

# Prospectus

relating to Shares in

**Investing for Development SICAV**

*Société d'investissement à Capital Variable, Luxembourg*

**LUXEMBOURG MICROFINANCE AND DEVELOPMENT FUND**

**December 2023**



**Luxembourg Microfinance  
and Development Fund**

This is the Prospectus of Investing for Development SICAV, Luxembourg Microfinance and Development Fund.

Please contact the registered office if you are looking for the particulars of another Sub-Fund.

## Important Information

This Prospectus comprises information relating to Investing for Development SICAV (the “Fund”), which is registered under Part II of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment. Such registration does not, however, imply approval by any Luxembourg authority of the contents of this prospectus (the “Prospectus”) or of the portfolio of assets held by the Fund. Any representation to the contrary is unauthorised and unlawful.

This Prospectus includes two sections: section I, containing the general provisions which are applicable to all Sub-Funds and section II, containing the Sub-Fund Particulars, detailing the specific provisions relating to each Sub-Fund.

The directors of the Fund (the “Board of Directors”) are the persons responsible for the information contained in the Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus is at its date in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Personal data related to identified or identifiable natural persons provided to, collected or otherwise obtained by or on behalf of, the Fund (the “Controller”) will be processed by the Controller in accordance with the Privacy Notice referred to in Section 13 “Data Protection” of the General Provisions of the Prospectus, a current version of which is available and can be accessed or obtained online at [www.lmdf.lu/en/privacy](http://www.lmdf.lu/en/privacy) and [www.fccf.lu/en/privacy](http://www.fccf.lu/en/privacy). Shareholders are informed that their personal data or information given in the Application Form, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of such Privacy Notice. Investors and any person contacting, or otherwise dealing directly or indirectly with the Controller are invited to read and carefully consider the Privacy Notice, prior to contacting or otherwise so dealing, and in any event prior to providing or causing the provision of any Data directly or indirectly to the Controller.

The Fund draws the Investors’ attention to the fact that any Investor will only be able to fully exercise his/her/its investor rights directly against the Fund, notably the right to participate in general meetings of Shareholders, if the Investor is registered himself/herself/itself and in his/her/its own name in the register of Shareholders. In case where an Investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the Investor, as 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.

If you are in any doubt about the contents of the Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The most recent annual report and semi-annual report of the Fund are available, once published, at the registered office of the Fund and will be sent to Investors upon request. Such report or reports shall be deemed to form part of the Prospectus.

Statements made in the Prospectus are based on the law and practice currently in force in Luxembourg and are subject to changes therein.

No person has been authorised to give any information or to make any representations in connection with the offering of shares issued by the Fund (“Shares”) other than those contained in this Prospectus and the reports referred to above, and, if given or made, such information or representations must not be relied on as having been authorised by the Fund. The delivery of this Prospectus (whether or not accompanied by any report) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Fund have not changed since the date hereof. An amended or updated Prospectus shall be provided, if necessary, to reflect changes to the information contained herein.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Fund to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus may be translated into other languages. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text prevails to the extent permitted by the applicable laws or regulations, and all disputes as to the terms thereof are governed by, and construed in accordance with, the laws of Luxembourg.

The typical investor in the Fund is an individual or institution who has an interest in investing in a way to contribute to social and/or environmental advancement of developing countries. The typical investor is aware that the Fund seeks dual objectives, social/environmental impact and financial return, and is willing to invest for the long term and accepts a possibly lower return on investment than available from

purely return-oriented investment vehicles.

Investment in the Fund should be regarded as a long-term investment. There can be no guarantee that the objective of the Fund will be achieved.

Your attention is notably drawn to the Section 4 “*Risk Factors and their Mitigation*” and the risk sections of each specific section for each sub-fund (the “**Sub-Fund Particulars**”).

In addition, the Fund’s investments are subject to the risks inherent in all investments and there can be no assurances that appreciation will occur. It will be the policy of the Directors to maintain a diversified portfolio of investments so as to minimise risk.

Potential subscribers and purchasers of Shares in the Fund should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding and disposal of Shares in the Fund.

Potential subscribers should note that the structure of the Prospectus is made up of Section I which contains general provisions applicable to all Sub-Funds (as defined hereinafter) and the Fund as a whole, and of Section II which contains the provisions which are specific to each available Sub-Fund.

## 1933 Act and 1940 Act

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”) or registered or qualified under applicable state statutes and (except in a transaction which is exempt from registration under the 1933 Act and such applicable state statutes) none of the Shares may be offered or sold, directly or indirectly, in the United States of America or in any of its territories or possessions (the “**United States**”), or to any US Person or US taxable person regardless of location. In addition, the Fund has not been and will not be registered under the United States Investment Fund Act of 1940, as amended (the “**1940 Act**”) and Investors will not be entitled to the benefit of the 1940 Act.

The Fund will not knowingly offer or sell Shares to any Investor to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability to taxation (including pursuant to Luxembourg laws) or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer or would result in the Fund being required to register under the 1940 Act. Shares may not be

held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations. Each Investor must represent and warrant to the Fund that, among other things, he/she/ it is able to acquire Shares without violating applicable laws. Power is reserved in the articles of association of the Fund (the “**Articles**”), to compulsorily redeem any Shares held directly or beneficially in contravention of these prohibitions.

## Prevention of money laundering and terrorist financing

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism, the Grand-Ducal Regulation dated 1 February 2010, the CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist financing, and any respective amendments or replacements), obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from acts/occurrences of money laundering and financing of terrorism. As a result of such provisions, the registrar and transfer agent of a Luxembourg UCI must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. Accordingly, the Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

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

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.

Where the Shares are subscribed through an intermediary acting on behalf of its customers, enhanced due diligence measures will be undertaken in accordance with Article 3 of the CSSF Regulation 12-02 of 14 December 2012.

## Due diligence on investments

Due diligence measures on the investments, which are related to AML/KYC checks, are applied on a risk-based approach, in accordance with applicable Luxembourg laws and regulations.

## Taxonomy Regulation

The Taxonomy Regulation was established to provide a classification system which provides investors and investee companies with a set of common criteria to identify whether certain economic activities should be considered environmentally sustainable.

Under the Taxonomy Regulation, an economic activity will be considered to be environmentally sustainable where it:

1. contributes substantially to one or more defined environmental objectives;
2. does not significantly harm any of the environmental objectives;
3. complies with certain minimum social safeguards; and
4. complies with specified key performance indicators known as technical screening criteria.

Only if all of the above criteria are met can an activity qualify as environmentally sustainable under the Taxonomy Regulation (“taxonomy-aligned environmentally sustainable activity”).

The Taxonomy Regulation currently defines six sustainable investment objectives:

1. climate change mitigation; and
2. climate change adaptation.
3. sustainable use and protection of water and marine resources;
4. transition to a circular economy;
5. pollution prevention and control; and
6. protection and restoration of biodiversity and ecosystems.

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## **SECTION 1: GENERAL PROVISIONS**

## DIRECTORY

### Registered Office

39, rue Glesener  
L-1631 Luxembourg

### Board of Directors

#### Chair:

Mr Raymond Schadeck, Independent

#### Other members:

- Mr Patrick Losch, Appui au Développement Autonome (ADA)
- Ms Christina Pinto, Ministry of Finance
- Mr Michel Maquil, Independent Director
- Ms Natalia Oskian (née Tchassovaia), Independent Director
- Ms Geneviève Hengen, Directorate of Development Cooperation, Ministry of Foreign and European Affairs
- Mr Dzemat Tomic, Banque et Caisse d'Epargne de l'Etat
- Ms Monica Tiuba Nogueira, Independent Director
- Mr Kaspar Wansleben, Executive Director
- Mr Olivier Goemans, Banque Internationale à Luxembourg (BIL)

### Alternative Investment Fund Manager

BIL Manage Invest S.A.  
69, route d'Esch  
L-1470 Luxembourg

### Depository and Paying Agent

Banque et Caisse d'Epargne de l'Etat, Luxembourg  
1, place de Metz  
L-2954 Luxembourg

### Administrative Agent and Registrar and Transfer Agent

EFA (UI efa S.A.)  
2, rue d'Alsace  
L-1017 Luxembourg

### Approved Statutory Auditor

KPMG Luxembourg  
société coopérative  
39, Avenue John F. Kennedy  
L-1855 Luxembourg

### Legal Advisors

Elvinger Hoss Prussen  
société anonyme  
2, Place Winston Churchill  
L-1340 Luxembourg

## GLOSSARY OF TERMS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

«2010 Law»	The Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time.
«Administrative Agent»	EFA (UI efa S.A.).
«Administrative Team»	Director or committee composed of persons (who are not necessarily Directors) in charge of day-to-day functions of the Fund.
«AIFM»	The alternative investment fund manager of the Fund as defined in the AIFM Directive, currently BIL Manage Invest S.A. or its successor as appointed by the Directors from time to time.
«AIFM Directive»	The Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers as amended from time to time.
«AIFM Law»	The law of 12 July 2013 on alternative investment fund managers, as amended from time to time.
«AIFM Regulation»	The Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision as amended from time to time.
«AIFM Rules»	The rules contained by the AIFM Directive, the AIFM Regulation and any binding guidelines or other delegated acts and regulations issued from time to time by the EU relevant authorities pursuant to the AIFM Directive and/or the AIFM Regulation, as well as by any national laws and regulations (such as the AIFM Law) which are taken in relation to (or transposing either of) the foregoing.
«Application Form»	Document signed or to be signed by an Investor who desires to subscribe to Shares (Commitment Agreement for example).
«Approved Statutory Auditor»	KPMG Luxembourg
«Articles»	The articles of association of

	the Fund as amended from time to time.	«Shareholder(s)»	All or any of the shareholders of the Fund or of any Sub-Fund or of any Class, as applicable.
«Board of Directors»	The board of directors of the Fund.	«Spuerkeess»	Banque et Caisse d'Epargne de l'Etat, Luxembourg.
«Business Day»	A week day on which banks are normally open for business in Luxembourg.	«Sub-Fund»	A specific portfolio of assets and liabilities within the Fund, having its own Net Asset Value and represented by one or more Classes, the features of which are specified in the relevant Sub-Fund Particulars in Section II of the Prospectus.
«Class»	Each class of Shares within any Sub-Fund of the Fund.		
«Depositary»	Banque et Caisse d'Epargne de l'Etat, Luxembourg (Spuerkeess).	«Sub-Fund Particulars»	The particular features of each Sub-Fund as disclosed in Section II of the Prospectus.
«Director»	Any director for the time being of the Fund.	«Taxonomy Regulation»	The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 as amended from time to time.
«EFA»	EFA (UI efa S.A.)		
«EU»	European Union.		
«Euro» or «EUR» or «€»	The legal currency of the European Monetary Union.		
«FATCA Rules»	Refers to the Intergovernmental Agreement (IGA) entered into between the Luxembourg and US governments on March 14, 2014, the Luxembourg law transposing the IGA, as well as, to the extent relevant, provisions of the US Foreign Account Tax Compliance.	«UCI»	Undertaking for collective investment, i.e. undertaking the sole objective of which is the collective investment in securities, financial instruments or other assets.
«FFI»	Foreign Financial Institution.	«US»	United States of America.
«Fund»	Investing for Development SICAV.	«US Person»	The term «US Person» shall have the meaning as described in the US Securities Act of 1933 and in the Foreign Account Tax Compliance Act.
«IGA»	Intergovernmental Agreement.		
«Investor»	An investor who has made a commitment to subscribe, or has subscribed, to Shares.	«USD»	United States dollars, the legal currency of the United States of America.
«Mémorial»	The <i>Mémorial C, Recueil des Sociétés et Associations</i> .	«Valuation Day»	Means the day as at which the NAV is determined, as detailed for each Sub-Fund, in the relevant Sub-Fund Particulars.
«MiFID II»	Directive 2014/65/UE of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.		
«Net Asset Value» or «NAV»	The net asset value of the Fund, a Sub-Fund, a Class or per Share as determined pursuant to Section 7» <i>Net Asset Value</i> ».		
«PRIIPs Regulation»	Regulation (EU) 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).		
«Prospectus»	This prospectus, being composed of Section I « <i>General Provisions</i> » and of Section II « <i>Sub-Fund Particulars</i> ».		
«Shares»	Any share in the Fund from any Class within any Sub-Fund subscribed by any Shareholder.		

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## 1. Structure of the Fund

The Fund is an investment company organised as a public limited company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and qualifies as a *société d'investissement* à capital variable (SICAV). The Fund is authorised as an undertaking for collective investment (“UCI”) under Part II of the 2010 Law. It qualifies as an externally managed alternative investment fund (“AIF”) under the AIFM Law. As indicated in Section 8.2 below, the Fund has appointed BIL Manage Invest S.A. as its AIFM.

The Fund was incorporated for an unlimited period under the name of Luxembourg Microfinance and Development Fund in Luxembourg on 7 October 2009. The capital of the Fund shall be equal at all times to the net assets of the Fund. The minimum capital of the Fund, as prescribed by law, is Euro 1,250,000. The Articles were deposited with the *Registre de Commerce et des Sociétés, Luxembourg* (“RCS”) and were published in the Mémorial on 2 November 2009. The Articles have been amended on 16 May 2017. These amendments have been deposited with the RCS and published in the *Recueil Electronique des Sociétés et Associations* (“RESA”).

The Fund is registered with the RCS under number R.C.S. B 148826.

The Fund is an umbrella fund and as such may operate separate Sub-Funds, each of which is represented by one or more Classes of Shares. The Sub-Funds are distinguished by their specific investment policy or any other specific features disclosed in the relevant Sub-Fund Particulars.

The Fund constitutes a single legal entity. However, the assets of each Sub-Fund shall be invested for the exclusive benefit of the Shareholders of the corresponding Sub-Fund and the assets of a specific Sub-Fund are solely accountable for the liabilities, commitments and obligations of that Sub-Fund.

The Board of Directors may at any time resolve to set up new Sub-Funds and/or create within each Sub-Fund one or more Classes, in which case the Prospectus will be updated accordingly. The Board of Directors may also at any time resolve to close, temporarily or permanently, a Sub-Fund, or one or more Classes within a Sub-Fund, to further subscriptions.

The Shares of the Fund are currently not listed on a stock exchange. The Board of Directors reserves the right to list the Shares of one or several Sub-Funds or Classes in the future. In such event, the relevant Sub-Fund Particulars will be amended accordingly.

Under Luxembourg law and its Articles, the Fund is authorised to issue an unlimited number of Shares, all of which are without par value.

The base currency of the Fund is the EUR and all the financial statements of the Fund will be presented in EUR.

## 2. Investment objectives and policies

The exclusive objective of the Fund is to place the funds available to it in securities of any kind and other permitted assets with the purpose of spreading investment risks and affording its Shareholders the results of the management of its portfolio.

Each Sub-Fund shall pursue a distinct investment policy and the investment restrictions may differ for each of them. The investment policy and, as the case may be, specific investment restrictions, are disclosed for each Sub-Fund in the relevant Sub-Fund Particulars.

The Sub-Funds within Fund shall not use securities financing transactions. As such, the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 shall not apply.

## 3. Investment restrictions

Any investment restrictions applicable to each Sub-Fund are disclosed in the relevant Sub-Fund Particulars.

## 4. Risk factors and their mitigation

### 4.1 General

The investments of the Fund are subject to risks inherent in any investment. It cannot therefore be guaranteed that the investment objectives will be achieved.

Investors must therefore be aware that the value of their investment may fall as well as rise and that past performance is not a guide to future performances. Moreover, Investors may lose some or all of their investment.

Please refer to the relevant Sub-Fund Particulars listing the risk factors particularly applicable to each of the Sub-Funds.

### 4.2 Certain Tax Risks

#### 4.2.1 OECD's BEPS Action points

The Organisation for Economic Co-operation and

Development together with the G20 countries have committed to address abusive global tax avoidance, referred to as base erosion and profit shifting (“**BEPS**”) through 15 actions detailed in reports released on 5 October 2015.

As part of the BEPS project, new rules dealing inter alia with double tax treaties abuse, the definition of permanent establishments, controlled foreign companies and hybrid mismatch arrangements, are being introduced into respective domestic law of BEPS member states via EU directives and a multilateral instrument.

The European Council has adopted two Anti-Tax Avoidance Directives being, Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (“**ATAD I**”) and Directive 2017/952/EU of 29 May 2017 amending ATAD I as regards hybrid mismatches with third countries (“**ATAD II**”) that address many of the above-mentioned issues. The measures included in ATAD I and ATAD II have been implemented into Luxembourg law respectively on 21 December 2018 (the “**ATAD I Law**”) and on 20 December 2019 (the “**ATAD II Law**”) and all of them are applicable since, 1 January 2019 1 January 2020 and 1 January 2022, depending on the measure. The ATAD I Law as well as the ATAD II Law may have a material impact on how returns to Investors are taxed.

At international level, the “Multilateral Convention to Implement Tax Treaty Related Measures to prevent Base Erosion and Profit Shifting” (“**MLI**”) was published by the OECD on 24 November 2016. The aim of the MLI is to update international tax rules and lessen the opportunity for tax avoidance by transposing the results from the BEPS project into more than 2,000 double tax treaties worldwide. A number of jurisdictions (including Luxembourg) have signed the MLI. The ratification process of Luxembourg has been achieved through the law of 7 March 2019 and the deposit of the ratification instrument with the OECD on 9 April 2019. As a consequence, the MLI entered into force in Luxembourg on 1 August 2019. Its application per double tax treaty concluded with Luxembourg will depend on the ratification by the other contracting state and on the type of tax concerned. Subsequent changes in tax treaties negotiated by Luxembourg incurred by the MLI could adversely affect the returns from the Fund to its Investors.

#### 4.2.2 ATAD III

On December 22, 2021, the European Commission published a proposal for a Directive laying down rules to prevent the misuse of shell entities for improper tax purposes and amending Directive 2011/16/EU (“**ATAD III**”). The rules contained in ATAD III aim to target EU entities mainly involved in cross-border activities having predominantly passive

income flows and outsourcing the administration of day-to-day operations and the decision-making on significant functions. ATAD III could result in additional reporting and disclosure obligations that may result in the denial of benefits under certain EU Directives and tax treaty benefits on EU entities not meeting certain minimum substance criteria (the so-called “**shell entities**”). It is important to note that AIFs managed by an AIFM or supervised under national law are expected to be excluded from the scope of ATAD III and thus not be subject to the above reporting obligations or sanctions. While ATAD III is expected to come into effect as of January 1, 2024, there is still considerable uncertainty surrounding its development and implementation.

#### 4.2.3 FATCA and CRS

FATCA and CRS rules being particularly complex and although the Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of the thirty per cent (30%) withholding tax under FATCA or a penalty or fine under FATCA Law or CRS Law, 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 a result of FATCA or a penalty or fine under FATCA Law or CRS Law, the value of Shares held by all Investors may be materially affected. The Fund and/or its Investors may also be indirectly affected by the fact that a non-U.S. financial entity or any intermediate entity through which the Fund invests does not comply with FATCA or CRS regulations even if the Fund satisfies with its own FATCA or CRS obligations.

Prospective Investor are encouraged to carefully read the Sections “**FATCA**” and “**Automatic Exchange of Information**” which are stated in Section 11 “**Taxation in Luxembourg**” (below).

#### 4.2.4 DAC 6

On 25 May 2018, the EU Council adopted a directive (2018/822 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation) that imposes a reporting obligation on parties involved in transactions that may be associated with aggressive tax planning (“**DAC 6**”). DAC6 has been implemented in Luxembourg by the law of 25 March 2020 (the “**DAC 6 Law**”).

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more “hallmarks” provided for in the DAC 6 Law that is coupled in certain cases, with the main benefit test (the “**Reportable Arrangements**”).

