, measured in Euro, through investing primarily in a portfolio of transferable securities and money market instruments globally via a set of eligible financial indices (in addition to financial derivative instruments, as explained herein). The Investment Manager will seek to manage risk using the total portfolio risk approach and to a target volatility of 4%. No guarantee or representation is made that the objective of the Sub-Fund will be achieved.

The Investment Manager anticipates that it will implement top-down, tactical views on global asset classes by investing in the following securities in line with asset class indices individually selected by the Investment Manager: (1) fixed income securities; (2) equities; and (3) commodity-linked investments.

(1) Fixed Income Securities: the Sub-Fund will seek to achieve its investment objective by investing in fixed income securities across a spectrum of fixed income asset classes (including developed and emerging markets, emerging market sovereign debt and emerging market corporate debt), which may include investment grade, non-investment grade and unrated securities, government and government-related bonds (including, for the avoidance of doubt, those issued by governments, agencies and corporations located in developed and emerging markets), investment grade corporate bonds, high yield bonds, inflation-linked securities, investment grade and non-investment grade bonds of varying maturities, convertibles and currencies.

For these purposes, "non-investment grade" means securities which at the time of purchase are rated lower than "BBB-" by S&P or "Baa 3" by Moody's, or similarly

rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager.

The Investment Manager will not purchase securities for the Sub-Fund that are rated at the time of purchase lower than "C" by S&P or "Ca" by Moody's or similar by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager. The Sub-Fund will not be required to sell securities that are downgraded below this level after being purchased, but the Sub-Fund may not make additional purchases of securities that have been downgraded.

(2) Equities: the Sub-Fund will invest in developed and emerging markets worldwide (on a regional, country or sector basis) in listed equity securities, which may include investment in the listed securities of closed-end Real Estate Investment Trusts (REITS) and open-ended collective investment schemes that are compliant with Article 41(1)(e) of the Investment Fund Law.

The Sub-Fund may also invest on an ancillary basis in preference shares, debt securities convertible into common shares, warrants and other equity linked instruments issued by any companies engaged in infrastructure related business.

The Sub-Fund will seek to achieve its investment objective by investing directly in individual stocks to provide broad exposure in each region, country or sector in which the Sub-Fund invests. This may be supplemented by the use of derivative instruments and, to a limited extent, investment in open-ended collective investment schemes such as actively managed mutual funds and exchange-traded funds (ETFs) in accordance with Article 41(1) e) of the Investment Fund Law. Please see below for further information on the use of derivatives and open-ended collective investment schemes.

(3) Commodity-linked investments: the Sub-Fund may (in accordance with the investment powers and restrictions set out in the Prospectus) implement tactical views on commodities via exchange traded commodities (ETCs) which will not use embedded derivatives and which qualify as 'transferable securities' and/or eligible commodity linked notes (the underlying of which may be commodity indices and/or

sub-indices, both qualifying as financial indices under UCITS regulations) which will not use embedded derivatives and which qualify as 'transferable securities'.

#### Additional Investment Strategies, and Investment Restrictions

In order to achieve the Sub-Fund's investment objective, the Investment Manager may employ additional investment strategies such as:

- cash, money market instruments and money market funds: the Sub-Fund may hold cash, place cash on deposit, invest cash in high quality government bonds and/or invest in cash equivalents such as money market instruments. Money market instruments include commercial paper, certificates of deposit and short term government bonds. The Sub-Fund may also invest in money market funds and short-term money market funds.
- use of financial derivative instruments for efficient portfolio management (including hedging) purposes, including futures, options, warrants, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts, whether traded on- or off- exchange. The Sub-Fund's exposure to financial derivative instruments will not exceed 100% of the Net Asset Value of the Sub-Fund.
- currency hedging: the exposure of the Sub-Fund's portfolio assets to currency fluctuations will typically be unhedged, unless the Investment Manager has a particular view on a relevant currency, in which case part of the Sub-Fund's non-Euro exposure may be hedged back to the Euro as its base currency. The Investment Manager anticipates maintaining the Sub-Fund's EUR exposure between 50% to 100% of the Net Asset Value of the Sub-Fund.
- the overall value of the fixed income securities invested shall not exceed 100% of the Net Asset Value of the Sub-Fund.
- the overall value of non-investment grade securities will not exceed 10% of the Net Asset Value of the Sub-Fund. Unrated securities will not exceed

5% of the Net Asset Value of the Sub-Fund. Collectively non-investment grade securities and unrated securities will not exceed 10% of the Net Asset Value of the Sub-Fund.

- the Sub-Fund will not invest in asset backed securities or mortgage backed securities.
- the overall value of the equities invested shall not exceed 60% of the Net Asset Value of the Sub-Fund.
- the overall value of the commodity-linked investments made shall not exceed 10% of the Net Asset Value of the Sub-Fund.
- the overall value of the cash, money market instruments and money market funds invested shall not exceed 20% of the Net Asset Value of the Sub-Fund.
- no more than 10% of the Sub-Fund's net assets shall be invested in open-ended collective investment schemes, including active mutual funds, those managed by the Investment Manager and ETFs.
- ESG screening: when making equity investments, the Investment Manager may consider environmental, social and governance ("ESG") factors on a bottom-up basis; where investing directly in transferable securities, the Investment Manager may consider the relative ranking of issuers for ESG factors as part of assessing the potential for return and as part of managing total portfolio risk. Such screening may in future be extended to fixed income securities, at the Investment Manager's discretion.
- the Sub-Fund may not enter into securities lending and borrowing transactions and/or repurchase agreements (repo) and reverse repo or any securities financing transactions, or total return swaps, within the meaning of the EU Regulation 2015/2365 on transparency of securities financing transactions ("SFTR").

- investors should refer to section 6 “Risk Factors” of Part A of this Prospectus for the risks associated with an investment in the Sub-Fund.
- The Sub-Fund will at all times comply with the investment restrictions set out in section 5 of Part A of this Prospectus.

The Sub-Fund has an active investment strategy and is not managed in reference to a benchmark.

### **3. Risk Profile / Risk factors**

Investors should consider all of the risk factors set out in Section 6 of Part A of the Prospectus before making a decision to invest.

The global exposure of the Sub-Fund will be calculated on the basis of absolute value at risk. VaR reports will be produced and monitored based on the following criteria:

- at least a one year effective historical observation period (250 days);
- 1 month holding period;
- 99% unilateral confidence interval;

unless market conditions require a shorter observation period or usage of different VaR methodology.

The Sub-Fund will have expected gross leverage of 100%. Expected leverage is provided using the “*sum of the notionals of the derivatives used*” methodology as per the ESMA Guidelines 10-788. The expected level of leverage is an indicator and not a regulatory limit. The Sub-Fund's levels of leverage may be higher or lower than this expected level as long as the Sub-Fund remains in line with its risk profile.

### **4. Profile of the Typical Investor**

In light of the Sub-Fund's investment objective it may be appropriate for investors who:

- seek capital appreciation over the medium term;



- seek a balanced investment that focuses on those asset classes the Investment Manager finds tactically most attractive; and
- accept the risks associated with this type of investment, as set out in Section 6 of Part A of the Prospectus.

Investors should understand that they may not recover the amounts that they invest. Investors should read and understand the risk factors that are associated with an investment in the Sub-Fund, as explained in the Section entitled "*Risk Factors*" in the Prospectus.

Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund.

## **5. Valuation Date**

The Valuation Date shall be every full bank business day in Luxembourg (the "Bank Business Day").

## **6. Launch date and distribution**

The Sub-Fund may be launched at the Directors' discretion, at which time confirmation of the launch of the Sub-Fund will be made available at the registered office of the Fund.

Exclusive distribution rights for this Sub-Fund may be reserved for certain territories. For any question in this regard, please contact the Distributor, Morgan Stanley Investment Management Limited.

The Sub-Fund may offer for subscription Shares belonging to one or more of the Classes set forth in Section 9 ("*Classes Available, Subscription Requirements and Dividend Policy*") of this Supplement.

## **7. Subscription**

### **7.1. Initial subscription**

Shares of any Class may be offered by the Sub-Fund for subscription at a price of EUR25.00 per Share during the subscription periods of each newly activated class the start and duration of which will be determined by the Board of Directors.

Subscriptions may be made in amounts and/or in a number of Shares.

The minimum initial subscription requirement and the minimum holding requirement for Shares of each Class are set out in Section 9 (*"Classes Available, Subscription Requirements and Dividend Policy"*) of this Supplement. The Board of Directors may in its discretion waive any minimum subscription and minimum holding amount.

### **7.2. Subsequent subscription / cut-off time**

Following the close of an initial subscription period, Shares of the relevant Class will be available for subsequent subscription on each Valuation Date. Applications for Shares must be received by the Registrar and Transfer Agent no later than 12pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for Shares received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Subscriptions may be made in amounts and/or in a number of Shares.

### **7.3. Payment for Shares**

Payment for Shares must be received within three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, of the applicable Valuation Date. If payment is not received within this timeframe, the relevant allotment of Shares may be cancelled at the risk and cost of the investor. Payments must be received by electronic transfer net of all bank charges.

## 8. Redemption – Value date / cut-off time

Shareholders are entitled to redeem their Shares on each Valuation Date. Applications for redemptions must be received by the Registrar and Transfer Agent no later than 12pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for redemptions received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Redemptions may be made in amounts and/or in a number of Shares.