In the case of a Reportable Arrangement, the information that must be reported includes inter-alia the name of all relevant taxpayers and intermediaries as well as an outline

of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with the persons that design, market, organize, make available for implementation or manage the implementation of the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called “intermediaries”). Prospective investors should note that following a decision of the Court of Justice of the European Union (C-694/20), intermediaries covered by professional secrecy are exempt from the notification obligation under DAC6 vis-à-vis any other intermediary who is not their client. In certain cases, the taxpayer itself can be subject to the reporting obligation.

Reportable Arrangements must be reported within thirty days from the earliest of (i) the day after the Reportable Arrangement is made available for implementation or (ii) the day after the Reportable Arrangement is ready for implementation or (iii) the day when the first step in the implementation of the Reportable Arrangement has been made.

The information reported will be automatically exchanged between the tax authorities of all Member States.

In light of the broad scope of DAC 6, transactions carried out by the Fund may fall within the scope of DAC 6 and thus be reportable.

## 5. Shares

Shares will be issued in registered form. Shareholders will receive a confirmation of their shareholding. Share certificates will only be issued upon request and at the expense of the Shareholder.

Under the conditions provided for by Luxembourg law, the Board may at its discretion decide to issue, in addition to Shares in registered form, Shares in dematerialised form. Under the same conditions, holders of registered Shares may also request the conversion of their Shares into dematerialised Shares. The costs resulting from the conversion of registered Shares at the request of their holders will be borne by the latter unless the Board of Directors decides that it is in the interests of the relevant Sub-Fund that these costs are borne by such Sub-Fund.

The inscription of the Shareholder's name in the register of Shareholders evidences his/her/its right of ownership of Shares.

Fractions of Shares up to three decimal places will be issued

if so decided by the Board of Directors. Such fractions of Shares shall not be entitled to vote (unless they represent together an entire Share) but shall be entitled to participate in the net assets and any distributions attributable to the relevant Class on a pro rata basis.

All Shares must be fully paid-up; they are of no par value and carry no preferential or pre-emptive rights. Each Share of the Fund, irrespective of any Sub-Fund, is entitled to one vote at any general meeting of Shareholders, in compliance with Luxembourg law and the Articles.

Within each Sub-Fund, several Classes of Shares may be issued. More information is disclosed in the relevant Sub-Fund Particulars.

## 6. How to deal

### 6.1 Issue of shares

Shares will be issued and distributed in accordance with the provisions of the relevant Sub-Fund Particulars.

### 6.2 Redemption

The Articles provide that the Board of Directors, on behalf of the Fund, may compulsorily redeem the Shares held by any person, firm or corporate body, if in the opinion of the Fund such holding may be detrimental to the Fund, if it may result in a breach of any law or regulation whether Luxembourg or foreign, or if as a result thereof the Fund may become subject to laws other than those of the Grand Duchy of Luxembourg (including but without limitation tax laws); specifically but without limitation the Fund may compulsorily redeem Shares held by any U.S. Person.

The redemptions of the Shares and the acceptance of any application for redemption is to be made in accordance with the relevant Sub-Fund Particulars, and contingent upon the satisfaction of any conditions (including any minimum redemption/subSCRIPTION and prior notice requirements) applicable to the Sub-Fund/Class from/into which the redemption is to be effected.

### 6.3 Conversion

The conversions of the Shares and the acceptance of any application for conversion is to be made in accordance with the relevant Sub-Fund Particulars, and contingent upon the satisfaction of any conditions (including any minimum redemption/subSCRIPTION and prior notice requirements) applicable to the Sub-Fund/Class from/into which the conversion is to be effected.



## 7. Net Asset Value and Valuation of Assets

### 7.1 Calculation of the Net Asset Value

The NAV of each Class of each Sub-Fund, determined as at the Valuation Day, and the conditions of valuation of the Assets of each Sub-Fund, are disclosed in the relevant Sub-Fund Particulars.

The NAV in respect of each Class of each Sub-Fund shall be expressed in the currency in which the Shares of such Class are denominated and shall be calculated as at any Valuation Day by dividing the net assets of each Class and/or Sub-Fund (being the value of the portion of assets less the portion of liabilities attributable to such Class and/or Sub-Fund as at any such Valuation Day) by the total number of Shares in the relevant Class and/or Sub-Fund then outstanding. The NAV per Share may be rounded up or down to the nearest second decimal.

It is intended that the NAV shall be calculated as soon as possible once the information and data necessary to perform a reasonably correct assessment of the value of the underlying investments of the relevant Sub-Fund have been collected. The NAV calculated on this basis will be binding upon the Fund and its Shareholders. However, if, since the time of determination of the NAV as at the relevant Valuation Day, there has been a substantial change in the valuation of the investments attributable to the relevant Sub-Fund, the Board of Directors, with the consent of the AIFM may, in order to safeguard the interests of the Shareholders and of the Fund, cancel the first NAV and carry out a second valuation until any subscription, redemption or conversion has been processed on the basis of the NAV so determined. All subscription, redemption and conversion requests shall be treated on the basis of this second valuation.

The NAV is determined as at the applicable Valuation Day in accordance with the terms of each Sub-Fund Particulars, on the basis of the value of the underlying investments of the relevant Sub-Fund determined by the AIFM, which shall be responsible for the proper valuation of the Sub-Funds' assets and shall remain ultimately responsible for the calculation and the publication of the NAV.

The NAV and the issue, redemption and conversion prices for the Shares of each Class of each Sub-Fund may be obtained during business hours at the registered office of the Administrative Agent.

The NAV determined as at a Valuation Day will normally be available at the registered office of the Administrative Agent within 45 calendar days after that Valuation Day and in any case no later than the following Valuation Day.

### 7.2 Valuation of the Assets

The value of the underlying investments of the relevant Sub-Fund shall be performed by the AIFM, as the case may be with the support of independent appraisers, as follows:

- (a) Debt instruments not listed or dealt in on any stock exchange or any other regulated market that operates regularly, is recognized and open to the public will be valued at the nominal value plus accrued interest. Such value will be adjusted, if appropriate, to reflect e.g. major fluctuations in interest rates in the relevant markets or the appraisal of the AIFM on the creditworthiness of the relevant debt instrument. The AIFM will use its best endeavours to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments will be valued at their fair value as determined in good faith by the AIFM. If the AIFM believes that a deviation from this method of valuation may result in material dilution or other unfair results to Shareholders, the AIFM will take such corrective action, if any, as it deems appropriate to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.
- (b) Capital participations not listed or dealt in on any stock exchange or any other regulated market that operates regularly, is recognized and open to the public will be valued at their reasonably foreseeable sales price determined prudently and in good faith pursuant to procedures established by the AIFM.
- (c) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the AIFM may consider appropriate in such case to reflect the true value thereof.
- (d) The value of assets which are listed or dealt in on any stock exchange is based on the last available price on the stock exchange which is normally the principal market for such assets.
- (e) The value of assets dealt in on any other regulated market is based on the last available price.
- (f) The value of units or shares in UCIs is based on their last-stated net asset value. Other valuation methods may be used to adjust the price of these units or shares if, in the opinion of the Fund, there have been changes in the value since the net asset value has been calculated or the



valuation method used by the UCIs is not appropriate to reflect the fair value thereof.

(g) For assets that are not listed nor dealt in on any stock exchange or any other regulated market and which are not mentioned above or in the event that, for any assets, the price as determined pursuant to subparagraph (d) or (e) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at the rate of exchange ruling in Luxembourg as at the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the AIFM.

The AIFM following consultation with the Board of Directors, may permit some other method of valuation to be used, if it considers that such method of valuation better reflects the true value of any asset of the Fund.

### **7.3 Suspension of the Calculation of the Net Asset Value and the issue, redemption and conversion of shares**

In each Sub-Fund, the calculation of the NAV and the issue, redemption and conversion of Shares may be temporarily suspended:

(a) during any period when any one of the stock exchanges or other principal markets on which a substantial portion of the assets of the Fund attributable to such Sub-Fund(s), from time to time, is quoted or dealt in is closed (otherwise than for ordinary holidays) or during which dealings therein are restricted or suspended provided that such restriction or suspension affects the valuation of the investments of the Fund attributable to such Sub-Fund(s) quoted thereon; or

(b) during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Board of Directors, or the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors, disposal or valuation of the assets held by the Fund attributable to such Sub-Fund(s) is not reasonably practicable without this being seriously detrimental to the interests of Shareholders, or if in the opinion of the Board of Directors the issue and, if applicable, redemption prices cannot fairly be calculated;

or

(c) during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the Fund attributable to such Sub-Fund(s) or the current prices or values on any stock exchanges or other markets in respect of the assets attributable to such Sub-Fund; or

(d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund(s) or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of the Fund cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or

(e) from the time of publication of a notice convening an extraordinary general meeting of Shareholders for the purpose of winding up the Fund or any Sub-Fund(s), or merging the Fund or any Sub-Fund(s), or informing the Shareholders of the decision of the Board of Directors to terminate or merge any Sub-Fund(s); or

(f) when for any other reason, the prices of any investments owned by the Fund attributable to such Sub-Fund cannot be promptly or accurately ascertained; or

(g) during any other circumstance where a failure to do so might result in the Fund, any of its Sub-Funds or its Shareholders incurring any liability, pecuniary disadvantages or any other detriment which the Fund, the Sub-Fund or its Shareholders might so otherwise not have suffered; or

(h) during any period when in the opinion of the Board of Directors there exist circumstances outside of the control of the Fund where it would be impracticable or unfair towards the Shareholders to continue dealing in Shares of the concerned Sub-Fund(s).

Notice of the beginning and of the end of any period of suspension shall be given by the Fund to all the Shareholders affected, i.e. having made an application for subscription, redemption, transfer or conversion of Shares for which the calculation of the NAV has been suspended.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the NAV in the relevant Sub-Fund, in which case Shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with as at the first

applicable Valuation Day following the end of the period of suspension.

## 8. Management and Administration of the Fund

### 8.1 Board of Directors

The Board of Directors shall have the broadest powers to act in any circumstances on behalf of the Fund, subject to the powers assigned by the law and the Articles to the general meeting of Shareholders.

The Board of Directors has been given power to administer and manage the Fund and to decide on its objectives and on the investment policy to be pursued by each Sub-Fund.

The Fund may indemnify any Director against expenses reasonably incurred by him/her/it in connection with any action, suit or proceeding to which he/she/it may be made a party by reason of him/her/it being or having been a director of the Fund, except in relation to matters as to which he/she/it shall be finally adjudged in such action, suit or proceeding to be liable of gross negligence or misconduct. The foregoing right of indemnification shall not exclude other rights to which he/she/it may be entitled.

### 8.2 Alternative Investment Fund Manager

The Board of Directors has appointed BIL Manage Invest S.A. as alternative investment fund manager of the Fund within the meaning of the AIFM Directive (the “AIFM”).

BIL Manage Invest S.A. was incorporated under Luxembourg laws on 28 June 2013, under the form as a public liability company (société anonyme) and has its registered office at 69 route d’ Esch, L - 1470 Luxembourg, Grand Duchy of Luxembourg. BIL Manage Invest S.A. is registered with the RCS under number B178517.

BIL Manage Invest S.A. has been authorised as an alternative investment fund management in accordance with the AIFM Directive by the CSSF.

#### *Description of duties*

The AIFM has been entrusted with the duties pertaining to the investment management functions of the Fund, namely (a) the portfolio management function and (b) the risk management function.

In the framework of its portfolio management function, the AIFM implements the objectives, policies, strategies and investment restrictions of the Fund and each Sub-Fund as established by the Board of Directors. It takes decisions and

manages the Sub-Funds’ assets as further described under the relevant Sub-Fund Particulars.

In the framework of its risk management function, the AIFM has implemented appropriate risk management systems in order to detect, measure, manage and follow, in an adequate manner, all the risks relating to the investment strategy of each Sub-Fund. As such, the AIFM shall determine the risk profile of each Sub-Fund and ensure that it is relevant in light of the size, portfolio structure, strategies and investment objectives of the relevant Sub-Fund.

The AIFM is responsible for the valuation of the Sub-Funds’ assets. For this purpose, the AIFM has adopted valuation policies and procedures to ensure that any valuation of each asset is performed impartially and with all due skill, care and diligence. In accordance with the AIFM Rules, the AIFM will ensure that the valuation task is functionally independent from the portfolio management, and the remuneration policy and other measures ensure that conflicts of interest are mitigated.

Furthermore, the AIFM is also in charge of certain marketing services and other activities related to the assets of the Fund.

The AIFM may carry out any activities connected directly or indirectly to, and/or deemed useful and/or necessary for, the accomplishment of the relevant Sub-Fund objectives, remaining, however, within the limitations set forth in this Prospectus (including the Sub-Fund Particulars) and the provisions of applicable governing laws and regulations.

The AIFM shall ensure that the decision-making procedures and its own organisational structure ensure the fair treatment of Shareholders. In addition, the AIFM shall ensure on an on-going basis that Shareholders are treated fairly and equitably.

The AIFM has adopted appropriate policies in order to identify, manage, monitor and disclose conflicts and potential conflicts of interest entailing a material risk of damage to the Fund’s or the Shareholders’ interests.

All the above duties are more fully described in the AIFM agreement, a copy of which is available at the registered office of the AIFM.

#### *Professional liability*

In accordance with the requirements of Article 9.7 of the AIFM Directive, the AIFM is holding additional own funds which are appropriate to cover potential liability risks arising from professional negligence in its capacity as AIFM. More information regarding this cover may be obtained at the AIFM’s registered office.

### *Delegation*

The AIFM has been permitted by the Fund to appoint, at its own expenses, unless otherwise specified in the Sub-Fund Particulars, delegates in relation to its functions in accordance with the AIFM Rules. The name and information with respect to such delegate, if any, will be disclosed if applicable in the Sub-Fund Particulars and information about conflicts of interests that may arise from these delegations will be made available, as applicable, at the registered office of the AIFM.

The AIFM will monitor on a continued basis the activities of the third parties to which it would delegate functions.

All delegations shall be carried out in accordance with the AIFM Rules.

## **8.3 Fund Internal Organisation**

The Board of Directors may entrust to one of its members or to a committee composed of several persons who are not necessarily members of the Board of Directors (such director or committee is herein referred to as the “Administration Team”) day-to-day functions, notably with respect to the administration of the Fund’s investment portfolio, risk processes, reporting to Shareholders, relations with third parties such as supervisory authorities and external consultants, the organisation of internal administrative procedures and any other regular day-to-day tasks as delegated by the Board of Directors and in support of the portfolio and risk management of the AIFM.

At the date of this Prospectus, Kaspar Wansleben leads the Administration Team and assumes as such a full time position. He is supported by a dedicated team of one or several persons.

The Board of Directors may further establish an investment committee for each Sub-Fund as set out in the relevant Sub-Fund Particulars.

## **8.4 Depositary**

### *8.4.1 General Information*

Banque et Caisse d’Epargne de l’Etat, Luxembourg (in such capacity, the “**Depositary**”) has been appointed as depositary of the Fund. The Depositary has undertaken to provide depositary and custody services in respect of the Fund’s assets as further detailed in the depositary agreement (the “**Depositary Agreement**”) in accordance with the 2010 Law and the AIFM Law.

Banque et Caisse d’Epargne de l’Etat Luxembourg, an autonomous public institution under Luxembourg law, with

registered office at 1, Place de Metz, L-2954 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés*) under number B 30775, is authorised to carry out banking activities under the 1993 Law on the financial services sector and specializes in custody, fund administration and related services.

The Depositary shall not have any investment decision-making role in relation to the Fund.

### *8.4.2 Duties of the Depositary*

The Depositary carries out its functions and responsibilities in accordance with the AIFM Law/2010 Law and the Depositary Agreement, which contains specific provisions regarding the duties and liabilities of the Depositary.

#### *8.4.2.1 Oversight Duties*

In order to assure its oversight duties, the Depositary will:

- ensure the issue, redemption and conversion of Shares of a Sub-Fund are carried out in accordance with applicable Luxembourg laws, the Articles and this Prospectus;
- ensure the value of the Shares of a Sub-Fund is calculated in accordance with applicable Luxembourg laws, the Articles, this Prospectus and the valuation procedures as determined by the AIFM and as documented in the AIFM’s valuation policy;
- carry out the instructions of the Fund and the AIFM, unless they conflict with applicable Luxembourg laws, the AIFM Law, the Articles, the Prospectus and/or the Depositary Agreement;
- with respect to transactions involving a Sub-Fund’s assets, ensure that any consideration is remitted to the Sub-Fund within the usual time limits; and
- ensure that a Sub-Fund’s income is applied in accordance with applicable Luxembourg laws, the Articles and the Prospectus.

#### *8.4.2.2 Safe-keeping, Record-keeping and Ownership Verification*

In order to assure its safe-keeping, record-keeping and ownership verification duties, the Depositary will:

- safe-keep the assets of a Sub-Fund that can be held in custody (including book entry securities);
- record-keep the assets that cannot be held in custody, in which case the Depositary must verify their ownership.

#### 8.4.2.3 Cash-flow Monitoring

In order to assure cash-flow monitoring duties, the Depositary will:

- ensure that the Sub-Fund's cash-flows are properly monitored and, in particular, ensure that all payments made by or on behalf of Investors upon the subscription of Shares in a Sub-Fund have been received and that all cash of the Sub-Fund has been booked in cash accounts which the Depositary can monitor and reconcile.

#### 8.4.3 Delegation

The Depositary may delegate certain functions to specialised service providers, at all times in accordance with the 2010 Law and the AIFM Law. Details of such delegates are available at the registered office of the Depositary and via the following link: [www.spuerkeess.lu/s/sub\\_custodians](http://www.spuerkeess.lu/s/sub_custodians).

#### 8.4.4 Conflicts of interest

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

Potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Fund, the AIFM and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund, the AIFM and/or other funds for which the Depositary (or any of its affiliates) act. At the day of this Prospectus, the Depositary didn't identify any conflict of interest resulting from the delegation of safe-keeping functions. Up-to-date information on (the missions of) the Depositary, delegations and sub-delegations and related conflicts of interest may be requested from the Depositary by shareholders.

#### 8.4.5 Liability

In relation to the Depositary's duties regarding financial instruments which can be held in custody, the Depositary is liable to the Fund and/or the Shareholders for any loss of such financial instruments held by the Depositary or any delegate.

In relation to all the other Depositary's duties, the Depositary is liable to the Fund and/or the Shareholders for all other losses suffered by it or them as a result of the Depositary's negligence (faute) (whether through an act or omission), gross negligence (faute lourde) or wilful misconduct (dol).

The Depositary may in certain circumstances and in accordance with the AIFM Law discharge itself of liability.

#### 8.4.6 Termination

The Depositary Agreement may be terminated at any time, by the Depositary, the Fund or the AIFM by means of three (3) months' prior written notice. In certain circumstances, the Depositary Agreement may be terminated with immediate effect in accordance with the provisions of the Depositary Agreement. The Depositary will be obliged to take all measures needed to preserve the interests of investors until its replacement, which must take place, in accordance with the AIFM Law, within two (2) months of such termination.

### 8.5 Administrative Agent

By an agreement dated 14 December 2023 and effective as of 15 December 2023 (the "Administrative Agreement"), the AIFM, with the consent of the Fund, has appointed EFA as administrative, registrar and transfer agent of the Fund.

As such, EFA is responsible for processing of the issue (registration), redemption, transfer and conversion of the Shares and settlement arrangements thereof, keeping the register of the Fund's Shareholders, calculating the Net Asset Value per Share, maintaining the records, and other general administrative functions.

The Administrative Agreement is entered into for an unlimited term and may be terminated by either party subject to a written notice of three months.

### 8.6 Distributors

The Board of Directors may designate one or several distributors to distribute or arrange for the distribution of Shares of the Sub-Funds, as disclosed in the relevant Sub-Fund Particulars.

Distributors shall abide by and enforce all the terms of this Prospectus including, where applicable, the terms of any mandatory provisions of Luxembourg laws and regulations relating to the distribution of the Shares. Distributors shall also abide by the terms of any laws and regulations applicable to them in the country where their activity takes place, including, in particular, any relevant requirements to identify and know their clients.