Redemption payments will be made no later than three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, following the Valuation Date in respect of which the Shares have been redeemed.

The Board of Directors may agree with shareholders to settle redemption requests in whole or in part by an in-kind transfer of suitable investments, as further explained in Section 11 of Part A of the Prospectus.

## 9. Classes Available, Subscription Requirements and Dividend Policy

Class	Type of Investors	Currency	Minimum Initial Subscription Requirement	Minimum Holding Requirement	Dividend Policy
A EUR	All Investors	EUR	EUR 1,000	EUR 1,000	Capitalisation
AX EUR	All Investors	EUR	EUR 1,000	EUR 1,000	Distribution
Z EUR	Institutional Investors	EUR	EUR 1,000	EUR 1,000	Capitalisation
ZX EUR	Institutional Investors	EUR	EUR 1,000	EUR 1,000	Distribution

Class Z Shares may be subscribed by institutional investors only. Class A Shares may be subscribed by other investors, with the prior consent of the Management Company.

The Board of Directors may in its discretion waive these minimum subscriptions and/or holding amounts. In such latter case, the Sub-Fund will ensure that concerned investors are fairly treated.

## 10. Conversion

Investors of this Sub-Fund may be allowed to convert their Shares to MS HORIZONS Multiactivos Global Conservador Fund only, under the conditions as further described in section 12 of Part A of the Prospectus.

## 11. Expenses

Name of Classes	Currency of Classes	Subscription Fee	Redemption Fee	Investment Management Fee	Depositary Fees	Central Administration Fees	Management Company Fees	Annual Tax (basis points)
A EUR	EUR	Up to 3%	Up to 2%	107bp	Up to 4bp	Up to 6bp	Up to 6bp	5
AX EUR	EUR	Up to 3%	Up to 2%	107bp	Up to 4bp	Up to 6bp	Up to 6bp	5
Z EUR	EUR	Up to 3%	Up to 2%	43bp	Up to 4bp	Up to 6bp	Up to 6bp	1
ZX EUR	EUR	Up to 3%	Up to 2%	43bp	Up to 4bp	Up to 6bp	Up to 6bp	1

The Investment Manager has reserved the ability to charge a subscription fee of up to 3% on subscription proceeds, and a redemption fee of up to 2% on redemption proceeds.

No dilution levy will be applied to subscriptions or redemptions of Shares in the Sub-Fund.

In addition the Classes shall bear other expenses such as banking, brokerage and transaction based fees, auditors' fees, legal fees and taxes.

An investor who subscribes, converts or redeems Shares in the Sub-Fund through paying agents may be required to pay fees connected to the transactions processed by said paying agents in the jurisdictions in which the Shares are offered.

## 12. Investment Manager

In accordance with section 15 of the Part A of this Prospectus, the Management Company has appointed Morgan Stanley Investment Management Limited as Investment Manager of the Sub-Fund.

The Investment Manager may delegate certain investment management activities related to the Sub-Fund, including the discretion to make investment decisions, to Morgan Stanley Investment Management Company, regulated by the Monetary Authority of Singapore, and having its registered office at 23 Church Street, 16-01 Capital Square Singapore, 049481.

***MS HORIZONS Global Solutions Defensive Fund***  
***SUB-FUND SPECIFICS***

**1. Reference Currency of the Sub-Fund**

The Reference Currency of the Sub-Fund is the US Dollar (“USD”).

**2. Investment Objective and Policy**

The investment objective of the Sub-Fund is to provide an attractive level of risk adjusted return, measured in USD, primarily through investing via a global portfolio of collective investment schemes in a variety of different types of investments, including mutual funds, exchange traded funds (ETFs), US government bonds, cash, money market instruments and commodity-linked investments, and through financial derivative instruments. The Investment Manager will seek to manage risk using the total portfolio risk approach and within a target volatility range of 2% to 6%. No guarantee or representation is made that the objective of the Sub-Fund will be achieved.

The Investment Manager will implement top-down, tactical views on global asset classes across: (1) fixed income securities; (2) equities; and (3) commodity-linked investments.

(1) Fixed Income Securities: the Sub-Fund will seek to achieve its investment objective by investing in collective investment schemes and ETFs across a spectrum of fixed income asset classes, including developed and emerging markets, emerging market sovereign debt, emerging market corporate debt, investment grade, non-investment grade, high yield, inflation-linked and unrated securities. Individual bonds will be limited to US government bonds only.

For these purposes, “non-investment grade” means securities which at the time of purchase are rated lower than “BBB-” by S&P or “Baa 3” by Moody’s, or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager.

(2) Equities: the Sub-Fund will invest through collective investment schemes and ETFs in developed and emerging markets worldwide (on a regional, country or sector basis), which may include listed closed-end Real Estate Investment Trusts (REITS) and open-ended collective investment schemes that are compliant with Article 41(1)(e) of the Investment Fund Law.

This may be supplemented by the use of derivative instruments. Please see below for further information on the use of derivatives.

(3) Commodity-linked investments: the Sub-Fund may (in accordance with the investment powers and restrictions set out in the Prospectus) implement tactical views on commodities via exchange traded commodities (ETCs) which will not use embedded derivatives and which qualify as 'transferable securities' and/or eligible commodity linked notes (the underlying of which may be commodity indices and/or sub-indices, both qualifying as financial indices under UCITS regulations) which will not use embedded derivatives and which qualify as 'transferable securities'.

#### Additional Investment Strategies and Investment Restrictions

In order to achieve the Sub-Fund's investment objective, the Investment Manager may employ additional investment strategies such as:

- cash, money market instruments and money market funds: the Sub-Fund may hold cash, place cash on deposit, invest cash in high quality government bonds and/or invest in cash equivalents such as money market instruments. Money market instruments include commercial paper, certificates of deposit and short term government bonds. The Sub-Fund may also invest in money market funds and short-term money market funds.
- use of financial derivative instruments for efficient portfolio management (including hedging) purposes, including futures, options, warrants, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts, whether traded on- or off- exchange. The Sub-Fund's exposure to financial

derivative instruments will not exceed 100% of the Net Asset Value of the Sub-Fund.

- currency hedging: the exposure of the Sub-Fund's portfolio assets to currency fluctuations will typically be unhedged, unless the Investment Manager has a particular view on a relevant currency, in which case part of the Sub-Fund's non-USD exposure may be hedged back to the USD as its base currency. The Investment Manager anticipates maintaining the Sub-Fund's USD exposure between 50% to 100% of the Net Asset Value of the Sub-Fund.
- the overall value of the fixed income securities invested shall not exceed 100% of the Net Asset Value of the Sub-Fund.
- the overall value of non-investment grade securities will not exceed 10% of the Net Asset Value of the Sub-Fund. Unrated securities will not exceed 5% of the Net Asset Value of the Sub-Fund. Collectively non-investment grade securities and unrated securities will not exceed 10% of the Net Asset Value of the Sub-Fund.
- the Sub-Fund will not invest in asset backed securities or mortgage backed securities.
- the overall value of the equities invested shall not exceed 60% of the Net Asset Value of the Sub-Fund.
- No more than 50% of the Sub-Fund's net assets may be invested in Morgan Stanley funds.
- Investment will not be through single name securities, e.g. individual stocks or bonds, with the exception of US government bonds.
- the overall value of the commodity-linked investments made shall not exceed 10% of the Net Asset Value of the Sub-Fund.



- the overall value of the cash, money market instruments and money market funds invested shall not exceed 20% of the Net Asset Value of the Sub-Fund.
- the Sub-Fund may not enter into securities lending and borrowing transactions and/or repurchase agreements (repo) and reverse repo or any securities financing transactions, or total return swaps, within the meaning of the EU Regulation 2015/2365 on transparency of securities financing transactions (“SFTR”).
- investors should refer to section 6 “Risk Factors” of Part A of this Prospectus for the risks associated with an investment in the Sub-Fund.
- The Sub-Fund will at all times comply with the investment restrictions set out in section 5 of Part A of this Prospectus.

The Sub-Fund has an active investment strategy and is not managed in reference to a benchmark.

### **3. Risk Profile / Risk factors**

Investors should consider all of the risk factors set out in Section 6 of Part A of the Prospectus before making a decision to invest.

The global exposure of the Sub-Fund will be calculated on the basis of absolute value at risk. VaR reports will be produced and monitored based on the following criteria:

- at least a one year effective historical observation period (250 days);
- 1 month holding period;
- 99% unilateral confidence interval;

unless market conditions require a shorter observation period or usage of different VaR methodology.

The Sub-Fund will have expected gross leverage of 50%. Expected leverage is provided using the "*sum of the notional of the derivatives used*" methodology as per the ESMA Guidelines 10-788. The expected level of leverage is an indicator and not a regulatory limit. The Sub-Fund's levels of leverage may be higher or lower than this expected level as long as the Sub-Fund remains in line with its risk profile.

#### **4. Profile of the Typical Investor**

In light of the Sub-Fund's investment objective it may be appropriate for investors who:

- seek capital appreciation over the medium term;
- seek a balanced investment that focuses on those asset classes the Investment Manager finds tactically most attractive; and
- accept the risks associated with this type of investment, as set out in Section 6 of Part A of the Prospectus.

Investors should understand that they may not recover the amounts that they invest. Investors should read and understand the risk factors that are associated with an investment in the Sub-Fund, as explained in the Section entitled "*Risk Factors*" in the Prospectus.

Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund.

#### **5. Valuation Date**

The Valuation Date shall be every full bank business day in Luxembourg (the "Bank Business Day").

#### **6. Launch date and distribution**

The Sub-Fund may be launched at the Directors' discretion, at which time confirmation of the launch of the Sub-Fund will be made available at the registered office of the Fund.

Exclusive distribution rights for this Sub-Fund may be reserved for certain territories. For any question in this regard, please contact the Distributor, Morgan Stanley Investment Management Limited.

The Sub-Fund may offer for subscription Shares belonging to one or more of the Classes set forth in Section 9 ("*Classes Available, Subscription Requirements and Dividend Policy*") of this Supplement.

## **7. Subscription**

### **7.1. Initial subscription**

Shares of any Class may be offered by the Sub-Fund for subscription at a price of USD25.00 per Share during the subscription periods of each newly activated class the start and duration of which will be determined by the Board of Directors.

Subscriptions may be made in amounts and/or in a number of Shares.

The minimum initial subscription requirement and the minimum holding requirement for Shares of each Class are set out in Section 9 ("*Classes Available, Subscription Requirements and Dividend Policy*") of this Supplement. The Board of Directors may in its discretion waive any minimum subscription and minimum holding amount.

### **7.2. Subsequent subscription / cut-off time**

Following the close of an initial subscription period, Shares of the relevant Class will be available for subsequent subscription on each Valuation Date. Applications for Shares must be received by the Registrar and Transfer Agent no later than 3pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for Shares received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Subscriptions may be made in amounts and/or in a number of Shares.

### 7.3. Payment for Shares

Payment for Shares must be received within three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, of the applicable Valuation Date. If payment is not received within this timeframe, the relevant allotment of Shares may be cancelled at the risk and cost of the investor. Payments must be received by electronic transfer net of all bank charges.

### 8. Redemption – Value date / cut-off time

Shareholders are entitled to redeem their Shares on each Valuation Date. Applications for redemptions must be received by the Registrar and Transfer Agent no later than 3pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for redemptions received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Redemptions may be made in amounts and/or in a number of Shares.

Redemption payments will be made no later than three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, following the Valuation Date in respect of which the Shares have been redeemed.

The Board of Directors may agree with shareholders to settle redemption requests in whole or in part by an in-kind transfer of suitable investments, as further explained in Section 11 of Part A of the Prospectus.

### 9. Classes Available, Subscription Requirements and Dividend Policy

Class	Type of Investors	Currency	Minimum Initial Subscription Requirement	Minimum Holding Requirement	Dividend Policy
A USD	All Investors	USD	USD 1,000	USD 1,000	Capitalisation
AX USD	All Investors	USD	USD 1,000	USD 1,000	Distribution
I USD	Institutional Investors	USD	USD 1,000	USD 1,000	Capitalisation
IX USD	Institutional Investors	USD	USD 1,000	USD 1,000	Distribution

Class I Shares may be subscribed by institutional investors only. Class A Shares may be subscribed by other investors, with the prior consent of the Management Company.

The Board of Directors may in its discretion waive these minimum subscriptions and/or holding amounts. In such latter case, the Sub-Fund will ensure that concerned investors are fairly treated.

## 10. Conversion

Investors of this Sub-Fund may be allowed to convert their Shares to MS HORIZONS Global Solutions Balanced Fund only, under the conditions as further described in section 12 of Part A of the Prospectus.

## 11. Expenses

Name of Classes	Currency of Classes	Subscription Fee	Redemption Fee	Investment Management Fee	Deposit ary Fees	Central Administration Fees	Transaction Processing Fee	Management Company Fees	Annual Tax (basis points)
A USD	USD	Up to 3%	Up to 2%	130bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	5
AX USD	USD	Up to 3%	Up to 2%	130bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	5
I USD	USD	Up to 3%	Up to 2%	55bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	1
IX USD	USD	Up to 3%	Up to 2%	55bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	1

The Investment Manager has reserved the ability to charge a subscription fee of up to 3% on subscription proceeds, and a redemption fee of up to 2% on redemption proceeds.

For each subscription and each redemption, a dilution levy of a maximum of 2% may apply.

Class A and Class I will bear a Transaction Processing Fee equal in value to a maximum of 0.06% per annum of the value of the Sub-Fund's assets allocated to each class. The fee will be paid quarterly by the Sub-Fund to Morgan Stanley Investment Management Limited, who may share all or part of the fee with any

other entity that assists the Investment Manager in the performance of its duties in relation to the Sub-Fund and its Shareholders.