Any distributor(s) appointed to market and place the Shares of the Fund have the power to offer directly, or through any of their subsidiaries or group companies, financial intermediary services for applicants purchasing Shares through them to the extent such distributor(s) are located in a FATF (Financial Action Task Force) Country and submitted to anti-money

laundering regulations.

Applicants may elect, but are not obliged, to make use of such financial intermediary service pursuant to which the financial intermediary will hold Shares in its name for and on behalf of the applicants who shall be entitled at any time to claim direct title to the Shares and who, in order to empower the financial intermediary to vote at any general meeting of Shareholders, shall provide the financial intermediary with specific or general voting instructions to that effect. Applicants retain the ability to directly invest in the Fund without using a financial intermediary service.

## 8.7 Auditor

KPMG Luxembourg has been appointed as Approved Statutory Auditor of the Fund and will audit the Fund's annual financial statements.

## 8.8 Conflicts of Interest

The Directors, the AIFM, the Administrative Agent and the Depositary and the investment advisors may from time to time act as promoter, manager, investment manager, investment adviser(s), registrar, transfer agent, administrator, trustee, depositary, director or placing agent to, or be otherwise involved in, other UCIs which have similar investment objectives to those of the Fund or may otherwise provide discretionary fund management or ancillary administration or depositary services to investors with similar investment objectives to those of the Fund. It is, therefore, possible that any of them may, in the course of their business, have potential conflicts of interests with the Fund. Each will at all times have regard in such event to its obligations to the Fund and they will endeavour to resolve such conflicts fairly.

In the event that any Director has a direct or indirect financial interest conflicting with that of the Fund in a transaction which has to be considered by the Board of Directors, that director shall be obliged to advise the Board of Directors and cause a record of his/her/its statement to be included in the minutes of the meeting. This Director may not deliberate or vote upon any such transaction.

At the next following general meeting, before any other resolution is put to vote, a special report shall be made on any transactions in which any of the Directors may have had an interest conflicting with that of the Fund.

### *AIFMD considerations*

The AIFM will take all reasonable steps to identify conflicts of interest that may arise in the course of managing the Fund. These may arise between the AIFM (including its managers,

employees or any person directly or indirectly linked to the AIFM by control) and the Fund or its Shareholders, the Fund or its Shareholders and another client of the AIFM (including another alternative investment fund with similar investment strategy or their investors), and two clients of the AIFM.

The AIFM will maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the Fund and its Shareholders.

The AIFM will segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest. The AIFM will assess whether its operating conditions may involve any other material conflicts of interest and disclose them to the Shareholders.

Where organisational arrangements made by the AIFM to identify, prevent, manage and monitor conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to investors' interests will be prevented, the AIFM will clearly disclose the general nature or sources of conflicts of interest to the Shareholders before undertaking business on their behalf, and develop appropriate policies and procedures.

Investors are informed that, by the sole fact of soliciting an investment or, a fortiori, investing in the Fund, they acknowledge and consent that the information to be disclosed as per the above is provided at the registered office of the Fund and that this information will not be addressed personally to them.

## 9. Fees and Expenses

### 9.1 AIFM Fees

The AIFM is entitled to receive from the Fund out of the assets of each Sub-Fund fees in respect of the management services provided to each Sub-Fund payable and calculated, as specified in each relevant Sub-Fund Particulars.

### 9.2 Administration Team Fees

In consideration of the services rendered to the Fund, the Administration Team is entitled to receive a fee as disclosed for each Sub-Fund in the relevant Sub-Fund Particulars.



### 9.3 Depositary and Administrative Fees

The Depositary and Administrative Agents are entitled to receive out of the assets of the relevant Sub-Fund fees calculated in accordance with normal banking practice in Luxembourg and payable periodically at a rate based on the average gross asset value of that Sub-Fund over the relevant period, subject, as applicable, to an annual minimum fee.

In addition, the Depositary and Administrative Agents are entitled to be reimbursed by the relevant Sub-Fund for their reasonable out-of-pocket expenses properly incurred in carrying out their duties as such and for the charges of any correspondents.

All the above charges are subject to review from time to time.

### 9.4 Distribution Fee

The distributors may be entitled to receive, out of the assets of the relevant Sub-Fund, fees in consideration for the services provided to that Sub-Fund, as specified in the relevant Sub-Fund Particulars (as the case may be).

### 9.5 Other Fees and Expenses

The Fund on behalf of the relevant Sub-Funds also pays (a) the charges and expenses of advisers and Approved Statutory Auditor, (b) any issue or transfer taxes chargeable in connection with any securities transactions, (c) all taxes and corporate fees payable to governments or agencies, (d) allowances and reimbursable expenses, payable to the Directors, (e) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (f) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, as the case may be, (g) marketing and promotional expenses and (h) all other organisational and operating expenses, including among others due diligence expenses.

### 9.6 Formation and launching expenses of additional Sub-Funds

The costs and expenses incurred in connection with the creation of a new Sub-Fund shall be written off over a period not exceeding five years against the assets of such Sub-Fund only and in such amounts each year as determined by the Board of Directors on an equitable basis.

## 10. Dividend policy

The primary investment objective of the Fund is to achieve long-term growth. The Fund's operating plan in general does not contemplate payment of dividends to Shareholders.

## 11. Taxation in Luxembourg

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

### 11.1 The Fund

The Fund is not subject to taxation in Luxembourg on its income, profits or gains. The Fund is not subject to net wealth tax in Luxembourg.

No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares of the Fund.

As a matter of principle, the Fund is liable in Luxembourg to a subscription tax (*taxe d'abonnement*) at a rate of 0.05% per annum on its net asset value, such tax being payable quarterly and calculated on the basis of the total net assets of the Fund at the end of the relevant quarter.

Subject to certain conditions, a reduced subscription tax rate of 0.01% per annum is applicable to:

- the Fund or its Sub-Funds that are authorised as money market funds in accordance with Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds ("Regulation 2017/1131");
- the Sub-Funds or Classes of Share where the Shares of those Sub-Funds or Classes are only held by one or more institutional Investors within the meaning of the 2010 Law.

As from 1 January 2021, the Fund or its Sub-Funds, may benefit from reduced subscription tax rates depending on

the value of its net assets invested in sustainable economic activities within the meaning of Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 and disclosed in accordance with that regulation (the “Qualifying Activities”) except for the proportion of net assets of the Fund or of a Sub-Fund invested in economic activities as referred to in sections 4.26, 4.27, 4.28, 4.29, 4.30, 4.31 of the Annexes I and II to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852. The reduced subscription tax rates would be of:

- 0.04% if at least 5% of the total net assets of the Fund, or of its Sub-Fund, are invested in Qualifying Activities;
- 0.03% if at least 20% of the total net assets of the Fund, or of its Sub-Fund, are invested in Qualifying Activities;
- 0.02% if at least 35% of the total net assets of the Fund, or of its Sub-Fund, are invested in Qualifying Activities; and
- 0.01% if at least 50% of the total net assets of the Fund, or of its Sub-Fund, are invested in Qualifying Activities.

The subscription tax rates mentioned above would only apply to the net assets invested in Qualifying Activities.

A subscription tax exemption applies to:

- the portion of the Fund’s assets (pro rata) invested in a Luxembourg UCI subject itself to the subscription tax;
- the Fund and its Sub-Funds where (i) the securities are reserved for institutional Investor(s), and (ii) if they are authorised as short-term money market funds in accordance with Regulation 2017/1131, and (iii) the securities have obtained the highest possible rating from a recognised rating agency. If several Classes of Shares are in issue in the Fund or the Sub-Fund meeting (ii) to (iii) above, only those Classes of Shares meeting (i) above will benefit from this exemption;
- the Fund as well as its Sub-Funds if their main objective is the investment in microfinance institutions, are exempted from such a subscription tax; in accordance with article 175 of the Law.;
- the Funds as well as its Sub-Funds if (i) the securities issued by the Funds or its Sub-Funds are listed or traded on at least one stock exchange or another regulated market operating regularly, recognized and open to the

public and (ii) their exclusive object is to replicate the performance of one or more indices. If several Classes of Shares are in issue in the Fund or the Sub-Fund meeting (ii) above, only those Classes of Shares meeting (i) above will benefit from this exemption;

- the Fund as well as its Sub-Funds that are authorised as European long-term investment funds within the meaning of Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds; and
- the Fund as well as its Sub-Funds if the securities issued by the Fund are reserved for (i) institutions for occupational retirement pension and similar investment vehicles, set-up on the initiative of one or more employers for the benefit of their employees and (ii) companies of one or more employers investing funds they hold to provide retirement benefits to their employees and (iii) savers in the context of a pan-European personal pension product established under Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European personal pension product (PEPP). If several Classes of Shares are in issue in the Fund or the Sub-Fund, only those Classes of Shares whose securities are reserved for investors referred to in (i), (ii) and (iii) above will benefit from this exemption.

**The application of the abovementioned reduction and/or exemption of subscription tax is subject to certain conditions (reporting and audit) provided for in the 2010 Law.**

The tax status of each Sub-Fund is disclosed in the relevant Sub-Fund Particulars.

## 11.2 Withholding tax

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

Distributions made by the Fund as well as liquidation proceeds and capital gains derived therefrom are not subject to withholding tax in Luxembourg.

### 11.3 Taxation of the Shareholders

#### 11.3.1 Luxembourg-resident individuals

Capital gains realised on the sale of the Shares by Luxembourg-resident individual Investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if said capital gains qualify either as speculative gains or as gains on a substantial participation:

- Speculative gains (i.e., when the Shares are sold before or within 6 months from their subscription or purchase) are subject to income tax at progressive ordinary rates; or
- Capital gains realised on a substantial participation are taxed at half the average combined tax rate. A shareholding is considered as substantial participation when the seller holds or has held, alone or with his/her spouse or partner and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, of more than 10% of the share capital of the Fund. A Shareholder is also deemed to alienate a substantial participation if she/he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period).

Distributions received from the Fund will be subject to Luxembourg personal income tax.

Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*).

#### 11.3.2 Luxembourg-resident corporate

Luxembourg-resident fully taxable corporate Investors will be subject to corporate income tax, municipal business tax and an employment fund surcharge at ordinary rates (“**Corporation Taxes**”) on capital gains realized upon disposal of Shares and on the distributions received from the Fund.

Luxembourg-resident corporate Investors who benefit from a special tax regime, such as, for example, (i) UCIs subject to the 2010 Law, as amended, (ii) specialised investment funds subject to the law of 13 February 2007 on specialised investment funds (“**SIF**”), as amended, (iii) reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds (“**RAIF**”) (not opting for the treatment as a venture capital vehicle for Luxembourg tax purposes) or (iv) family wealth management

companies subject to the law of 11 May 2007 related to family wealth management companies, as amended, (“**SPF**”) are exempt from Corporation Taxes in Luxembourg, but are however subject to an annual subscription tax (*taxe d’abonnement*) and thus income derived from the Shares, as well as gains realized thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg-resident corporate Investors subject to Corporation Taxes on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth exceeding EUR 500 million.

The Shares shall be part of the taxable net wealth of the Luxembourg-resident corporate Investors except if the holder of the Shares is (i) a UCI subject to the 2010 Law, as amended, (ii) a vehicle governed by the law of 22 March 2004 on securitization, as amended, (iii) an investment company in risk capital subject to the law of 15 June 2004 on the investment company in risk capital, as amended, (iv) a SIF, (v) a RAIF, (vi) a SPF, or (vii) professional pension institutions governed by the law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations. A minimum net wealth tax may however be due under certain circumstances by certain resident corporate investors.

#### 11.3.3 Non Luxembourg residents

Non-resident individuals or corporate Shareholders who do not have a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which the Shares are attributable, are not subject to Luxembourg income taxation on capital gains realized upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax.

The tax consequences for Shareholders wishing to purchase, subscribe, acquire, hold, convert, sell, redeem or dispose Shares will depend on the relevant laws of any jurisdiction to which the Shareholder is subject.

### 11.4 Automatic Exchange of Information (“**AEOI**”)

The Organisation for Economic Co-operation and Development (“**OECD**”) has developed a common reporting standard (“**CRS**”) to achieve a comprehensive and multilateral automatic exchange of information (“**AEOI**”) on a global basis. On 29 October 2014, Luxembourg signed the OECD’s multilateral competent authority agreement (“**Multilateral Agreement**”) to automatically exchange information under the CRS. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory



automatic exchange of information in the field of taxation (the “**Euro-CRS Directive**”) was adopted in order to implement the CRS among the Member States.

The CRS and Euro-CRS Directive were implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (“**CRS Law**”). The CRS Law requires Luxembourg financial institutions to identify their financial account holders (including certain entities and their controlling persons) and establish if they are fiscally resident (i) in an EU Member State other than Luxembourg or (ii) in a jurisdiction with which Luxembourg has a tax information sharing agreement in place (including the Multilateral Agreement) and which is identified in the list of reportable jurisdictions published by the Grand Ducal Decree (“**CRS Reportable Accounts**”). The first official list of CRS reportable jurisdictions was published on 24 March 2017 and is updated from time to time. Luxembourg financial institutions will then report the financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund may require its investors to provide information or documentation in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status; and report information regarding an investor and his/her/its account holding in the Fund to the Luxembourg tax authorities (*Administration des Contributions Directes*) if such an account is deemed a CRS Reportable Account under the CRS Law.

By investing in the Fund, the investors acknowledge that (i) the Fund is responsible for the treatment of the personal data provided for in the CRS Law; (ii) the personal data will inter alia be used for the purposes of the CRS Law; (iii) the personal data may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and through them to the competent authorities of CRS reportable jurisdictions; (iv) responding to CRS-related questions is mandatory; and (v) the investors have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

Investors should consult their professional advisers on the possible tax and other consequences with respect to the implementation of the CRS.

## 11.5 FATCA

The Foreign Account Tax Compliance Act (“**FATCA**”), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US (“**foreign financial institutions**” or “**FFIs**”) to pass information about “Financial Accounts” held by “**Specified US Persons**”, directly or indirectly, to the US tax authorities, the Internal Revenue Service (“**IRS**”) on an annual basis.

A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement.

On 28 March 2014, the Grand Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement (“**IGA**”) with the United States of America and a memorandum of understanding in respect thereof.

The Fund would hence have to comply with this Luxembourg IGA as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the “**FATCA Law**”), in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. Under the FATCA Law and the Luxembourg IGA, the Fund may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes (“**FATCA reportable accounts**”). Any such information on FATCA reportable accounts provided to the Fund will be shared with the Luxembourg tax authorities which will automatically exchange that information on a yearly basis with the IRS.

The Fund intends to comply with the provisions of the FATCA Law and the Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its Share of any such payments attributable to actual and deemed U.S. investments of the Fund. The Fund will continually assess the extent of the requirements that FATCA and notably the FATCA Law, places upon it.

To ensure the Fund’s compliance with FATCA, the FATCA Law and the Luxembourg IGA in accordance with the foregoing, the Fund may:

- i. request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder’s FATCA registration with the IRS or a corresponding exemption, in order to ascertain that Shareholder’s FATCA status;
- ii. report information concerning a Shareholder and his/

her/its account holding in the Fund to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the Luxembourg IGA;

iii. report information to the Luxembourg tax authorities (*Administration des Contributions Directes*) concerning accounts held by recalcitrant account holders;

iv. deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and

v. divulge any such personal information to any immediate payer of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

By investing in the Fund, the Shareholders acknowledge that (i) the Fund is responsible for the treatment of the personal data provided for in the FATCA Law; (ii) the personal data obtained will inter alia be used for the purposes of the FATCA Law; (iii) information regarding Shareholders and their accounts may be communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*) and through them to the IRS; (iv) responding to FATCA-related questions is mandatory; and (v) the Shareholders have a right of access to and rectification of the data communicated to the Luxembourg tax authorities (*Administration des Contributions Directes*).

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the FATCA Law.

Investors should consult their professional advisers on the possible tax and other consequences with respect to the implementation of the FATCA.

## 12. General information

### 12.1 Reports , documentation and other information made available to Shareholders

#### a) Reports

The financial year of the Fund ends on 31 March in each year.

Audited financial statements of the Fund made up to 31 March in each year will be prepared in Euro and are made available at the Fund's registered office to Shareholders within four months after 31 March of each year. Copies of the latest annual report will be sent to Shareholders free of charge on request.

In addition, unaudited semi-annual reports are also made available at the registered office of the Fund within two months after 30 September of each year.

The financial information of the Fund will be prepared in accordance with Luxembourg generally accepted accounting principles ("Luxembourg GAAP").

#### b) Documentation

A copy of the Articles, the KID and the latest financial reports may be obtained without cost on request from the Fund. Copies of the material agreements mentioned in this Prospectus may be inspected during usual business hours on any Business Day at the registered office of the Fund.

#### c) Other information made available to the Shareholders

The AIFM shall also make available to the Shareholders and to prospective investors, any information as prescribed by the AIFMD which is not disclosed in this Prospectus. All information that is required to be made available to investors pursuant to AIFMD shall be made available in, via or at any of the Information Means listed in the Articles.

## 12.2 Meetings of Shareholders

The annual general meeting of Shareholders of the Fund will be held at the registered office of the Fund, or at such other place in the municipality of the registered office, in the Grand Duchy of Luxembourg at any time but no later than within 6 months from the end of the previous financial year, as determined by the Board of Directors.

Notices of all general meetings, setting forth the agenda and specifying the time and place of the meeting and the conditions of admission thereto and referring to quorum and majority requirements, will be sent to Shareholders, at least 8 days prior to the meeting, in the conditions set forth in the Articles.

Under the conditions set forth in Luxembourg laws and regulations, any such notice may provide that the quorum and the majority at the related general meeting shall be determined according to the Shares issued and outstanding at a certain date and time before such general meeting (the "Record Date"), whereas the right of a Shareholder to attend a general meeting of Shareholders and to exercise the voting rights attaching to his/her/its Shares shall be determined by reference to the Shares held by this shareholder as at the Record Date.

The Articles make provision for meetings of Shareholders. Every Shareholder present in person or by proxy has the same number of votes as the number of Shares in the property of the Fund represented by the Shares of which he/

she/it is the Shareholder. Voting in respect of fractions of Shares is not permitted.

### 12.3 Amendments to the Articles

Proceedings of any extraordinary general meeting called upon to resolve on amendments to the Articles shall not be valid unless at least one half of the capital is represented and the agenda indicates the proposed amendments to the Articles and, where applicable, the text of those which concern the objects or the form of the Fund. If the first of these conditions is not satisfied, a second meeting may be convened, in accordance with applicable law. The convening notice shall reproduce the agenda, indicating the date and results of the previous meeting. The proceedings of the second meeting shall be valid regardless of the proportion of the capital represented. At both meetings, resolutions shall be validly passed if they are passed by two-thirds of the votes cast.

### 12.4 Amendments to the Prospectus

Should any amendments of the Prospectus entail an amendment of the Articles or require the decision to be made by the general meeting of Shareholders of the Fund or of one or several Sub-Funds, such decision shall be passed by a resolution of a general meeting of Shareholders in accordance with the form, quorum and majority requirements set forth in the Articles and in compliance with Luxembourg laws and regulations.

The Board of Directors is also authorised to amend any other provision of the Prospectus, including any Sub-Fund Particulars, provided such changes are not material to the structure and/or operations of the Fund or its Sub-Funds and are beneficial or at least not detrimental to the interests of the Shareholders of the Fund or any Sub-Fund, as the case may be, as determined by the Board of Directors at its sole but reasonable discretion and subject to the prior approval of the CSSF. In such case, the Prospectus will be amended and the Shareholders will be informed thereof, for their information purposes only. For the avoidance of doubt, Shareholders will not be offered the right to request the cost-free redemption of their Shares prior to such changes becoming effective. As a matter of example, this Prospectus may notably be amended by the Fund without the consent of the Shareholders if such amendment is intended:

- (a) To acknowledge any change made to the Articles in compliance with the first paragraph above;
- (b) to change the name of any Sub-Fund;
- (c) to acknowledge any change of the AIFM, Depositary,

Administrative Agent, Registrar and Transfer Agent, Paying Agent and/or the Approved Statutory Auditor;

(d) to implement any amendment of the law and/or regulations applicable to the Fund, the AIFM, and their respective affiliates;

(e) as the Board of Directors determines in good faith to be advisable in connection with legal, tax, regulatory, accounting or other similar issues affecting one or more of the Shareholders, so long as such amendment does not materially and adversely affect the Shareholders, as determined by the Board of Directors in its sole discretion;

(f) to cure any ambiguity, to correct any printing, typing or secretarial error and any omissions, provided that such amendment not adversely and significantly affect the interests of the Shareholders or update any factual information;

(g) to make any other change which is for the benefit of, or not materially adverse to the interests of the Shareholders of the Fund or relevant Sub-Fund(s) as applicable; and

(h) to reflect the creation of additional Classes or Sub-Funds or liquidation of existing Sub-Fund(s) within the Fund.

The Board of Directors is authorised to make other amendments to the provisions of the Prospectus (such as the change of the fee structure of the Fund or the Sub-Fund), subject to the approval of the CSSF, provided that such changes shall only become effective and the Prospectus amended accordingly to the extent the procedures set forth below have been complied with (unless otherwise provided for in the Sub-Funds Particulars):

(i) in an open-ended Sub-Fund, provided that there is sufficient liquidity, all relevant Shareholders have been offered a cost-free redemption of their Shares within a one (1) month period from the sending of such notice to such Shareholders. Such changes shall become effective only after the expiry of this one-month period; or

(ii) in a closed-ended Sub-Fund, amendments to the Prospectus other than those described above may be made with the prior written approval of the Shareholders holding two-thirds of the Shares issued in the Sub-Fund; (i) provided, however, that any amendment to the Prospectus which relates to a Class shall only require the prior written approval of the Shareholders holding two-thirds of the Shares issued with respect to the relevant Class; (ii) provided further that any Shareholder who

would have abstained from indicating in writing prior to the date indicated in the notice sent in this respect to the Shareholders by the Board of Directors, whether it agrees or disagrees with the contemplated amendments, would be deemed to have consented to such amendments, and (iii) provided finally that no changes that would materially impact the Noteholders may be made without the prior approval of two-thirds of the Noteholders. In addition and without prejudice to the first paragraph of this section, amendments to the Prospectus may also be made by decision of the general meeting of the Sub-Fund or the relevant Class, upon recommendation of the Board of Directors. In such case, quorum and majority requirements set forth under Clause 12.3 “Amendments to the Articles” of Section I of this Prospectus for amending the Articles, shall be applied mutatis mutandis at the level of the Sub-Fund or the relevant Class, for amending the Prospectus, provided that no changes that would materially impact the Noteholders may be made without the prior approval of two-thirds of the Noteholders.

## 12.5 Liquidation of the Fund

The Fund may at any time be dissolved by a resolution of the general meeting of Shareholders subject to the quorum and majority requirements applicable for amendments to the Articles.

Whenever the share capital falls below two-thirds of the minimum capital of EUR 1,250,000.-, the question of the dissolution of the Fund shall be referred to a general meeting of Shareholders by the Board of Directors. The general meeting, for which no quorum shall be required, shall decide the dissolution by simple majority of the Shares represented at the meeting.

The question of the dissolution of the Fund shall also be referred to a general meeting of Shareholders whenever the share capital falls below one-fourth of the minimum capital of EUR 1,250,000.-; in such event, the general meeting shall be held without any quorum requirement and the dissolution may be decided by Shareholders holding one-fourth of the Shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty days as from ascertainment that the share capital has fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

Liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities and do not need to be Shareholders; the general meeting of Shareholders shall appoint them and determine their powers

and their compensation.

The net proceeds of liquidation corresponding to each Class in each Sub-Fund shall be distributed by the liquidators to the holders of Shares of the relevant Class in the relevant Sub-Fund in proportion to their holding of such Shares in such Class.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out in accordance with the provisions of the 2010 Law, which specifies the steps to be taken to enable Shareholders to participate in the distribution(s) of the liquidation proceeds and provide for a deposit in escrow at the *Caisse de Consignation* at the time of the close of liquidation. Amounts not claimed from escrow within the statute of limitation period shall be liable to be forfeited in accordance with the provisions of Luxembourg law.

## 12.6 Liquidation or Amalgamation of Sub-Funds

If the net assets of any Sub-Fund or Class fall below or do not reach an amount determined by the Board of Directors to be the minimum level for such Sub-Fund or such Class to be operated in an economically efficient manner or if a change in the economic, monetary or political situation relating to the relevant Sub-Fund or Class would have material adverse consequences on the investments of that Sub-Fund or Class or otherwise justifies it or in order to proceed to an economic rationalization, the Board of Directors has the discretionary power to liquidate such Sub-Fund or Class by compulsory redemption of Shares of such Sub-Fund or Class at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses) calculated as at the Valuation Day at which such a decision shall take effect. The decision to liquidate will be published by the Fund prior to the effective date of the liquidation and the publication will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors decides otherwise in the interests of, or in order to keep equal treatment between, the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charge (but taking into account actual realisation prices of investments and realisation expenses).

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a general meeting of Shareholders of any Sub-Fund or Class may, upon proposal from the Board of Directors, redeem all the Shares of such Sub-Fund or Class and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated as of the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for



such a general meeting of Shareholders at which resolutions shall be adopted by simple majority of the votes cast.

Assets which could not be distributed to their beneficiaries upon the conclusion of the liquidation of a Sub-Fund or Class will be deposited with the *Caisse de Consignation* on behalf of such beneficiaries.

Upon the circumstances provided for under the first paragraph of this Section, the Board of Directors may decide to allocate the assets of any Sub-Fund or Class to those of another existing Sub-Fund or Class within the Fund or to another UCI, or to another Sub-Fund or Class within such other UCI (the “**New Sub-Fund/Class**”) and to re-designate the Shares of the Sub-Fund concerned as Shares of the New Sub-Fund/Class (following a split or consolidation, if necessary and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be notified to the Shareholders concerned (and, in addition, the notification will contain information in relation to the New Sub-Fund/Class), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request redemption or conversion of their Shares, free of charge, during such period. After such period, the decision commits the entirety of Shareholders who have not used this possibility, provided however that, if the amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the contractual type (“*fonds commun de placement*”) or a foreign based undertaking for collective investment, such decision shall be binding only on the Shareholders who are in favour of such amalgamation.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and liabilities attributable to any Sub-Fund or Class to another Sub-Fund or Class of the Fund or of another UCI may be decided upon by a general meeting of the Shareholders of the contributing Sub-Fund or Class for which there shall be no quorum requirements and which shall decide upon such an amalgamation by resolution adopted by simple majority of the votes cast, except when such amalgamation is to be implemented with a Luxembourg UCI of the contractual type (“*fonds commun de placement*”) or a foreign based UCI, in which case resolutions shall be binding only on the Shareholders of the contributing Sub-Fund or Class who have voted in favour of such amalgamation.

## 12.7 Historic Performance

The historic performance of each Sub-Fund will be published each year in the annual report of the Fund.

## 12.8 Risk Management System

The AIFM has established and maintains a dedicated risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor on an ongoing basis all risks relevant to the Fund and each of its Sub-Funds. The AIFM will apply in that context a comprehensive process based on qualitative and quantitative risk measures to assess the risks of each of the Sub-Funds.

## 12.9 Prime broker

The Fund does not intend to designate a prime broker.

## 12.10 Right against service providers

Investors’ rights against the Fund are provided for in the subscription agreement and under the applicable laws of the Grand Duchy of Luxembourg. Investors may have direct rights against the Depositary in certain circumstances for breach of its duty founded on the AIFM Directive and its implementing measures. Otherwise, investors do not have any direct rights against the Depositary or any sub-custodian as such persons’ contractual relationship is with the Fund.

Investors may also have direct rights against the Fund in certain circumstances for breach of its duty founded on the AIFM Directive and its implementing measures.

Subject to the above, investors do not have any direct rights against the AIFM, the Depositary, the Administrative Agent as such persons’ contractual relationship is with the Fund.

## 12.11 Applicable law, recognition and enforcement of judgement

By subscribing for Shares, the relevant investor agrees to be bound by the terms and conditions of, as applicable, the subscription agreements or, the Prospectus and the Articles. This contractual relationship is governed by Luxembourg laws. The Shareholders will be subject to the exclusive jurisdiction of the courts of Luxembourg to settle any dispute or claim arising out of or in connection with a Shareholder’s investment in the Fund or any related matter.

A valid judgment obtained from a foreign court of competent jurisdiction will be enforceable in Luxembourg in accordance with and subject to applicable enforcement proceedings as provided for in the Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as amended (the “**Brussels Regulation**”) or the Convention of Lugano of 30 October 2007 on jurisdiction and the enforcement judgments

in civil and commercial matters (the “**Lugano Convention**”), as applicable and when relevant. According to Luxembourg case law, a judgment rendered by a foreign court of competent jurisdiction outside the scope of the Brussels Regulation or the Lugano Convention, as applicable, would be recognized and enforced by a Luxembourg court, without reconsideration of the merits, subject to the following conditions: (i) the judgment of the foreign court must be enforceable (*exécutoire*) in the country in which it was rendered; (ii) the foreign court must have had jurisdiction according to the Luxembourg conflict of jurisdiction rules; (iii) the foreign court must have applied to the matter submitted to it the proper law designated by the Luxembourg conflict of laws rules (although some first instance decisions rendered in Luxembourg – which have not been confirmed by the Court of Appeal – no longer apply this condition); (iv) the judgment of the foreign court must not have been obtained by fraud, but in compliance with procedural rules of the country in which it was rendered and in particular with the rights of the defendant; and (v) (the judgment of the foreign court must not be contrary to Luxembourg international public policy).

### 13. Data Protection

The capitalised terms and other expressions used in this section headed Data Protection will have the meanings given to them in the Privacy Notice and in the Regulation (EU) 2016/679 of the European Parliament and of the Council 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 (the “**General Data Protection Regulation**”).

The Fund (the “**Controller**”) processes information relating to several categories of identified or identifiable natural persons (including, in particular but not limited to, prospective or existing Investors, their beneficial owners and other natural persons related to prospective or existing Investors) who are hereby referred to as the “**Data Subjects**”. This information has been, is and/or will be provided to, obtained by, or collected by or on behalf of, the Controller directly from the Data Subjects or from other sources (including prospective or existing investors, intermediaries such as distributors, wealth managers and financial advisers, as well as public sources) and is hereby referred to as the “**Data**”.

Detailed and up-to-date information regarding the processing of Data by the Controller is contained in a privacy notice (the “**Privacy Notice**”). Investors and any persons contacting, or otherwise dealing directly or indirectly with, the Controller or their service providers in relation to the Fund are invited to obtain and take the time to carefully consider and read the Privacy Notice.

Any question, enquiry or solicitation regarding the Privacy Notice and the processing of Data by the Controller in general may be addressed to Ms Jennifer Urbain (jennifer@lmdf.lu / +352 274735 / Investing for Development SICAV, 39, Rue Glesener, L-1631 Luxembourg).

#### *Obtaining and accessing the Privacy Notice*

The Privacy Notice is available and can be accessed or obtained online at [www.lmdf.lu/en/privacy](http://www.lmdf.lu/en/privacy) or [www.fccf.lu/en/privacy](http://www.fccf.lu/en/privacy) or by contacting the Controller at the before mentioned address. The Privacy Notice is available in both paper and e-format.

The Privacy Notice notably sets out and describes in more detail:

- the legal basis for processing the Data; and where applicable the categories of Data processed, from which source the Data originate, and the existence of automated decision-making, including profiling (if any);
- that Data will be disclosed to several categories of recipients; that certain of these recipients (the “**Processors**”) are processing the Data on behalf of the Controllers; that the Processors include most of the service providers of the Controllers; and that the Processors will act as processors on behalf of the Controllers and may also process Data as controllers for their own purposes;
- that Data will be processed by the Controllers and the Processors for several purposes (the “**Purposes**”) and that these Purposes include (i) the general holding, maintenance, management and administration of prospective and existing investment and interest in the Fund, (ii) enabling the Controllers and the Processors to perform their services for the Fund, and (iii) enabling the Controllers and the Processors to comply with legal, regulatory and/or tax (including FATCA/CRS) obligations;
- that Data may, and where appropriate will, be transferred outside of the European Economic Area, including to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data;
- that any communication (including telephone conversations) (i) may be recorded by the Controllers and the Processors and (ii) will be retained for a period of 10 years from the date of the recording;
- that Data will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods;

- that failure to provide certain Data may result in the inability to deal with, invest or maintain an investment or interest in, the Fund;
- that Data Subjects have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

## **SECTION II: SUB-FUND PARTICULARS - LUXEMBOURG MICROFINANCE AND DEVELOPMENT FUND**

This is the Prospectus of Investing for Development SICAV, Luxembourg Microfinance and Development Fund.

Please contact the registered office if you are looking for the particulars of another Sub-Fund.



## Luxembourg Microfinance and Development Fund

Information contained in these Sub-Fund Particulars should be read in conjunction with the full text of the Prospectus dated December 2023.

Before making an investment in a relevant Class of Shares of the Sub-Fund (as defined below), investors should consider carefully the information contained in the Prospectus and, as applicable for such Class of Shares, the Key Information Document (a “KID”). The KID is drawn up in accordance with rules provided in the PRIIPs Regulation and provided to each investor subscribing to Class B Shares and Class C Shares (as described hereinafter) in order to help investors understand the nature and the risks of investing in the Sub-Fund. For the avoidance of doubt, Class A Shares and Class Abis Shares (as described hereinafter) are solely advised on, offered to or sold to “professional investors” (as defined under MiFID II) and, as a consequence, no KID drawn up in accordance with rules provided in the PRIIPs Regulation shall be issued for such Class A Shares and Class Abis Shares.

### 1. Name of the Sub-Fund

Luxembourg Microfinance and Development Fund (hereinafter referred to in these Sub-Fund Particulars as the “Sub-Fund”).

### 2. Investment Objectives of the Sub-Fund

The objective of the Sub-Fund is to make sustainable investment within the meaning of article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “SFD Regulation”) as further disclosed under the pre-contractual disclosure annex for “Article 9 Fund”, as attached hereto under Appendix II by contributing to the alleviation of poverty in developing countries through the provision of permanent and adapted financial services to marginalised communities and individuals. The Sub-Fund invests in promising microfinance institutions (“MFIs”) that have a positive social impact so that these institutions reach financial autonomy. In pursuance of its objectives, the Sub-Fund may invest in MFIs, in networks or associations of MFIs, in regional funds, in microfinance vehicles (“MIVs”) and in other microfinance-related products.

The Sub-Fund has two principal objectives, social and financial: help socially-oriented MFIs to become long term viable enterprises that reach more poor people and offer better services, and generate sufficient income to sustain its own operations and give its Shareholders a financial return that at least compensates for inflation.

The Sub-Fund will strive to provide tailor-made and innovative solutions to needy MFIs, coupling its own financial assistance with technical support from external consultants. It will deliberately focus on niche activities, activities where potential needs of MFIs are large, but current supply is scarce.

## 3. Background

### 3.1 Microfinance and financial inclusion

About half of all adults worldwide have no bank account. This exclusion from formal financial services is most prevalent among the world’s poor, women, youth, people living in rural areas and geographically in Sub-Saharan Africa.

Microfinance is a term describing the provision of financial services to the poor. Microfinance is intended to cater to the needs of poor people by giving sustainable and formalized access to credit, savings, money transfer services, micro-leasing and micro-insurance. The term “micro” in microfinance is derived from the fact that transaction amounts are small compared to amounts found in traditional financial intermediation. The process of catering mostly to the part of humanity not having access to formal financial service providers (banks, insurance companies etc.) is often described under the term “financial inclusion”. Ultimately microfinance, as understood by the Sub-Fund, aims at contributing to the alleviation of poverty by reducing the exclusion and uncertainty poor people face in their daily lives and enabling economic development of micro-entrepreneurs.

### 3.2 Microfinance institutions

Microfinance has long been perceived as essentially a charity activity. Only in the 1980s did microfinance start to come to prominence, when insistence on repayment, cost-covering interest rate levels and a better selection of clients fostered the building up of MFIs.

MFIs provide financial services to clients who are poorer and more vulnerable than traditional bank clients. The main product of most MFIs is the provision of micro-credits for productive activities for amounts ranging from as low as EUR 100 up to several thousand Euros. Increasingly MFIs are developing a wider product range including housing, agriculture and education loans and - where the local regulation allows such products - short and long term savings products. The product range may also include money transfer services and receipt of remittances as well as life and non-life micro-insurance.

MFIs include a wide range of providers that vary in their legal

structure, mission and product methodology. Often MFIs start as not-for-profit organizations and later convert into commercial companies or even commercial banks. Alongside not-for-profit and commercial structures MFIs often operate as credit and savings cooperatives. The increasing diversity and sophistication of products catering to specific financial needs of the poor is creating new forms of microfinance entities, such as specialized money transfer or micro-insurance companies.

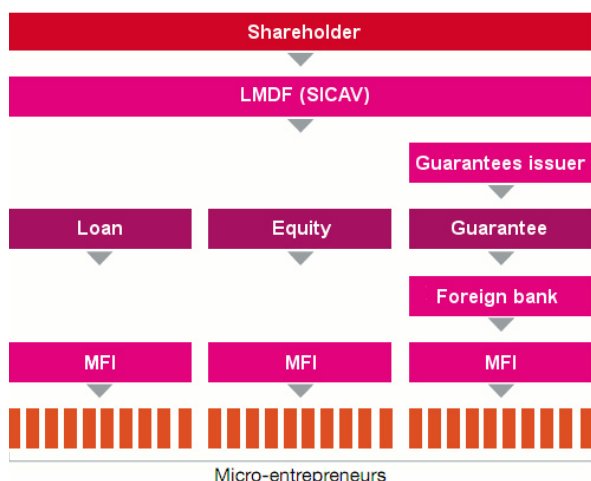
It is estimated that around 10,000 MFIs exist today, serving well over 100 million clients worldwide. Notwithstanding this impressive growth, microfinance services today still cover only a fraction of the potential clientele. Recently, traditional microfinance providers using branch networks and direct client contacts are complemented by institutions using digital technology enabled distribution and servicing models and which promise to lower transaction costs and reach previously excluded populations.

### 3.3 Financing of microfinance institutions

As expected in a relatively young sector, most MFIs are still in an early phase of development and may depend on grant funding to build their operations. But an increasing number of MFIs have reached a mature business model leading ultimately to financial sustainability.

Accordingly the funding of microfinance institutions comprises a large variety of actors, from organizations providing grant funding to purely commercial investors. Funding relationships with local banks and savings mobilization play an important role in financing mature MFIs. Foreign funders include microfinance investment funds, development banks and foundations. Given the large untapped demand for financial services for the poor, only financial markets (both domestic and foreign) dispose of the necessary resources to finance the future funding needs of MFIs.

The chart below illustrates the financial intermediation applied by the Sub-Fund to finance MFIs:



### 3.4 Origin of the Sub-Fund, the Luxembourg Microbank Intermediary Scheme ("LUXMINT")

The Sub-Fund builds on the experience gained through LUXMINT, a programme launched in 2000 and managed by *Appui au Développement Autonome a.s.b.l.* ("ADA") with funding provided by the Directorate for Development Cooperation of the Ministry of Foreign Affairs of the Grand Duchy of Luxembourg.

Over the following nine years, LUXMINT invested in 15 MFIs which served over 812,000 end clients. In many cases, LUXMINT's support has been perceived as recognition of the creditworthiness of the MFI, preparing the latter for subsequent mobilization of other investors. LUXMINT used a range of financial instruments and operated in various geographies. At the end of 2008, its investment portfolio was composed of 68% loans, 22% guarantees and 10% capital participations. In terms of geographical distribution, 40% of its investments were in Latin America, 37% in Africa and 23% in Asia.