The Investment Manager may pay a proportion of its Investment Management Fee (such proportion being equal in value to a maximum of 75 basis points) in respect of the Class A Shares quarterly to any distributor or other entity that assists the Investment Manager in the performance of its duties in relation to the Sub-Fund and its Shareholders.

In addition the Classes shall bear other expenses such as banking, brokerage and transaction based fees, auditors' fees, legal fees and taxes.

In respect of the Sub-Fund's investments in UCITS and other UCIs, the total management fee (excluding any performance fee, if any) charged to the Sub-Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 3.5% of the relevant assets. The Fund will indicate in its annual report the total management fees charged both to the Sub-Fund and to the UCITS and other UCIs in which the Sub-Fund has invested during the relevant period.

An investor who subscribes, converts or redeems Shares in the Sub-Fund through paying agents may be required to pay fees connected to the transactions processed by said paying agents in the jurisdictions in which the Shares are offered.

## **12. Investment Manager**

In accordance with section 15 of the Part A of this Prospectus, the Management Company has appointed Morgan Stanley Investment Management Limited as Investment Manager of the Sub-Fund.

The Investment Manager may delegate certain investment management activities related to the Sub-Fund, including the discretion to make investment decisions, to Morgan Stanley Investment Management Company, regulated by the Monetary Authority of Singapore, and having its registered office at 23 Church Street, 16-01 Capital Square Singapore, 049481.

***MS HORIZONS Global Solutions Balanced Fund***

***SUB-FUND SPECIFICS***

**1. Reference Currency of the Sub-Fund**

The Reference Currency of the Sub-Fund is the US Dollar (“USD”).

**2. Investment Objective and Policy**

The investment objective of the Sub-Fund is to provide an attractive level of risk adjusted return, measured in USD, primarily through investing via a global portfolio of collective investment schemes in a variety of different types of investments, including mutual funds, exchange traded funds (ETFs), US government bonds, cash, money market instruments and commodity-linked investments, and through financial derivative instruments. The Investment Manager will seek to manage risk using the total portfolio risk approach and within a target volatility range of 4% to 10%. No guarantee or representation is made that the objective of the Sub-Fund will be achieved.

The Investment Manager will implement top-down, tactical views on global asset classes across: (1) fixed income securities; (2) equities; and (3) commodity-linked investments.

(1) Fixed Income Securities: the Sub-Fund will seek to achieve its investment objective by investing in collective investment schemes and exchange traded funds (ETFs) across a spectrum of fixed income asset classes, including developed and emerging markets, emerging market sovereign debt, emerging market corporate debt, investment grade, non-investment grade, high yield, inflation-linked and unrated securities. Individual bonds will be limited to US government bonds only.

For these purposes, “non-investment grade” means securities which at the time of purchase are rated lower than “BBB-” by S&P or “Baa 3” by Moody’s, or similarly rated by another internationally recognised rating service or determined to be of similar creditworthiness by the Investment Manager.

(2) Equities: the Sub-Fund will invest through collective investment schemes and exchange traded funds (ETFs) in developed and emerging markets worldwide (on a regional, country or sector basis), which may include closed-end Real Estate Investment Trusts (REITS) and open-ended collective investment schemes that are compliant with Article 41(1)(e) of the Investment Fund Law.

This may be supplemented by the use of derivative instruments. Please see below for further information on the use of derivatives.

(3) Commodity-linked investments: the Sub-Fund may (in accordance with the investment powers and restrictions set out in the Prospectus) implement tactical views on commodities via exchange traded commodities (ETCs) which will not use embedded derivatives and which qualify as 'transferable securities' and/or eligible commodity linked notes (the underlying of which may be commodity indices and/or sub-indices, both qualifying as financial indices under UCITS regulations) which will not use embedded derivatives and which qualify as 'transferable securities'.

#### Additional Investment Strategies, and Investment Restrictions

In order to achieve the Sub-Fund's investment objective, the Investment Manager may employ additional investment strategies such as:

- cash, money market instruments and money market funds: the Sub-Fund may hold cash, place cash on deposit, invest cash in high quality government bonds and/or invest in cash equivalents such as money market instruments. Money market instruments include commercial paper, certificates of deposit and short term government bonds. The Sub-Fund may also invest in money market funds and short-term money market funds.
- use of financial derivative instruments for efficient portfolio management (including hedging) purposes, including futures, options, warrants, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments and swap contracts, whether traded on- or off- exchange. The Sub-Fund's exposure to financial



derivative instruments will not exceed 100% of the Net Asset Value of the Sub-Fund.