A portfolio of loans granted by LUXMINT to seven MFIs has been contributed in kind to the Sub-Fund against issuance of Class A Shares in December 2009.

## 4. Investment Policy and Strategies

### 4.1 Focus on promising MFIs

The Sub-Fund's investment focus is on promising MFIs with positive social impact. Promising MFIs are institutions which have a proven business model, have reached or are close to reaching financial sustainability and have a strong social vision and mission focused on positive impact for the ultimate clients. In the case of promising MFIs using new technology and distribution models requiring substantial upfront investments, the Sub-Fund focuses on the financial sustainability of the micro-credit activity while ensuring that the capitalisation of the MFI as a whole and commitment of key shareholders is adequate in relation to potential or incurred operating losses.

The Sub-Fund has adopted a segmentation of microfinance institutions globally by their relative maturity into Tier 1 (most mature), Tier 2 (intermediate) and Tier 3 (least mature) MFIs. The underlying definition of Tiers has been developed by an Action Group of the European Microfinance Platform, a multi-stakeholder network, and MicroRate, a microfinance information service provider. The definition classifies MFIs according to three criteria (an MFI has to meet all three criteria in order to qualify for the respective tier category):

	Tier 1 MFI	Tier 2 MFI	Tier 3 MFI
Size	> USD 50 million in Assets	USD 5 – USD 50 million in assets	No requirement
Sustainability	Return on Assets (“RoA”) > 0 during 2 years out of 3 last years and all RoA > -5%	Positive RoA in 1 out of last three years and other > -5% or positive trend in RoA and all > -5%	No requirement
Transparency	Regulated financial institution or rated financial institution	Audited financial statements for at least 3 years	No requirement

Market data suggests that ca. 15% of all MFIs are Tier 1 MFIs, ca. 25% are Tier 2 MFIs and the remaining 60% are Tier 3 MFIs. The data also suggest that Tier 2 MFIs and some Tier 3 MFIs are likely to correspond to the Sub-Fund’s requirements in terms of portfolio quality, sustainability and efficiency, that Tier 2 and Tier 3 MFIs reach deeper into poorer segments of clients by targeting populations with lower loan amounts and finally that Tier 2 MFIs are likely to be found in regions and niches less developed in terms of financial inclusion.

The Sub-Fund’s investment focus is in principle focused on Tier 2 MFIs with strong social visions and missions focused on positive impact for the ultimate clients. The Sub-Fund may also invest up to 20% of its net assets to finance promising Tier 3 MFIs. The Sub-Fund may invest in Tier 1 MFIs (1) in case a MFI financed by the Fund becomes a Tier 1 MFI or (2) in exceptional circumstances and for the purpose of efficient portfolio management.

## 4.2 Geographical Scope

The Sub-Fund will invest in the developing countries of Africa, Asia and Latin America.

The decision to invest will be based less on the overall level of development of the country in question, but rather more on the merits of the individual cases, i.e. the potential benefit for the local population and the prospects of autonomy for the MFI.

## 4.3 Investment strategy

The Sub-Fund is a social venture capital fund, which will invest in promising MFIs, including networks of MFIs and other investment vehicles similar to itself (e.g. regional funds). The Sub-Fund will not directly engage with the end-clients of the MFIs (micro-entrepreneurs, small savers and insurance policy holders). This activity requires local presence and local knowledge and is best done by locally implanted MFIs.

The Sub-Fund will remain a flexible and attentive partner that can offer tailor-made and innovative solutions to MFIs’ financial needs.

The Sub-Fund moreover strives to create linkages with actors providing technical assistance to MFIs. Given the Sub-Fund’s focus on promising Tier 2 MFIs, significant synergies may be derived from the combination of financing with non-financial assistance. The Sub-Fund itself does not provide nor finance technical assistance to MFIs.

## 4.4 Financial Instruments Forms

The contemplated investments include, but are not limited to the following:

- Various credit products and other financing instruments, such as senior loans, term deposits, promissory notes, bonds or other interest-bearing instruments;
- Participating interests in, loans or guarantees to regional and other microfinance investment vehicles;
- Equity and quasi-equity investments; and
- Issuance of guarantees and letters of credit.

Such list of instruments is illustrative and does not prevent the Sub-Fund from investing in microfinance related hybrid instruments such as convertible bonds or redeemable preference shares or equity options or to add other instruments with clear microfinance connection in the future. Such instruments can be used either on a stand-alone basis or combined, depending on the needs of the MFI and the Sub-Fund’s own considerations.

The Sub-Fund may invest in MFIs directly or indirectly through Luxembourg or foreign holding companies, if such structure is deemed within the best interest of the Sub-Fund, notably to benefit from double taxation treaties.

## 4.5 Debt instruments

The Sub-Fund uses debt as its preferred investment instrument. Debt usually takes the form of senior unsecured loans but the Sub-Fund may also grant senior secured, subordinated or convertible loans depending on the needs of the MFI.

## 4.6 Tenor

In order to allow promising MFIs to develop, the maturity of the Sub-Fund’s loans will typically be between three to five years, potentially even longer in specific cases.

#### 4.7 Interest rate

As an investment vehicle with a development vocation, the Sub-Fund will take into account and balance the interests of its investors with those of the ultimate beneficiaries, the clients of MFIs. When determining appropriate interest rates on the loans offered, the Sub-Fund takes into account its own return requirements, the local financing market conditions, the respective risk profiles and the social impact of MFIs. The interest rate may vary from country to country and even from MFI to MFI within the same country, depending on the characteristics of the MFI, on the characteristics of each country's financial sector and on the accessibility of foreign financing. For loans granted in local currency, the costs of currency risk hedging (borne by the MFI) often constitutes a significant part of the total financing costs.

#### 4.8 Capital participation

One of the investment instruments that the Sub-Fund may also use is capital participation. As an open-ended financial commitment to the MFI, the Sub-Fund adds value through its reliable long-term funding and the extensive knowledge and experience it and its partners bring to the corporate governance of the MFI. The Sub-Fund will in principle not become either the majority or the major shareholder of the MFI. Its representation on the board and in assemblies of shareholders of the MFI will be decided on a case by case basis.

Although the duration of engagement is theoretically open-ended, the Sub-Fund will state clearly to the MFI that, once the latter is able to find alternative, commercial sources of financing, the Sub-Fund will consider its mission fulfilled and intends to sell its stake. The moment and modalities of exit will be based on the Sub-Fund's discretionary judgement, but guided by its overriding principle of serving the marginalized population in developing countries and considering the best interest of Investors. The Sub-Fund will prepare its exit in close consultation with the MFI's board and management. It may give preference to domestic country investors of the MFI, as these play a major role in strengthening the local economic and social tissue and have an important development impact. The Sub-Fund's stake could for example be sold to another investor, be bought back by the MFI or be offered for sale at a public offering.

The Sub-Fund may also invest in equity instruments of service providers to MIVs if such equity investments give access to services which ultimately benefit the Sub-Fund. Such services may include foreign exchange hedging for currencies for which hedging may otherwise not be available nor accessible to the Sub-Fund or excessively costly.

#### 4.9 Guarantee

The Sub-Fund's guarantee mechanism may consist of a deposit made by it at a Luxembourg bank, which in turn issues a letter of credit to a lender, domestic (same country as the MFI) or international, who in turn provides credit facilities to the MFI, in view of linking the MFI to financial markets and alleviating the currency risk for the MFI. The Sub-Fund receives a commission from the MFI based on the guaranteed amount.

#### 4.10 Regional or other microfinance investment vehicles

The Sub-Fund may invest in investment vehicles investing in microfinance debt, equity, guarantee or related instruments if investing in such vehicles is deemed advantageous with regards to access to certain MFIs or in view of operational efficiency of the Sub-Fund and the investment vehicle shares the Sub-Fund's social objectives. The Sub-Fund will in particular invest in investment vehicles based in developing countries and thus profit from the extensive local knowledge of the fund managers of such vehicles.

#### 4.11 Currency exposure

Along the chain of microfinance intermediation, three players can take on currency risk: the Sub-Fund, the intermediary MFI and the end-client. Neither the MFI, as a developing institution, nor the end-client, can be expected to have the capacity to manage currency risks well. As an entity with a development vocation, it would not seem appropriate for the Sub-Fund to pass on this risk entirely to its developing country counterparts. Hence, next to the Euro and the USD, the Sub-Fund may engage also substantially in the domestic currencies of the MFIs.

#### 4.12 Liquid assets

The Sub-Fund may invest on an ancillary basis, and for the purpose of its liquidity management, its treasury in cash, sight deposits, term deposits, money market instruments or other liquid instruments, including money market and debt instruments, UCIs and in liquid socially responsible, in particular microfinance-related, investment products.

The Sub-Fund intends to keep a minimum of 10% of its total net assets in liquid assets. If the Sub-Fund is not able to maintain such percentage, for example in case of significant redemptions, the Sub-Fund intends to sell less liquid investments and to attain such percentage in a time period considered appropriate in the best interest of Investors.

## 5. Investment Restrictions

### 5.1 Restrictions applicable to investment in financial instruments other than open-ended UCIs

The Sub-Fund may not:

- a) acquire more than 30% of the equity instruments issued by the same issuer, except on a temporarily basis. In such a case, the Sub-Fund will use its best endeavours to reduce such holding so as to represent no more than 30% within two years from the acquisition.
- b) invest more than 5% of the net assets of the Sub-Fund in financial instruments issued by the same issuer and guarantees exposing it to the latter, with an exposure of up to EUR 1.25 million permitted towards any issuer as long as the Sub-Fund's net assets are below EUR 25 million.
- c) invest more than 15% of the net assets of the Sub-Fund in a single country.
- d) invest more than 10% of the net assets of the Sub-Fund into equity instruments.

The Sub-Fund may invest up to 100% of its net assets in non-listed securities.

The restrictions mentioned in this paragraph "*Restrictions applicable to investment in financial instruments other than open-ended UCIs*" are applicable to units or shares issued by closed-ended UCIs, the securities of which are considered as transferable securities.

The restrictions mentioned hereinabove under a), b) and c) are not applicable to securities issued or guaranteed by a member state of the Organisation for Economic Cooperation and Development or their local authorities or public international bodies with European Union, regional or world-wide scope.

### 5.2 Restrictions applicable to investment in open-ended UCIs

The restrictions set forth under (a), (b) and (c) of paragraph "*Restrictions applicable to investment in financial instruments other than open-ended UCIs*" hereinabove and the relaxations of those restrictions set forth under the same abovementioned paragraph are applicable to the purchase of units or shares issued by open-ended UCIs if such UCIs are not subject to risk diversification requirements comparable to those provided for UCIs subject to Part II of the 2010 Law.

These restrictions are not applicable to the acquisition of units of open-ended UCIs if such target UCIs are subject to risk diversification requirements comparable to those applicable to UCIs which are subject to Part II of the 2010 Law and if such target UCIs are subject in their home country to a permanent supervision by a supervisory authority set up by law in order to ensure the protection of investors.

This derogation may not result in an excessive concentration of the investments of the Sub-Fund in one single target UCI provided that, for the purpose of this limitation, each compartment of a target UCI with multiple compartments is to be considered as a distinct target UCI if the principle of segregation of the commitments of the different compartments towards third parties is ensured.

### 5.3 Borrowings and Leverage

#### *Borrowings*

The Sub-Fund does not intend to use borrowings to finance its investments. It may however use borrowings, in limited circumstances, for liquidity management purposes and in order to meet redemption requests.

#### *Use of leverage*

Leverage means any method by which the Sub-Fund's exposure may be increased, whether through the borrowing of cash or of any other assets, via derivatives or by any other means.

For the purpose of calculating the leverage of the Sub-Fund:

Any reference to the "**Commitment Method**" is to be understood as referring to the commitment method used to calculate the leverage within the meaning of the AIFM Regulation and which allows to take into account netting arrangements, sums the value of all physical positions, the notional of all derivative instruments, takes into account any leverage generated through securities lending or borrowing and reverse repurchase agreements, but excludes derivatives that are used within hedging arrangements and derivatives that do not generate any incremental leverage.

Any reference to the "**Gross Method**" is to be understood as referring to the gross method used to calculate the leverage within the meaning of the AIFM Regulation and which does not take into account netting and hedging arrangements, sums the value of all physical positions, the notional of all derivative instruments, takes into account any leverage generated through securities lending or borrowing and reverse repurchase agreements, but excludes cash & cash equivalents held in the base currency of the Sub-Fund.

At the date of this Prospectus, the expected maximum level of leverage for the Sub-Fund under the "Commitment



Method” is 200% and the expected maximum level of leverage under the “Gross Method” is 200%.

Investors should note that the maximum level of leverage set out above in respect of the Sub-Fund is provided in accordance with the requirement of section 2 of the AIFM Regulation.

The effective level of leverage of the Sub-Fund is available upon request of Shareholders at the registered office of the Fund.

## 5.4 Techniques and Instruments

The Sub-Fund shall generally not invest in derivative instruments, other than currency or interest rate hedging instruments, debt swaps, sovereign default credit swaps, or similar agreements designed to manage risk associated with financial instruments or borrowings, and similar risk management derivatives, within the limits set forth in Appendix I “*Special Investment and Hedging Techniques and Instruments*”.

## 6. Investments identification and monitoring procedure

### 6.1 Identification of potential MFIs

For the identification of potential MFIs it can invest in, the Sub-Fund relies on investment advisers and on proposals from other institutions engaged in financing of MFIs and development cooperation. MFIs in developing countries may also initiate their own request for funding.

The due diligence process includes an institutional and contextual analysis of the MFI, drawing upon qualitative as well as quantitative criteria. This analysis will look into the institutional structure of the MFI (history, governance, legal structure, human resources, etc.), it will assess its social profile (social mission, targeted clients, product offering, quality of established links with customers, etc.), and it will examine its financial robustness (cost coverage, capital structure, dependency on donors, portfolio quality, credit methodology, reserves and provisions, etc.). The analysis will draw upon the annual reports of the MFI, its financial accounts (preferably audited), and other available reports (e.g. rating report).

In addition to the institutional analysis, a country analysis is undertaken, to assess the environment the MFI operates in. This analysis consists in an evaluation of the country’s political and macroeconomic situation, its social indicators, its legal and judicial environment, and the conditions of its financial sector, in particular the provision of financial services

to the poor and the feasibility of cross-border transactions.

Coupled to the above analysis is a field visit, to verify, complete and deepen the information at the Sub-Fund’s disposal. An important component of the field visit will lie in personal contacts with the managers of the MFI and may include a visit to micro-entrepreneurs who are clients of the MFI. The field visit will normally be conducted by an investment adviser.

If the MFI passes this screening successfully, the proposal is presented to the AIFM. The AIFM takes the final investment decision.

### 6.2 Monitoring of MFI

When financial support to an MFI is granted by the Sub-Fund, a contract is negotiated and signed between the MFI and the Fund for the account of the Sub-Fund or through an intermediate holding entity. The contract will require the MFI to, among other things, deliver a quarterly factsheet to the Sub-Fund (by which the Sub-Fund gauges the latest developments of the MFI with a series of key performance indicators), inform the Sub-Fund of any important events that may have a material impact on the course of the MFI, and accept field visits to its office by a Fund representative or an investment adviser or the AIFM. The MFI will moreover be strongly encouraged to introduce within a reasonable time period regular external evaluation of its performance, both financial and social, through an external rating agency, if it has not yet done so. The Sub-Fund will withdraw its funding in case of serious violation of the contract.

The AIFM with the support of the investment advisers will monitor the invested MFI. Care will be taken in the selection of investment advisers, which shall be independent from the MFIs they follow.

## 7. Synergies between investments and technical assistance

The Sub-Fund invests mainly in promising Tier 2 MFIs. These MFIs often need technical assistance to realize their objectives, for example in the areas of the development of new products, capacity building, training and the sharing of best practices. The Sub-Fund does not provide nor finance technical assistance but may actively promote the build-up of links between the MFIs and external parties that can offer different kinds of technical services to the MFIs. The purpose is to facilitate the development of the MFIs.

## 8. Share Classes

The Sub-Fund presents a diversified and differentiated capital structure, encompassing the public sector, private institutions and private individuals.

Four Classes of Shares are currently offered in the Sub-Fund, namely Class A Shares, Class A<sub>bis</sub> Shares, Class B Shares and Class C Shares, each targeting different types of Investors, evidencing a different level of risk, offering a different target return and evidencing a different level of involvement in the Fund's governance. The four Classes of Shares form one single portfolio for investment.

### 8.1 Risk profile

The risks and associated potential losses incurred by the Sub-Fund are allocated between the four Classes of Shares in proportion to their percentages in the Sub-Fund's NAV except for Class C Shares' exposure to microfinance impairment risk.

Class A Shares and Class A<sub>bis</sub> Shares shall cover the net loss since the last Valuation Day allocated to Class C Shares, if such loss arises from the impairment of microfinance related investments. In such case, Class A Shares' capital covers Class C Shares' loss until either Class C Shares' NAV reaches its NAV of the previous Valuation Day, the impairment loss allocated to Class C Shares according to their proportion in the Sub-Fund's total NAV is absorbed by Class A capital, or Class A Shares' capital becomes depleted, whichever limit is attained first. When Class A Shares' capital becomes depleted the remaining impairment loss allocated to Class C Shares according to their proportion in the Sub-Fund's total NAV is absorbed by Class A<sub>bis</sub> capital, or Class A<sub>bis</sub> Shares' capital becomes depleted, whichever limit is attained first. Class A Shares nor Class A<sub>bis</sub> Shares will not cover any loss, nor the part of any loss, occurred since the last Valuation Day allocated to Class C Shares not arising from microfinance impairment risk. Microfinance impairment risk is defined for this purpose as any reduction in value in the Sub-Fund's microfinance investment that results from the deterioration of the financial conditions of the counterparty.

Microfinance impairment risk does not include any reduction in value in the Sub-Fund's microfinance investment that results from the depreciation of the investment currency vis-à-vis the Euro (currency risk), from externally imposed restrictions on cross-border capital transfer and forced confiscation or appropriation of the Sub-Fund's investment (country risk) or, specifically for the Sub-Fund's capital participations, any reduction in value that results from a diminution in the external references that are unrelated to the counterparty's own financial conditions. These risks, as well as all other risks incurred by the Sub-Fund such as

liquidity risk, operational risk and counterparty risk emanating from the Sub-Fund's liquidity placements are not covered by Class A Shares or Class A<sub>bis</sub> Shares on behalf of Class C Shares, but are borne by each Share Class in proportion of its percentage in the Sub-Fund's Net Asset Value.

Shareholders in Class C Shares should be aware that the cover granted to Class C Shares in respect of the impairment risk emanating from the microfinance investments of the Sub-Fund is not a guarantee that the NAV per Share of Class C Shares will never decrease. Shareholders in Class C Shares should also note that the coverage is effective only as long as there is sufficient Net Asset Value attributable to Class A Shares and Class A<sub>bis</sub> Shares to cover the microfinance impairment risk of Class C Shares.

The combined Net Asset Value of Class A Shares and Class A<sub>bis</sub> Shares shall represent at least 20% of the sum of the Net Asset Values of Class A Shares, Class A<sub>bis</sub> Shares and Class C Shares, in order to provide the aforementioned coverage. Additional subscriptions of Class C Shares in respect of each Valuation Day will be subject to this safeguard ratio, determined on the basis of the previous NAV adjusted so as to take into account the subscription and redemption requests received in respect of that Valuation Day.

Class B Shares bear their own microfinance impairment risk, i.e. they support any loss resulting from a microfinance investment, and any loss incurred by the Sub-Fund in general, in proportion of the percentage of the Sub-Fund's Net Asset Value they represent.