- currency hedging: the exposure of the Sub-Fund's portfolio assets to currency fluctuations will typically be unhedged, unless the Investment Manager has a particular view on a relevant currency, in which case part of the Sub-Fund's non-Euro exposure may be hedged back to the Euro as its base currency. The Investment Manager anticipates maintaining the Sub-Fund's USD exposure between 50% to 100% of the Net Asset Value of the Sub-Fund.
- the overall value of the fixed income securities invested shall not exceed 80% of the Net Asset Value of the Sub-Fund.
- the overall value of non-investment grade securities will not exceed 10% of the Net Asset Value of the Sub-Fund. Unrated securities will not exceed 5% of the Net Asset Value of the Sub-Fund. Collectively non-investment grade securities and unrated securities will not exceed 10% of the Net Asset Value of the Sub-Fund.
- the Sub-Fund will not invest in asset backed securities or mortgage backed securities.
- the overall value of the equities invested shall not be less than 20%, and shall not exceed 80%, of the Net Asset Value of the Sub-Fund.
- No more than 50% of the Sub-Fund's net assets may be invested in Morgan Stanley funds.
- Investment will not be through single name securities, e.g. individual stocks or bonds, with the exception of US government bonds.
- the overall value of the commodity-linked investments made shall not exceed 10% of the Net Asset Value of the Sub-Fund.

- the overall value of the cash, money market instruments and money market funds invested shall not exceed 20% of the Net Asset Value of the Sub-Fund.
- the Sub-Fund may not enter into securities lending and borrowing transactions and/or repurchase agreements (repo) and reverse repo or any securities financing transactions, or total return swaps, within the meaning of the EU Regulation 2015/2365 on transparency of securities financing transactions (“SFTR”).
- investors should refer to section 6 “Risk Factors” of Part A of this Prospectus for the risks associated with an investment in the Sub-Fund.
- The Sub-Fund will at all times comply with the investment restrictions set out in section 5 of Part A of this Prospectus.

### **3. Risk Profile / Risk factors**

Investors should consider all of the risk factors set out in Section 6 of Part A of the Prospectus before making a decision to invest.

The global exposure of the Sub-Fund will be calculated on the basis of absolute value at risk. VaR reports will be produced and monitored based on the following criteria:

- at least a one year effective historical observation period (250 days);
- 1 month holding period;
- 99% unilateral confidence interval;

unless market conditions require a shorter observation period or usage of different VaR methodology.

The Sub-Fund will have expected gross leverage of 50%. Expected leverage is provided using the “*sum of the notionals of the derivatives used*” methodology as per the ESMA Guidelines 10-788. The expected level of leverage is an indicator and

not a regulatory limit. The Sub-Fund's levels of leverage may be higher or lower than this expected level as long as the Sub-Fund remains in line with its risk profile.

#### **4. Profile of the Typical Investor**

In light of the Sub-Fund's investment objective it may be appropriate for investors who:

- seek capital appreciation over the medium term;
- seek a balanced investment that focuses on those asset classes the Investment Manager finds tactically most attractive; and
- accept the risks associated with this type of investment, as set out in Section 6 of Part A of the Prospectus.

Investors should understand that they may not recover the amounts that they invest. Investors should read and understand the risk factors that are associated with an investment in the Sub-Fund, as explained in the Section entitled "*Risk Factors*" in the Prospectus.

Investors should consider their long-term investment goals and financial needs when making an investment decision about this Sub-Fund.

#### **5. Valuation Date**

The Valuation Date shall be every full bank business day in Luxembourg (the "Bank Business Day").

#### **6. Launch date and distribution**

The Sub-Fund may be launched at the Directors' discretion, at which time confirmation of the launch of the Sub-Fund will be made available at the registered office of the Fund.

Exclusive distribution rights for this Sub-Fund may be reserved for certain territories. For any question in this regard, please contact the Distributor, Morgan Stanley Investment Management Limited.

The Sub-Fund may offer for subscription Shares belonging to one or more of the Classes set forth in Section 9 ("*Classes Available, Subscription Requirements and Dividend Policy*") of this Supplement.

## **7. Subscription**

### **7.1. Initial subscription**

Shares of any Class may be offered by the Sub-Fund for subscription at a price of USD25.00 per Share during the subscription periods of each newly activated class the start and duration of which will be determined by the Board of Directors.

Subscriptions may be made in amounts and/or in a number of Shares.

The minimum initial subscription requirement and the minimum holding requirement for Shares of each Class are set out in Section 9 ("*Classes Available, Subscription Requirements and Dividend Policy*") of this Supplement. The Board of Directors may in its discretion waive any minimum subscription and minimum holding amount.

### **7.2. Subsequent subscription / cut-off time**

Following the close of an initial subscription period, Shares of the relevant Class will be available for subsequent subscription on each Valuation Date. Applications for Shares must be received by the Registrar and Transfer Agent no later than 3pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for Shares received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Subscriptions may be made in amounts and/or in a number of Shares.