### 8.2 Return

If the conditions as described in paragraph "*Allocation of Net Asset Value*", provided hereinafter in these Sub-Fund Particulars, are met, Class B Shares shall earn a 1 percentage point p.a. higher return than Class A Shares, Class A<sub>bis</sub> Shares and Class C Shares, to the extent possible. Class A Shares, Class A<sub>bis</sub> Shares and Class C Shares will start being remunerated once the return of the Sub-Fund permits to give Class B Shares a return equivalent to 1 percentage point p.a.

In case of loss for the Sub-Fund, the four Classes of Shares shall bear the loss according to their respective proportions in the Sub-Fund's overall Net Asset Value, except for the allocation of the microfinance impairment risk between Class A Shares, Class A<sub>bis</sub> Shares and Class C Shares as described hereinabove under paragraph "*Risk profile*" of these Sub-Fund Particulars.

In case the Sub-Fund's provisions for write-downs due to microfinance impairment risks are deemed excessive at a later date and returned to the Sub-Fund's Shareholders, the

four Classes of Shares shall as a general rule be allocated their shares of the excess write-down as determined by their respective proportions in the Sub-Fund's total Net Asset Value, whereas Class A Shares and Class A<sub>bis</sub> Shares shall recuperate in priority the net cumulative impairment loss they have previously covered, if any, for Class C Shares.

### 8.3 Involvement in the Fund's governance

Class A Shares and Class A<sub>bis</sub> Shares constitute the core capital of the Sub-Fund and are meant to be held by Shareholders who bear a greater investment risk in order to promote microfinance investment among private investors. In return, Class A and Class A<sub>bis</sub> Shareholders receive a significant influence over the Fund's governance. Class A Shareholders and Class A<sub>bis</sub> Shareholders are entitled to have a greater involvement in the Fund's governance than Class B or Class C Shareholders. Firstly, Class A Shareholders have the right to propose to the general meeting of Shareholders a list containing the name of candidates for the position of Director of the Fund out of which a majority of the Directors of the Fund must be appointed. Secondly, as each Share of the Sub-Fund entitles the holder to one vote irrespectively of the Class the Share belongs to, and as the initial subscription price of Class A Shares and Class A<sub>bis</sub> Shares is set 4 times lower than the initial subscription price of Class B Shares and Class C Shares, Class A Shareholders and Class A<sub>bis</sub> Shareholders receive more voting rights than Class B and Class C Shareholders for the same amount invested.

## 8.4 Shares Classes features

### Class A Shares features

- **Eligible Investors**  
Luxembourg Government, and such other “professional” investors (as defined under MIFID II) as may be approved by the existing Class A Shareholders.
- **Denomination currency**  
Euro.
- **Initial subscription price**  
Euro 25 per Share.
- **Target return**  
At least above the inflation rate targeted by the European Central Bank over the medium term (consumer price index), i.e. 2% p.a., in order to safeguard the real value of the Share.
- **Redemption**  
Not redeemable.
- **Transferability**  
Restricted to Class A Eligible Investors, subject to the prior consent of existing Class A Shareholders, which cannot be unreasonably withheld.
- **Risk profile**  
Junior (as further described hereinabove in paragraph “Risk Profile” of these Sub-Fund Particulars).
- **Specific rights**  
Class A Shares give the right, in accordance with the Articles, to propose to the general meeting of Shareholders a list containing the name of candidates for the position of Director of the Fund out of which a majority of the Directors of the Fund must be appointed.
- **Sale (subscription) fee**  
Not applicable
- **Redemption fee**  
Not applicable



## Class A<sub>bis</sub> Shares features

- **Eligible Investors**  
Investors primarily seeking a developmental impact and wanting to leverage their investment with resources from the private sector, provided that they qualify as “professional” investors, or, as the case may be, have requested to be treated as “professional” investors, (as defined under MIFID II).
- **Denomination currency**  
Euro.
- **Initial subscription price**  
Euro 25 per Share.
- **Target return**  
At least above the inflation rate targeted by the European Central Bank over the medium term (consumer price index), i.e. 2% p.a., in order to safeguard the real value of the Share.
- **Redemption**  
Redeemable subject to an 18 months’ notice period and provided that redemptions will only be accepted to the extent that, after such redemptions, the combined Net Asset Value of Class A Shares and Class A<sub>bis</sub> Shares amounts at least to 25% of the sum of the Net Asset Values of Class A Shares, Class A<sub>bis</sub> Shares and Class C Shares.
- **Transferability**  
Restricted to Class A and Class A<sub>bis</sub> Eligible Investors.
- **Risk profile**  
Junior (as further described hereinabove in paragraph “Risk Profile” of these Sub-Fund Particulars).
- **Specific rights**  
No specific right.
- **Sale (subscription) fee**  
Not applicable
- **Redemption fee**  
Not applicable

## Class B Shares features

- **Eligible Investors**  
No restriction.
- **Denomination currency**  
Euro.
- **Initial subscription price**  
Euro 100 per Share.
- **Target return**  
At least above the inflation rate targeted by the European Central Bank over the medium term (consumer price index), plus 1 percentage point, i.e. 3% p.a.
- **Redemption**  
Redeemable.
- **Transferability**  
Free transferability.
- **Risk profile**  
Mezzanine.
- **Specific rights**  
Class B Shares shall earn a 1 percentage point p.a. higher return than Class A Shares, Class A<sub>bis</sub> Shares and Class C Shares to the extent possible.
- **Sale (subscription) fee**  
Up to 2% to the benefit of the distributor.
- **Redemption fee**  
Up to 2% to the benefit of the Sub-Fund at the discretion of the Board of Directors.

## Class C Shares features

- **Eligible Investors**  
Private individuals and private non-profit organisations.
- **Denomination currency**  
Euro.
- **Initial subscription price**  
Euro 100 per Share.
- **Target return**  
At least above the inflation rate targeted by the European Central Bank over the medium term (consumer price index), i.e. 2% p.a., in order to safeguard the real value of the Share.
- **Redemption**  
Redeemable.
- **Transferability**  
Restricted to Class C Eligible Investors and, in case of transfer to non-profit organisations, subject to the Board of Directors' prior consent, which cannot be unreasonably withheld.
- **Risk profile**  
Senior.
- **Specific rights**  
Class C Shares' risk emanating from impairment of the microfinance investments of the Sub-Fund is covered by Class A Shares and Class A<sub>bis</sub> Shares under certain conditions of Net Asset Value. This support is effective as long as there is sufficient Class A and Class A<sub>bis</sub> capital to cover Class C Shares.
- **Sale (subscription) fee**  
Up to 2% to the benefit of the distributor.
- **Redemption fee**  
Up to 2% to the benefit of the Sub-Fund at the discretion of the Board of Directors.

In particular, the Fund reserves the right to suspend subscription in Class C Shares within the Sub-Fund if the threshold of 20% between (i) the NAV of the Class A Shares and the Class A<sub>bis</sub> Shares and (ii) the sum of the NAV of the Class A, Class A<sub>bis</sub> and Class C Shares as described hereinabove in paragraph “*Risk profile*” of these Sub-Fund Particulars is breached or can be expected to be breached. In such case, subscription applications already received by the Sub-Fund and in excess of the threshold will be cancelled pro rata as determined by the Fund and the excess subscription monies returned to the applicants without interest as soon as practicable.

## 8.5 Allocation of Net Asset Value

The Net Asset Value of the Sub-Fund, determined pursuant to Section 7 “*Net Asset Value and Valuation of Assets*” of Section I of the Prospectus, is allocated among the Classes A, A<sub>bis</sub>, B and C in the following way:

The preferential return to Class B Shares as stipulated in Section 8 “*Share Classes*” of these Sub-Fund Particulars shall be allocated if and only if the Sub-Fund results since the last Valuation Day, both with and without microfinance impairment risk, show a profit. In such case, the net profit generated by the Sub-Fund since the last Valuation Day is first allocated to Class B Shares until such remuneration reaches either the total net profit since the last Valuation Day, the equivalent of a 1% per annum interest on Class B Share's NAV or, if there is return of a previously made excessive microfinance impairment, the total profit without impairment return since the last Valuation Day, whichever limit is attained first. The remaining net profit, if any, is allocated among the four Classes of Shares according to their respective proportions in the Sub-Fund's total NAV.

Microfinance impairment risk is allocated to the different Classes following the methodology set out in Section 8 “*Share Classes*” of these Sub-Fund Particulars.

## 9. How to Deal

### 9.1 Subscription

Subscriptions of Shares are accepted on a quarterly basis at each Valuation Day.

The subscription price per Share (the “**Subscription Price**”) will be equal to the Net Asset Value of the relevant Class of the relevant Sub-Fund increased, as the case may be, by a sales fee as stated below. The Subscription Price is available for inspection at the registered office of the Fund.

The Shares will be issued on a continuous basis, as capital is

required by the Sub-Fund.

Any applicant shall complete an Application Form in such form as the Fund may from time to time prescribe and shall comply with such conditions as may be prescribed by the Fund. Only Application Forms prescribed by the Fund or its authorised agent will be accepted. Investors whose applications are accepted will be allotted Shares issued on the basis of the NAV determined in respect of the Valuation Day following receipt of the Application Form provided that such application has been received in Luxembourg at the registered office of the Administrative Agent not later than 6:00 p.m. (Luxembourg time), on the fifth Business Day preceding the relevant Valuation Day. Applications received after that time will be processed in respect of the next Valuation Day.

Whenever the Fund offers Shares for subscription, the price per Share at which such Shares are offered may be increased by a sales fee of up to the maximum referred to in Section 8 “Share Classes” of these Sub-Fund Particulars to the benefit of the distributor. The price so determined shall be payable to the Fund’s account at the Depositary, in the denomination currency of the relevant Class of the relevant Sub-Fund or in any other currency specified by the Investor (in which case any currency conversion cost shall be borne by the investor) within five Business Days following the publication of the applicable NAV.

Written confirmations of shareholding will be sent to Shareholders within two Business Days following the issue of the Shares.

The Shares will be issued on the sixth Business Day following the publication of the applicable NAV.

The Fund reserves the right to reject in its full discretion any application in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will be returned to the applicant without interest as soon as practicable or to suspend at any time and without prior notice the issue of Shares in one, several or all of the Classes of Shares of the Sub-Fund.

The Fund may agree to issue Shares as a consideration for a contribution in kind of securities or other assets, provided that such securities or other assets comply with the investment objectives and policy of the relevant Sub-Fund and that the contribution is made in compliance with the conditions set forth by Luxembourg law, in particular the obligation to deliver a valuation report from the approved statutory auditor of the Fund (“réviseur d’entreprises agréé”) which shall be available for inspection. Any costs incurred in connection with a contribution in kind of securities or other assets shall be borne by the relevant Shareholders, unless the Board of Directors considers that the subscription in kind is in the interests of the

Sub-Fund, in which case such costs may be borne in all or in part by the Sub-Fund.

No Shares of any Sub-Fund will be issued during any period when the calculation of the NAV in such Sub-Fund is suspended, in accordance with the Articles.

In the case of suspension of dealings in Shares, the application will be dealt with as at the first Valuation Day following the end of such suspension period.

## 9.2 Late trading and market timing

Late Trading is to be understood as the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (*cut-off time*) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day.

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 UCI 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 value of the UCI.

The Fund shall comply with any relevant provisions contained in CSSF Circular 04/146 of 17 June 2004 concerning the protection of undertakings for collective investment and their investors against Late Trading and Market Timing practices as they may be amended or revised from time to time.

In this respect, no subscription, conversion or redemption orders received by the Fund for the Sub-Fund will be accepted after the relevant cut-off time except for subscription, conversion or redemption orders received by the distributors which undertake to apply the cut-off time to all such orders and transmit the orders to the Administrative Agent within a reasonable period of time. Subscriptions, conversions or redemptions will be dealt on a forward pricing basis as more fully described in this Sub-Fund Particulars.

The Board of Directors does not permit practices related to Market Timing for the Sub-Fund. Both the Board of Directors and the Administrative Agent reserve the right to reject subscription and conversion orders from an Investor whom the Board of Directors or the Administrative Agent suspects of using such practices. The Board of Directors further reserves the right to take, if appropriate, the necessary measures to protect the other Investors of the Sub-Fund.

## 9.3 Redemption

Unless otherwise provided for in Section 8 “Share Classes”

of these Sub-Fund Particulars, Shares are redeemable on a quarterly basis as at each Valuation Day at the request of the Shareholders at a price based on the NAV of the relevant Shares. Shares will be cancelled as at the first Business Day of the following quarter.

Redemption requests should contain the following information: the identity and address of the Shareholder requesting the redemption, the number of Shares or amount to be redeemed, the relevant Class of Shares, the name in which such Shares are registered and details as to whom payment should be made. All necessary documents to complete the redemption should be enclosed with such request.

The redemptions are dealt with at an unknown NAV. Shareholders whose requests for redemption are accepted will have their Shares redeemed in respect of a Valuation Day provided that the requests have been received in Luxembourg not later than 6:00 p.m. (Luxembourg time) on the 45<sup>th</sup> calendar day preceding the Valuation Day (or, if such day is not a Business Day as defined here above, on the following Business Day). Requests received after that time will be processed in respect of the next applicable Valuation Day.

Shares will be redeemed at a price equal to the NAV in the relevant Class in respect of the relevant Valuation Day less a redemption fee of up to the maximum referred to in Section 8 “*Share Classes*” of these Sub-Fund Particulars. Redemption fees will be payable to the Sub-Fund. The same level of redemption fee will be applicable to all Shares of the same Class redeemed as at the same Valuation Day.

The Board of Directors reserves the right to modify the redemption charge if and when appropriate.

The redemption price shall be paid not later than 4 Business Days after the publication of the applicable NAV, or from the date on which the redemption request is complete, whichever is the later date.

Payment will be made by wire transfer to the Shareholder or by bank order to an account indicated belonging to the Shareholder, at such Shareholder’s expense and risk. No payment to third-party accounts will be made.

The redemption price will be paid in the denomination currency of the relevant Class or in any other freely convertible currency specified by the Shareholder. In the last case, any currency conversion cost shall be borne by the Shareholder. The redemption price may be higher or lower than the price paid at the time of subscription or purchase.

Shares will not be redeemed if the calculation of the NAV is suspended in accordance with the Articles.

Furthermore, if with respect to any Valuation Day redemption requests relate to more than 5% of the Net Asset Value of the Sub-Fund or a specific Class, the Board of Directors may decide that the payment of such requests for redemption will be deferred (pro rata) for such period as the Board of Directors considers to be in the best interest of the Sub-Fund, but normally not exceeding three months.

#### 9.4 Conversion

Any Shareholder is entitled to request the conversion of all or part of his/her/its Shares of the Sub-Fund into Shares of another Sub-Fund or of Shares of one Class into Shares of another Class, subject to the restrictions set in Section 8 “*Share Classes*” of these Sub-Fund Particulars (e.g., eligibility criteria). The price for the conversion of Shares shall be computed by reference to the respective Net Asset Value of the Sub-Funds or the Classes of Shares, calculated as at the same Valuation Day.

### 10. Net Asset Value and Valuation of Assets

The NAV in respect of each Class of the Sub-Fund shall be calculated on the last calendar day of March, June, September and December (each being a “**Valuation Day**”).

The NAV is determined as at each Valuation Day, on the basis of the value of the underlying investments of the Sub-Fund determined by the AIFM in compliance with the principles set forth in the Articles and *item 7*. “Net Asset Value and Valuation of Assets” of Section I. General Provisions of this Prospectus.

With respect to non-listed capital participations, the following rules do more specifically apply. Capital participations not listed or dealt in on any stock exchange or any other regulated market that operates regularly, is recognized and open to the public will be valued at their reasonably foreseeable sales price determined prudently and in good faith pursuant to procedures established by the AIFM. Such procedures include in order of preference:

- Up to the first year following any of the Sub-Fund’s acquisition, the capital participations will be valued at cost. A different valuation approach may be taken if material changes within the MFI or in its operating environment occur during the first year following acquisition;
- After the first year of holding, the value of the capital participation will be estimated with reference to prices of

equity transactions or issues of new shares involving the same MFI within a reasonable time period of the Valuation Day. Such a time period is determined by an assessment of the AIFM whether material changes within the MFI or in its operating environment have occurred since the date such transaction took place;

- If such transactions are not available or deemed not representative of fair value, the value of the capital participation should be estimated with reference to the price-to-book ratio at which the Sub-Fund acquired the capital participation. Such ratio may be adjusted by factors obtained from relevant industry sources. The AIFM may consider alternative ratios such as price-to-earnings or price-to-cash flow multiples if the application of such multiples is deemed more appropriate to the circumstances of the MFI;
- In case the Sub-Fund has entered into negotiations to sell a capital participation to a third party, the capital participation may be valued at its expected sales price if the disclosure is judged appropriate by the AIFM in view of the ongoing negotiations.
- The AIFM intends to conduct, whenever feasible and, if possible, at least once per year, based on available information and the resources available to the Sub-Fund, the following cross-checks to the valuation of capital participations:
  - by industry ratios implied by transactions and ratios obtained from quoted companies deemed comparable by the AIFM, as and when such comparables become available;
  - by using the income approach in the form of discounted cash flow (“DCF”). The use of DCF depends critically on the availability of future earnings or cash-flows as forecasted by the MFI’s management, as well as the determination of an appropriate cost of capital to discount such earnings or cash-flows.

## 11. Management Structure of the Sub-Fund

The Board of Directors is responsible for the definition of the investment policy and objectives of the Sub-Fund and of the overall supervision of the Sub-Fund’s management. In order to manage the Sub-Fund’s Portfolio, the Board of Directors appointed the AIFM. The AIFM has appointed the Investment Adviser.

### 11.1 Fund Internal Organisation

As set out in the general part of the Prospectus, the Fund is managed by the Board of Directors which may entrust to

one of its members or to a committee composed of several persons who are not necessarily members of the Board of Directors (such director or committee is herein referred to as the “**Administration Team**”) the day-to-day functions.

As set out in the general part of the Prospectus, the Administration Team is entitled to receive a fee that, together with the fee paid to the investment adviser(s), is of maximum 3% of the Sub-Fund average Net Asset Value per year. This fee shall be inclusive of the Administration Team’s wages, salaries, bonuses and benefits, but shall not comprise other organizational and operating expenses incurred by the Sub-Fund.

### 11.2 AIFM

The Board of Directors has appointed the AIFM to perform (i) the portfolios management of the Sub-Fund and (ii) the risk management in accordance with the AIFM Directive, Section I General Provisions of this Prospectus and the Sub-Fund Particulars.

The Sub-Fund will pay the AIFM a fee (the “**AIFM’s Fee**”) of up to:

- 0.08% per annum of the Sub-Fund’s Net Assets Value for the first EUR 50 million
- 0.07% per annum of the Sub-Fund’s Net Assets Value between EUR 50 million and EUR 100 million; and
- 0.06% per annum of the Sub-Fund’s Net Assets Value above EUR 100 million.

The AIFM’s Fee is subject to an annual minimum fee of EUR 40,000.

The AIFM shall set up the following two committees:

- (a) An investor committee whose members may be composed of the representatives of the Fund, of the Investment Adviser, of the AIFM or representatives of Shareholders of Class A, Abis, B or C and independent experts (the “**Investor Committee**”).
- (b) An investment committee (the “**Investment Committee**”) composed of (i) four representatives of the AIFM, (ii) one representative of the Fund and (iii) one representative of the Investment Adviser (as defined below) who is participating to such Investment Committee as support but does not have any voting rights; and

The Investment Committee will take all investment and disinvestment decisions as well as any other decision relating to the management of the Sub-Fund’s portfolio, upon non-binding recommendations made by the Investor Committee,



within the limits of the investment policy and objectives of the Sub-Fund, as defined by the Board of Directors.