### 7.3. Payment for Shares

Payment for Shares must be received within three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, of the applicable Valuation Date. If payment is not received within this timeframe, the relevant allotment of Shares may be cancelled at the risk and cost of the investor. Payments must be received by electronic transfer net of all bank charges.

### 8. Redemption – Value date / cut-off time

Shareholders are entitled to redeem their Shares on each Valuation Date. Applications for redemptions must be received by the Registrar and Transfer Agent no later than 3pm CET on the relevant Valuation Date to be dealt with on the basis of the Net Asset Value per Share applicable on that Valuation Date. Applications for redemptions received by the Registrar and Transfer Agent after that cut-off time will be dealt with on the next Valuation Date.

Redemptions may be made in amounts and/or in a number of Shares.

Redemption payments will be made no later than three (3) Bank Business Days, which are also bank business days in the country of the relevant payment currency, following the Valuation Date in respect of which the Shares have been redeemed.

The Board of Directors may agree with shareholders to settle redemption requests in whole or in part by an in-kind transfer of suitable investments, as further explained in Section 11 of Part A of the Prospectus.

### 9. Classes Available, Subscription Requirements and Dividend Policy

Class	Type of Investors	Currency	Minimum Initial Subscription Requirement	Minimum Holding Requirement	Dividend Policy
A USD	All Investors	USD	USD 1,000	USD 1,000	Capitalisation
AX USD	All Investors	USD	USD 1,000	USD 1,000	Distribution
I USD	Institutional Investors	USD	USD 1,000	USD 1,000	Capitalisation
IX USD	Institutional Investors	USD	USD 1,000	USD 1,000	Distribution

Class I Shares may be subscribed by institutional investors only. Class A Shares may be subscribed by other investors, with the prior consent of the Management Company.

The Board of Directors may in its discretion waive these minimum subscriptions and/or holding amounts. In such latter case, the Sub-Fund will ensure that concerned investors are fairly treated.

## 10. Conversion

Investors of this Sub-Fund may be allowed to convert their Shares to MS HORIZONS Global Solutions Defensive Fund only, under the conditions as further described in section 12 of Part A of the Prospectus.

## 11. Expenses

Name of Classes	Currency of Classes	Subscription Fee	Redemption Fee	Investment Management Fee	Depositary Fees	Central Administration Fees	Management Company Fees	Transaction Processing Fee	Annual Tax (basis points)
A USD	USD	Up to 3%	Up to 2%	135bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	5
AX USD	USD	Up to 3%	Up to 2%	135bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	5
I USD	USD	Up to 3%	Up to 2%	60bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	1
IX USD	USD	Up to 3%	Up to 2%	60bp	Up to 4bp	Up to 6bp	Up to 6bp	Up to 6bp	1

The Investment Manager has reserved the ability to charge a subscription fee of up to 3% on subscription proceeds, and a redemption fee of up to 2% on redemption proceeds.

For each subscription and each redemption, a dilution levy of a maximum of 2% may apply.

Class A and Class I will bear a Transaction Processing Fee equal in value to a maximum of 0.06% per annum of the value of the Sub-Fund's assets allocated to each class. The fee will be paid quarterly by the Sub-Fund to Morgan Stanley Investment Management Limited, who may share all or part of the fee with any

other entity that assists the Investment Manager in the performance of its duties in relation to the Sub-Fund and its Shareholders.

The Investment Manager may pay a proportion of its Investment Management Fee (such proportion being equal in value to a maximum of 75 basis points) in respect of the Class A Shares quarterly to any distributor or other entity that assists the Investment Manager in the performance of its duties in relation to the Sub-Fund and its Shareholders.

In addition the Classes shall bear other expenses such as banking, brokerage and transaction based fees, auditors' fees, legal fees and taxes.

In respect of the Sub-Fund's investments in UCITS and other UCIs, the total management fee (excluding any performance fee, if any) charged to the Sub-Fund itself and the other UCITS and/or other UCIs concerned shall not exceed 3.5% of the relevant assets. The Fund will indicate in its annual report the total management fees charged both to the Sub-Fund and to the UCITS and other UCIs in which the Sub-Fund has invested during the relevant period.

An investor who subscribes, converts or redeems Shares in the Sub-Fund through paying agents may be required to pay fees connected to the transactions processed by said paying agents in the jurisdictions in which the Shares are offered.

## **12. Investment Manager**

In accordance with section 15 of the Part A of this Prospectus, the Management Company has appointed Morgan Stanley Investment Management Limited as Investment Manager of the Sub-Fund.

The Investment Manager may delegate certain investment management activities related to the Sub-Fund, including the discretion to make investment decisions, to Morgan Stanley Investment Management Company, regulated by the Monetary Authority of Singapore, and having its registered office at 23 Church Street, 16-01 Capital Square Singapore, 049481.