### 11.3 Investment Adviser

As at the date of the Prospectus, the AIFM pursuant to a tripartite agreement entered into on 14 December 2023 and effective as of 15 December 2023 with the Fund has appointed ADA whose registered office is located at 39, rue Glesener, L-1631 Luxembourg, Grand Duchy of Luxembourg, as investment adviser (the “*Investment Adviser*”) to provide, *inter alia*, the following services:

- (i) identification, valuation (analysis and due diligence), selection, negotiation and structuring of microfinance investment and disinvestment opportunities and assistance with respect to the servicing of loans;
- (ii) review, supervision and monitoring of microfinance investments and management of the Sub-Fund’s relationship with its target investments.

In consideration of its advisory services rendered to the AIFM with respect to the Sub-Fund, the Investment Adviser is entitled to receive, out of the assets of the Sub-Fund a total fee of maximum 1.6% of the Sub-Fund’s average Net Asset Value per year as long as the Sub-Fund’s total Net Asset Value exceeds EUR 25 million and a total fee of maximum 1.75% of the Net Asset Value is less than EUR 25 million.

## 12. Distributors

The following entities have been appointed as distributors of the Sub-Fund:

Banque et Caisse d’Epargne de l’Etat, Luxembourg  
1, Place de Metz  
L-2954 Luxembourg

Banque de Luxembourg S.A., Luxembourg  
14, boulevard Royale  
L-2449 Luxembourg

BGL BNP Paribas S.A., Luxembourg  
50, avenue J.F. Kennedy  
L-2951 Luxembourg

Banque Raiffeisen, Société Coopérative  
4, rue Léon Laval  
L-3372 Leudelange

MFEX Mutual Funds Exchange AB, Sweden  
Grev Turegatan 19  
10249 Stockholm

## 13. Tax Status

The Sub-Fund has been granted an exemption from the subscription tax in accordance with article 175 of the 2010 Law, as amended, and Article 1 of Grand Ducal Regulation of 14 July 2010 determining the conditions and criteria for exemption from the subscription tax on UCIs investing in microfinance.

In particular, as provided by the 2010 Law, as amended, the Fund must indicate the value of the eligible net assets separately in the periodic declarations that they make to the *Administration de l’Enregistrement, des Domaines et de la TVA*.

## 14. Risk Factors

Prospective Investors should consider risks which include, but are not limited to, counterparty risk, currency risk, country risk, liquidity risk, operational risk, risks linked to investment in other UCIs and risks linked to the valuation of illiquid and unlisted investments. The risks referred to below are not exhaustive and a financial adviser or other appropriate professional should be consulted for additional advice.

### 14.1 Counterparty risk

A significant risk the Sub-Fund is exposed to is counterparty risk. The Sub-Fund’s assets essentially consist of its portfolio of debt, equity and guarantees. The Sub-Fund’s counterparties are often perceived as high risk: young MFIs, located in developing countries, granting mostly uncollateralized credit to poor people without a credit record.

However, in practice, numerous studies have shown that poor people are not worse borrowers than their richer counterparts. Evidence suggests that, being already at the bottom of the society, the creditworthiness of poor people seems remarkably unaligned with the business cycle. Moreover, as the Sub-Fund does not lend directly to the end clients, but to MFIs, it benefits from risk diversification over a very large number of borrowers. To diversify its risks, the Sub-Fund will invest pursuant to the principle of risk spreading in accordance with the investment rules disclosed in Section 5 “*Investment Restrictions*” of these Sub-Fund Particulars.

Potential Investors should particularly note that investments in minority equity shares in MFIs in developing countries and related investments in debt and guarantee instruments are inherently risky, notably to external shocks (natural disasters, political risks, etc.) and to the risk that the MFI may not succeed in its strategy, for example through inadequate governance and/or risk management. The sale of an equity

participation in an MFI which has not performed as expected might involve significant mark-downs on the price or a buyer might not be found at all.

## 14.2 Currency risk

Microfinance intermediation at the international level usually involves the provision of capital in a currency different to the currency the end-client of the MFI borrows in. The capital provided by the foreign investor is typically converted into the local currency of the MFI at the beginning of the engagement, and reconverted at the end of the engagement. As currency exchange rates do not remain the same over time, but can sometimes vary significantly, the invested funds are exposed to currency (or foreign exchange) risk.

The Sub-Fund maintains its accounts in Euro. However, next to the Euro, the Sub-Fund may have significant balances in USD and may engage significantly in the domestic currencies of MFIs' countries. From past experience, fluctuations in currency exchange rates may contribute significantly to the variations in the Net Asset Value of the Sub-Fund.

The Sub-Fund will aggregate the currency risks of its investments and intends to hedge its exposure to the extent possible and commercially feasible. It may also share the exposures with the MFIs. A balance shall be found between the protection of the Sub-Fund's Shareholders and the development interests of the MFIs and their end-clients.

In order to limit its currency risks, the Sub-Fund may deploy the following strategies:

- The Sub-Fund may use financial hedging instruments, such as swaps, futures/forwards and options, if such instruments are available and appropriate in terms of cost and benefits. As described in paragraph "*Capital participation*" of Section 4 "*Investment Policy and Strategies*" of these Sub-Fund Particulars, the Sub-Fund may have to make an equity investment in a service provider in order to gain access to hedging of certain currencies.
- The Sub-Fund will diversify its engagements in different countries and different currencies. This diversification should limit the impact the variation of any single exchange rate will have on the value of its portfolio in Euro;
- The Sub-Fund may have a share of its portfolio in guarantees. As the Sub-Fund commits in hard currency, including in Euro, the currency risk is reduced. This risk is not transferred to the MFI when the latter obtains a credit from a local bank in domestic currency;

- The Sub-Fund may envisage for its non-Euro engagements contractual provisions that share out currency risk between the Sub-Fund and the MFI or a third party willing to take on such risk,

The AIFM may decide to use other risk management strategies, if such strategies are deemed more appropriate to the currency risks the Sub-Fund is exposed to.

The Sub-Fund may invest in capital participations. This type of engagement is open-ended, in MFI domestic currencies and is by nature difficult to hedge.

## 14.3 Country risk

Country risk is generally understood as a risk that emanates from the country-specific operating environment of the MFI (in contrast to counterparty risk, which emanates from the MFI itself). The Sub-Fund, as it engages with counterparts in developing countries, does face some peculiar risks. These are often countries with fragile political and social institutions, weak property rights, inadequate legal and judicial systems, susceptibility to political upheavals, economic or financial crises, and natural disasters.

Furthermore, future modifications to the legal environment or to foreign exchange and capital transfer regulations subsequent to an investment may render the repatriation of funds challenging. In such case, the Sub-Fund will bear the associated costs and losses.

To limit its exposure, the Sub-Fund will avoid operating in areas engaged in armed conflict. To diversify its risks, the Sub-Fund will aim to limit its total engagement towards a single country to a maximum of 15% of its Net Asset Value. The Sub-Fund may consider the insurance of country risk on a case by case basis.

## 14.4 Liquidity risk

Potential Investors in the Sub-Fund should be specifically aware that the Sub-Fund invests a majority of its assets in illiquid, held-to maturity instruments and equity participations with uncertain exit timing. The Sub-Fund intends to limit liquidity risks through a liquidity reserve amounting to 10% of its net assets and through credit lines it may negotiate with third parties. However, no guarantee can be given that the Sub-Fund will be able, at each Valuation Day, to honour all redemption requests.

## 14.5 Operational risk

The Sub-Fund aims to establish controls, rules and procedures to limit operational risks. These range from



co-signature requirements for important decisions to the minimum length for the storage of records, from the safeguard of electronic data to the physical security of its offices.

In addition to these self-governing rules, the Sub-Fund will define its relations with its external partners (AIFM, Depositary and Administrative Agent, investment advisers, distributors, etc.) in contractual agreements. These documents shall establish the respective tasks and obligations of the Sub-Fund's partners and fix their modes of interaction with the Sub-Fund.

The AIFM will carry out regular, pre-announced and non pre-announced, control visits to the Fund's offices. The external audit of its activities and accounts will be entrusted to an internationally renowned audit company.

It should be kept in mind that despite the best governance rules and procedures, and despite the best compliance, some residual operational risk will always remain.

#### **14.6 Risks linked to investment in other UCIs**

The investment by the Sub-Fund in target UCIs may result in a duplication of some costs and expenses which will be charged to the Sub-Fund, i.e. setting-up, filing and domiciliation costs, subscription, redemption or conversion fees, management fees, depositary bank fees, auditing and other related costs. For Shareholders of the Sub-Fund, the accumulation of these costs may cause higher costs and expenses than the costs and expenses that would have been charged to the Sub-Fund if the latter had invested directly.

#### **14.7 Risks linked to the valuation of illiquid and unlisted investments**

Financial instruments which are traded on a regulated market allow for measurement of their fair value through the availability of prices of recent transactions. Non-quoted, non-standardized instruments necessitate more effort to determine a probable realization value in the absence of transactions in the immediate past. The Sub-Fund will consider the use of three commonly accepted valuation methodologies: the income, market, and cost approaches.

The income approach measures the value of an underlying investment by the present value of its future economic benefits. Indications of fair value are developed by capitalizing current benefits or discounting prospective cash flows to their present value at a rate of return that appropriately reflects the inherent risk of that particular underlying investment.

The market approach arrives at an indication of fair value

by drawing upon comparable investments that have been recently executed in arm's-length transactions. The market data is then adjusted for any significant differences, to the extent known, between the identified comparable investment and the Sub-Fund's investment.

The cost approach considers reproduction or replacement cost as an indicator of fair value. The approach is based on the assumption that a prudent investor would pay no more for an investment than the amount for which he could replace or re-create it.

The use of any of these three methodologies depends on the availability of relevant information. The current microfinance industry is characterized by scarcity of information with regards to reliable and accessible market information. Only a few microfinance initial public offerings have taken place so far. A secondary market for investments is unorganized and a majority of transactions are private placements.

It is important to note that no single one of the three valuation methodologies will yield a definitive determination of fair value as each underlying investment involves unique factors. The Sub-Fund aims to use, wherever feasible based on the information available, more than one methodology. The valuation process requires the objective analysis of data, the application of experienced judgment, and discussion with the MFIs management to yield a reasonable conclusion.

#### **14.8 Integration and Impact of Sustainability Risk**

The Sub-Fund's investments may be subject to Sustainability Risks (hereafter referred to as "**Sustainability Risks**"). Sustainability Risks are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the Sub-Fund's investments. Specific Sustainability Risks can vary for each product and asset class. Such risks are further described hereunder:

- (i) **Environmental Risk:** The risk posed by the exposure to issuers that may potentially be (a) causing or affected by environmental degradation and/or depletion of natural resources or (b) negatively affected by the physical impacts of climate change. Environmental risks may result from air pollution, water pollution, waste generation, depletion of freshwater and marine resources, loss of biodiversity or damages to ecosystems, extreme weather events such as storms, floods, droughts, fires or heatwaves, changing rainfall patterns, rising sea levels and ocean acidification.
- (ii) **Social Risk:** The risk posed by the exposure to issuers that may potentially be negatively affected by

social factors such as poor labour standards, human rights violations, damage to public health, data privacy breaches, or increased inequalities.

(iii) Governance Risk: The risk posed by the exposure to issuers that may potentially be negatively affected by weak governance structures. For companies, governance risk may result from malfunctioning boards, inadequate remuneration structures, abuses of minority shareholders or bondholders rights, deficient controls, aggressive tax planning and accounting practices, or lack of business ethics. For countries, governance risk may include governmental instability, bribery and corruption, privacy breaches and lack of judicial independence.

**a. Integration of Sustainability Risks into the Sub-Fund's investment decisions**

Key potential sustainability risks are monitored, via appropriate due diligence conducted during the investment process, through the ALINUS (an abridged version of Cerise's SPI4 social performance audit tool), and presented to the Investment Committee.

Investments will be approved by the AIFM after due consideration of the level of the relevant Sustainability Risks and of mitigating factors that have been put in place and which are available on the Fund's website.

**b. Result of the likely impacts of Sustainability Risks on the return of the Sub-Fund**

Although certain key risk factors, notably governance, may have a substantial effect on individual assets, the Sub-Fund investment restrictions, implying a diversification of the portfolio, limit the potential impact on returns faced by the portfolio as a whole. Sustainability risks are therefore not anticipated to have a material negative impact on the financial returns of the Sub-Fund.

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**APPENDIX I:**  
**SPECIAL INVESTMENT AND HEDGING TECHNIQUES AND  
INSTRUMENTS**

## 1. Techniques and Instruments related to Transferable Securities

For the purpose of hedging, efficient portfolio management, duration management or other risk management of the portfolio, the Fund may, for each Sub-Fund which refers to this Appendix I, use the following techniques and instruments relating to transferable securities:

### (A) Transactions relating to Options on Transferable Securities

An option is the right to buy or sell a particular asset at a stated price at some date in the future within a particular period. The Fund may buy and sell call or put options on transferable securities provided that these options are traded on options exchanges or over-the-counter with broker-dealers who make markets in these options and who are first class financial institutions that specialize in these types of transactions and are participants in the over-the-counter markets.

The Fund shall further comply with the following rules:

- (i) The total amount of premiums paid for the purchase of call and put options which are considered here, together with the total amount of premiums paid for the purchase of call and put options described under (B) b) below, may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.
- (ii) The total commitment arising from (a) the sale of call and put options (excluding the sale of call options for which there is adequate cover) and (b) transactions for purposes other than hedging as referred to under (B) below, may not exceed, in respect of each Sub-Fund, at any time the NAV of such Sub-Fund. In this context, the commitment on call and put options sold is equal to the aggregate amount of the exercise prices of those options.
- (iii) When selling call options, the Fund must hold either the underlying transferable securities, or matching call options or any other instruments (such as warrants) providing sufficient cover. The cover for call options sold may not be disposed of as long as the options exist unless they are covered in turn by matching options or other instruments used for the same purpose.

Notwithstanding the foregoing, the Fund may sell uncovered call options if the Fund is, at all times, able to cover the positions taken on such sale and if the exercise prices of such options do not exceed 25% of the NAV of the relevant Sub-Fund.

- (iv) When selling put options, the Fund must be covered

during the full duration of the options by sufficient cash to pay for the transferable securities deliverable to the Fund by the counterparty on the exercise of the options.

### (B) Transactions relating to Futures and Option Contracts relating to Financial Instruments

Dealing in financial futures is the trading in contracts related to the future value of transferable securities or other financial instruments. Except as regards interest rate swaps on a mutual agreement basis and options which may be traded as provided for under (A) hereabove, all transactions in financial futures may be made on a regulated market only.

Subject to the following conditions, such transactions may be made for hedging purposes and for other purposes.

#### a) Hedging

Hedging is designated to protect a known future commitment.

- (i) As a global hedge against the risk of unfavourable stock market movements, the Fund may sell futures on stock market indices or other financial instruments on indices. For the same purpose, the Fund may sell call options or buy put options on stock market indices. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Fund's corresponding portfolios.
- (ii) As a global hedge against interest rate fluctuations, the Fund may sell interest rate futures contracts. For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specializing in this type of transaction.

The total commitment relating to futures and option contracts on stock market indices may not exceed the total valuation of securities held by the relevant Sub-Fund in the market corresponding to each index. In the same way, the total commitment on interest rate futures contracts, option contracts on interest rates and interest rate swaps may not exceed the total valuation of the assets and liabilities to be hedged held by the relevant Sub-Fund in the currency corresponding to these contracts.

#### b) Trading

Trading is based on the forecasting of future movements in financial markets. In this context and apart from option contracts on transferable securities (See (A) above) and contracts relating to currencies (See 2. below), the Fund may, for a purpose other than hedging, buy and sell futures

contracts and options contracts on any type of financial instrument provided that the total commitment arising on these purchase and sale transactions together with the total commitment arising on the sale of call and put options on transferable securities, in respect of each Sub-Fund, at no time exceeds the NAV of such Sub-Fund.

Sales of call options on transferable securities for which the Fund has sufficient cover are not included in the calculation of the total commitment referred to above.

In this context, the commitment arising on transactions which do not relate to options on transferable securities is defined as follows:

- the commitment arising on futures contracts is equal to the liquidation value of the net position of contracts relating to identical financial instruments (after netting between purchase and sale positions), without taking into account the respective maturities and
- the commitment relating to options bought and sold is equal to the sum of the exercise prices of those options representing the net sold position in respect of the same underlying asset, without taking into account the respective maturities.

The total of the premiums paid to acquire call and put options as described above, together with the total of the premiums paid to acquire call and put options on transferable securities as described under (A) above may not, in respect of each Sub-Fund, exceed 15 % of the NAV of such Sub-Fund.

## 2. Currency Hedging

In order to protect its present and future assets and liabilities against the fluctuation of currencies, the Fund may enter into transactions the object of which is the purchase or the sale of forward foreign exchange contracts, the purchase or the sale of call options or put options in respect of currencies, the purchase or the sale of currencies forward or the exchange of currencies on a mutual agreement basis provided that these transactions be made either on exchanges or over-the-counter with first class financial institutions specializing in these types of transactions and being participants of the over-the-counter markets.

The objective of the transactions referred to above presupposes the existence of a direct relationship between the contemplated transaction and future or current assets or liabilities to be hedged and implies that, in principle, transactions in a given currency (including a currency bearing

a substantial relation to the value of the reference currency (i.e. currency of denomination) of the relevant sub-fund - known as “Cross Hedging”) may not exceed the total valuation of such current and future assets and liabilities nor may they, as regards their duration, exceed the period where such assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred. For the avoidance of doubt, future assets or liabilities shall mean assets or liabilities arising from binding contractual agreements such as future interest payments on loan contracts.

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## **APPENDIX II:**

**TEMPLATE PRE-CONTRACTUAL DISCLOSURE FOR THE FINANCIAL PRODUCTS REFERRED TO IN ARTICLE 9, PARAGRAPHS 1 TO 4A, OF REGULATION (EU) 2019/2088 FOR THE SUB-FUND LUXEMBOURG MICROFINANCE AND DEVELOPMENT FUND.**

**Template pre-contractual disclosure for the financial products referred to in  
Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088**

**Product name:** Investing for  
Development SICAV –Luxembourg  
Microfinance and Development Fund

**Legal entity identifier:**  
549300HPOC2R0U7FV725

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Sustainable investment objective**

**Does this financial product have a sustainable investment objective?**

☒ ☐ ☒ **Yes**

☐ ☐ ☐ **No**

☐ It will make a minimum of **sustainable investments with an environmental objective: \_\_\_\_%**

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ It will make a minimum of **sustainable investments with a social objective: 80%**

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**

The Sub-Fund has a sustainable investment objective but may hold on an ancillary basis liquid assets and derivative instruments used for risk management purposes. These assets are not considered sustainable investments. Liquid assets and derivatives may constitute in rare circumstances more than 20% of total net assets of the Sub-Fund, however such circumstances are temporary and do not reflect the long-term objective of the Sub-Fund.



**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

## What is the sustainable investment objective of this financial product?

The objective of the Sub-Fund is to make sustainable investment within the meaning of article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the “SFD Regulation”) by contributing to the alleviation of poverty in developing countries through the provision of permanent and adapted financial services to marginalised communities and individuals. The Sub-Fund invests in promising microfinance institutions (“MFIs”) that have a positive social impact so that these institutions reach financial autonomy. In pursuance of its objectives, the Sub-Fund may invest in MFIs, in networks or associations of MFIs, in regional funds, in microfinance vehicles (“MIVs”) and in other microfinance-related products.

The Sub-Fund has two principal objectives, social and financial: help socially-oriented MFIs to become long term viable enterprises that reach more poor people and offer better services, and generate sufficient income to sustain its own operations and give its Shareholders a financial return that at least compensates for inflation.

Microfinance is a term describing the provision of financial services to the poor. Microfinance is intended to cater to the needs of poor people by giving sustainable and formalized access to credit, savings, money transfer services, micro-leasing and micro-insurance. The term “micro” in microfinance is derived from the fact that transaction amounts are small compared to amounts found in traditional financial intermediation. The process of catering mostly to the part of humanity not having access to formal financial service providers (banks, insurance companies etc.) is often described under the term “financial inclusion”.

Ultimately microfinance, as understood by the Sub-Fund, aims at contributing to the alleviation of poverty by reducing the exclusion and uncertainty poor people face in their daily lives and enabling economic development of micro-entrepreneurs.

The Sub-Fund’s investment focus is on promising MFIs with positive social impact. Promising MFIs are institutions which have a proven business model, have reached or are close to reaching financial sustainability and have a strong social vision and mission focused on positive impact for the ultimate clients.

The Sub-Fund will invest in the developing countries of Africa, Asia and Latin America.

The decision to invest will be based less on the overall level of development of the country in question, but rather more on the merits of the individual cases, i.e., the potential benefit for the local population and the prospects of autonomy for the MFI.

The Sub-Fund is not pursuing an environmental objective as defined in Article 9 of EU Regulation 2020/852.

The Sub-Fund’s investment strategy is not aligned to any reference benchmark.

### ● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

The Sub-Fund will strive to provide tailor-made and innovative solutions to needy MFIs, coupling its own financial assistance with technical support from external consultants. It will deliberately focus on niche activities, activities where potential needs of MFIs are large, but current supply is scarce.

To monitor the social performance of the Sub-Fund, the proportion of assets invested in MFIs is carefully monitored and reporting is provided through a quarterly factsheet and semi-annual reports. These also provide a series of other key performance indicators which are used to monitor the outreach of the Sub-Fund.

The key performance indicators used to measure the attainment of the sustainable investment objective are segmented both at the portfolio, investees, and end clients' level.

At the level of the portfolio and investee level, the following key performance indicators are defined:

Total amount of portfolio in EUR invested in microfinance providers
No. of microfinance institutions directly financed
Geographical distribution of investees (i.e., Latin America, Sub-Saharan and North Africa, Southeast and Central Asia, Developed countries)
Percentage of financing in microfinance institution local currency
Average financing for microfinance institution
Share of investments in low and medium Human Development Index (HDI) countries

Key performance indicators gathered on a quarterly base at end client level are the following:

Gender disaggregated data by borrower (i.e., percentage of women and men)
Geographical disaggregated data by borrower (i.e., number of clients in rural and urban areas)
Lending methodology disaggregated data by borrower (i.e., loan disbursed by group and individual lending)
Loan disbursed by GNI/per capita during the period (i.e., number of loans disbursed below or above GNI/capita during period and average loan disbursed / GNI per capita)

Additional key performance indicators are also gathered and analysed to measure the Sub-Fund contribution to the Social Development Goals (SDGs). The Sub-Fund strives to provide contribution to many of the goals focusing on People and Prosperity, traditionally defined as goal N° 1 - No Poverty, goal N° 4 - Quality education, goal N° 5 - Gender equality, goal N° 8 - Decent work and economic growth, goal N° 10 - Reduced inequality, and goal N° 17 - Partnership for the goals.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

## ● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

### — **How have the indicators for adverse impacts on sustainability factors been taken into account?**

The Sub-Fund is collecting data for the mandatory indicators specified in Table 1 of Annex I of final draft RTS on a best-effort basis.

In relation to the mandatory Principal Adverse Impacts (PAIs) that apply to the Sub-Fund, the mandatory collection is performed on a best efforts basis on the following indicators.

**TABLE 1 - Principal adverse sustainability impacts statement**

10. Violations of UN global Compact principles and Organisation for Economic Cooperation and Development (OECD)	The due-diligence process includes a review of the labour relations and working practices of the organization including written human resources policies protecting employees and
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Guidelines for Multinational Enterprises	creating a safe working environment, transparent communication and equal opportunities and effective feedback mechanisms. Discrimination against protected categories and responsible loan collection practices are also verified.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	The investment adviser of the Sub-Fund is tasked with reviewing, supervising, and monitoring the microfinance investment compliance.
13. Board gender	Board gender disaggregated data are collected during the due diligence process and the KYC checks. Data are reported semi-annually
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	All investees sign a contract that includes a dedicated annex with the lists all the forbidden activities. The exclusion list includes, among others, a section on weapons and chemicals.

**TABLE 3 - Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery manners**

5. Lack of grievance/complaints handling mechanisms related to employee matters	ALINUS indicator 5.A.1.1.5 Grievance resolution assessed during due diligence
6. Insufficient whistle-blower protection	ALINUS indicator 5.A.1.1.6 Whistle blower policy assessed during due diligence

Key potential sustainability risks are monitored, via appropriate due diligence conducted during the investment process, through, among others, the ALINUS (an abridged version of Cerise's SPI4 social performance audit tool), and presented to the Investment Committee.

The Sub-Fund has also adopted an exclusion list to ensure no significant harm is caused through its financing.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

The Sub-Fund strives to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

It invests in MFIs which are formal, often regulated institutions. The Sub-Fund due diligence process includes a review of the labour relations and working practices of the organisation including written human resources policies protecting employees and creating a safe working environment, transparent communication and equal opportunities and effective feedback mechanisms.

Client rights are verified during the due diligence process by reviewing the institution approach towards fair and respectful treatment of clients in line with the internal code of conduct that is expected to spell out the organizational standards of professional conduct and values. The providers are also required to present policies and documented processes to avoid discrimination against protected categories and collect loans from customers in appropriate manner.

The Fund encourages its investees to take into account environmental risks, to manage those risks proactively and to facilitate business opportunities based on green technologies.



### Does this financial product consider principal adverse impacts on sustainability factors?

✘ Yes

Data is collected on a best efforts basis and published annually on the Sub-Fund's website ([www.lmdf.lu](http://www.lmdf.lu))

The due diligence process includes an institutional and contextual analysis of the MFI, drawing upon qualitative as well as quantitative criteria. This analysis will look into the institutional structure of the MFI (history, governance, legal structure, human resources, etc.), it will assess its social profile (social mission, targeted clients, product offering, quality of established links with customers, etc.), and it will examine its financial robustness (cost coverage, capital structure, dependency on donors, portfolio quality, credit methodology, reserves and provisions, etc.).

During the investment process of the Sub-Fund, key potential Sustainability Risks are categorised on the basis of the level of their potential adverse social and environmental impacts (i.e. significant, limited or minimal impact) and reasons, taking into account the possibly to implement mitigation measures are taken into account.

In relation to the mandatory Principal Adverse Impacts (PAIs) that apply to the Sub-Fund, the mandatory collection is performed on a best efforts basis on the following indicators:

TABLE 1 - Principal adverse sustainability impacts statement

- 10. Violations of UN global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- 13. Board gender
- 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

TABLE 3 - Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery manners

- 5. Lack of grievance/complaints handling mechanisms related to employee matters
- 6. Insufficient whistle-blower protection

Certain risk factors would eliminate the possibility of investment; in other cases the significance and relevance of risk are considered and identified. In most circumstances, the Sub-Fund will not go ahead with investments where both the significance and relevance of a non-compliance risk is high unless steps can be taken to mitigate it.

PAIs are collected, monitored, analysed and reported on an annual basis and presented in the Sub-Fund annual report.

Investments will be approved and made by the Sub-Fund after due consideration of the level of the relevant Sustainability Risks and of mitigating factors that have been put in place as follows:

<b>Risk</b>	<b>Details</b>	<b>Level</b>	<b>Mitigation</b>
Bribery and corruption	Underlying businesses engage in corrupt practices with consequent legal and reputational issues	Low	<ul style="list-style-type: none"> <li>• Bribery and corruption regulation is in place in Luxembourg and MFIs are required to respect this law</li> <li>• Levels of corruption are analysed beforehand. They are taken into consideration in the investment decision-making process</li> <li>• Financing provided to institutions is to be exclusively used for the financing of microfinance activities</li> <li>• Checks are conducted on financial statements on a regular basis</li> <li>• Name checks are conducted on key individuals at time of disbursement</li> </ul>
Environmental risk	The Fund supports MFIs with a low consideration of the environment in their business model which could lead to environmental degradation	Medium	<ul style="list-style-type: none"> <li>• The Fund works closely with its Investment Adviser, ADA, to conduct due diligence. During this time, the MFI's business activities are carefully monitored to ensure that financing is not provided which could contribute to material adverse environmental impact</li> <li>• The Fund adopts an exclusion list prohibiting investments which are likely to have a substantial negative environmental impact</li> </ul>
Governance	Fund works with MFIs which may have low levels of formalisation and weak governance	Medium	<ul style="list-style-type: none"> <li>• Governance structures are systematically analysed during due diligence, including due diligence on directors and shareholders</li> <li>• Covenants can be placed on companies requiring certain minimum governance standards to be met</li> <li>• Local tax law is expected to be respected</li> </ul>



Respect for Human Rights	Businesses do not give adequate regards to Human Rights in their practices	Low	<ul style="list-style-type: none"> <li>• Human rights are enshrined in local laws which investee companies are required to respect</li> <li>• Investee MFIs are expected to maintain a strong social vision and mission which enshrines the importance of human rights</li> <li>• During due diligence, and through continued monitoring and covenants, the Fund places a high emphasis on initiatives which support the rights and protection of those living in poverty, notably the Smart Campaign, PPI and ALINUS</li> </ul>
Social and Employee matters	Fund invests in MFIs which may have low governance standardised and a lack of formalisation of HR issues	Medium	<ul style="list-style-type: none"> <li>• Fund has an exclusion list which has strict labour related requirements</li> <li>• All MFIs are expected to pay at least the relevant local minimum wage to all staff. Staff turnover and compensation are monitored during due diligence</li> <li>• All MFIs are expected to comply with their national employment law</li> </ul>
Social Risk	The Fund financially supports MFIs which may have a low consideration of their social impact	Low	<ul style="list-style-type: none"> <li>• Investments are specifically oriented towards MFIs with a strong social impact (the only exception is in the context of liquidity management). Investment provided by the Fund is for the sole purpose of supporting microfinance portfolios (where the potential for generating positive social impact is very high)</li> <li>• The Fund works closely with ADA to conduct due diligence. During this time, analysts ensure that MFIs adopt practices in keeping with their social vision and mission. Particular attention is paid to the principle of Fair Treatment of Customers. Where possible branch offices and microfinance clients will be visited to ensure that Fair Treatment is upheld in all MFI branches.</li> <li>• The ALINUS is run at the time of investment, allowing the Fund to benchmark each MFI's performance in core areas reflecting the formalisation of social performance</li> <li>• The Fund adopts an exclusion list prohibiting investments which are likely to have a substantial negative social impact</li> <li>• Covenants can be placed on companies requiring certain minimum governance, financial and/or social standards to be met</li> <li>• Monitoring of core social performance</li> </ul>

			metrics from MFIs is received and analysed on a quarterly basis
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☐ No



### What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

The Sub-Fund is a social venture capital fund, which will invest in promising MFIs, including networks of MFIs and other investment vehicles similar to itself (e.g. regional funds). The Sub-Fund will not directly engage with the end-clients of the MFIs (micro-entrepreneurs, small savers and insurance policy holders). This activity requires local presence and local knowledge and is best done by locally implanted MFIs. The Sub-Fund will remain a flexible and attentive partner that can offer tailor-made and innovative solutions to MFIs' financial needs. The Sub-Fund moreover strives to create linkages with actors providing technical assistance to MFIs. Given the Sub-Fund's focus on promising Tier 2 MFIs, significant synergies may be derived from the combination of financing with non-financial assistance. The Sub-Fund itself does not provide nor finance technical assistance to MFIs

The investment strategy of the Sub-Fund focuses on creating significant social impact and stable returns. By investing in microfinance institutions (MFIs), the Sub-Fund aims at meeting the financial needs of some of the most marginalised populations in the world with a particular focus on women, young people and people living in rural areas.

The Sub-Fund finances a wide range of microfinance institutions, the majority of which are non-profit structures or cooperatives. Debt securities are the instruments of choice for providing financing to microfinance institutions to develop their business models. The Sub-Fund is an open-ended SICAV and its diversified debt securities portfolio creates the cash flow necessary to balance the assets of the Fund and the structure of the shareholders.

The Sub-Fund cannot invest more than 5% of its net assets in a single counterparty and the concentration of risks per country cannot exceed 15%. The Sub-Fund's close collaboration with ADA, the investment adviser – ensures careful and regular monitoring of investments on a quarterly basis and an annual site visit. Maintaining relationships has been key to achieving financial and social returns.

The Sub-Fund strives to create strong social impact and stable returns.

### ● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The Sub-Fund's investment focus is on promising MFIs with positive social impact. Promising MFIs are institutions which have a proven business model, have reached or are close to reaching financial sustainability and have a strong social vision and mission focused on positive impact for the ultimate clients. In the case of promising MFIs using new technology and distribution models requiring substantial upfront investments, the Sub-Fund focuses on the financial sustainability of the micro-credit activity while ensuring that the capitalisation of the MFI as a whole and commitment of key shareholders is adequate in relation to potential or incurred operating losses.

The Sub-Fund will invest in the developing countries of Africa, Asia and Latin America.

For the identification of potential microfinance institutions (MFIs) it can invest in, the AIFM relies on investment advisers and on proposals from other institutions engaged in financing of MFIs and development cooperation. MFIs in developing countries may also initiate their own request for funding. The due diligence process includes an institutional and contextual analysis of the MFI, drawing upon qualitative as well as quantitative criteria. This analysis will look into the institutional structure of the MFI (history, governance, legal structure, human resources, etc.), it will assess its social profile (social mission, targeted clients, product offering, quality of established links with customers, etc.), and it will examine its financial robustness (cost coverage, capital structure, dependency on donors, portfolio quality, credit methodology, reserves and provisions, etc.). The analysis will draw upon the annual reports of the MFI, its financial accounts (preferably audited), and other available reports (e.g. rating report).

In addition to the institutional analysis, a country analysis is undertaken, to assess the environment the MFI operates in. This analysis consists in an evaluation of the country's political and macroeconomic situation, its social indicators, its legal and judicial environment, and the conditions of its financial sector, in particular the provision of financial services to the poor and the feasibility of cross-border transactions.

Coupled to the above analysis is a field visit, to verify, complete and deepen the information at the Sub-Fund's disposal. An important component of the field visit will lie in personal contacts with the managers of the MFI and may include a visit to micro-entrepreneurs who are clients of the MFI. The field visit will normally be conducted by an investment adviser.

If the MFI passes this screening successfully, the proposal is presented to the AIFM. The AIFM takes the final investment decision.

As a first step, the AIFM and its Investment Advisor have a rigorous selection process for MFIs. This includes an initial analysis of financial statements, leverage, delinquent loans, together with ensuring institutions have a strong social mission and are focused on financing income-generating activities. This is coupled with geographical analysis, which considers the economic, political, developmental and financial backdrop in potential geographies – with a focus always on ensuring that financing reaches underserved areas. If this initial phase is satisfactory, the further analysis of the institutions is conducted, focusing on the organization and its governance, the products offered and the market including outreach, operating efficiency, strategy and the financial statements. An analysis of social considerations is incorporated into each of these areas and the ALINUS (an abridged version of Cerise's SPI4 social performance audit tool) is also included in the investment file. An investment file incorporating these elements is then brought to the Investment Committee, which has experts from a range of fields, for approval. If the investment is approved, then it moves to contractualisation, with a contract incorporating a rigorous exclusion list and social, as well as financial, covenants. Subsequent monitoring incorporates both social and financial elements, and engagement may occur following any concerns raised by this.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

The AIFM conducts due diligence and uses its own internal investment template which incorporates an analysis of the shareholder structure, the Board and its committees, and human resources practices and tax compliance. This is enhanced through the use of the ALINUS (an abridged version of Cerise's SPI4 social performance audit tool), or similar tools which is systematically incorporated into the due diligence and in which governance is a key consideration. The analysis is also updated during routine monitoring conducted on each MFI.

The MFI will moreover be strongly encouraged to introduce within a reasonable time period regular external evaluation of its performance, both financial and social, through an external rating agency, if it has not yet done so. The Sub-Fund will withdraw its funding in case of serious violation of the contract.

It should, however, be noted that the Fund does work in complex geographies and with recently established institutions; given this, governance practices do not necessary reflect EU best practices.



**What is the asset allocation and the minimum share of sustainable investments?**



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The Sub-Fund intends to hold at least 80% of total net assets in sustainable investments. The non-sustainable investments of the Sub-Fund include an intended 10% allocation to liquid assets in order to honour possible redemption requests received from shareholders on a quarterly basis. The Sub-Fund may also hold non-sustainable investments in the form of derivatives used for risk management or hedging purposes.

● ***How does the use of derivatives attain the sustainable investment objective?***

The Sub-Fund shall generally not invest in derivative instruments, other than currency or interest rate hedging instruments, debt swaps, sovereign default credit swaps, or similar agreements designed to manage risk associated with financial instruments or borrowings, and similar risk management derivatives, within the limits set forth in Appendix I “Special Investment and Hedging Techniques and Instruments” of the prospectus.

The Sub-Fund may use hedges to protect a known future commitment in a currency other than the Euro. This facilitates the provision of local currency loans to microfinance institutions. Otherwise, derivatives are not used to attain sustainable investment objectives.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

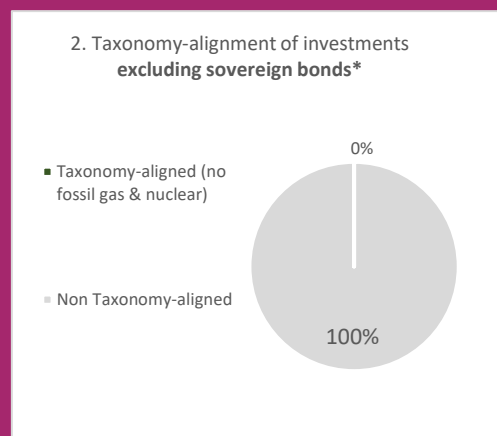
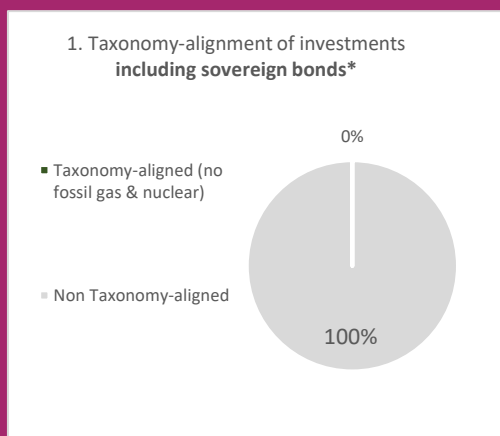
☒ No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



*\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

**What is the minimum share of investments in transitional and enabling activities?**

Not applicable

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable



**What is the minimum share of sustainable investments with a social objective?**

The Sub-Fund allocates all its investments into Microfinance or institutions which facilitate microfinance: such institutions contribute to the alleviation of poverty in developing countries through the provision of permanent and adapted financial services to marginalised communities and individuals. The Sub-Fund commits to make a minimum of sustainable investments with a social objective of 80%. Liquid assets and derivatives may constitute in rare circumstances more than 20% of total net assets of the Sub-Fund, however such circumstances are temporary and do not reflect the long-term objective of the Sub-Fund.



**What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?**

The Sub-Fund intends to allocate 10% of net assets to liquid assets classed as non- sustainable investments to honour possible redemption requests received from shareholders on a quarterly basis. The Sub-Fund may additionally invest in derivative instruments used for risk management and hedging purposes and not classed as sustainable investments.

The Sub-Fund does consider minimum environmental or social safeguards in the selection of local credit institutions in which the Sub-Fund places liquid assets. This includes the credit institution's commitment towards sustainability, for example expressed in their membership in the Inspiring More Sustainability (IMS) network, Luxembourg member of CSR Europe or their offering of sustainable investment products.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.



**Is a specific index designated as a reference benchmark to meet the sustainable investment objective?**

Not applicable

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

Not applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

- ***How does the designated index differ from a relevant broad market index?***

Not applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

More product-specific information can be found

On the website: <https://www.lmdf.lu> or

At the registered office of the Sub-Fund: 39, rue Glesener, L-1631 Luxembourg, Grand Duchy of Luxembourg.

