

**OFFERING DOCUMENT**

FOR THE PERMANENT OFFER OF SHARES OF THE SOCIETE  
D'INVESTISSEMENT A CAPITAL VARIABLE - SICAV

**CAJAS ESPAÑOLAS DE AHORROS II SICAV**  
Specialised Investment Fund

THE SHARES OF CAJAS ESPAÑOLAS DE AHORROS II SICAV  
ARE LISTED ON THE LUXEMBOURG STOCK EXCHANGE

**NOVEMBER 2008**

## INTRODUCTION

CAJAS ESPAÑOLAS DE AHORROS II SICAV - hereinafter referred to as “the Company” - is an “open-ended” investment company incorporated under the laws of the Grand Duchy of Luxembourg. “Open-ended” means that shares of the Company are redeemable at the request of the shareholders (see Chapter 17. REPURCHASE OF SHARES).

The Company is governed by the law of 13<sup>th</sup> February 2007 on specialised investment funds as amended from time to time (“the Law”).

The securities of the Company are not intended to be placed with the public. Indeed, the sale and holding of shares of the Company are restricted to well-informed investors within the meaning of Article 2 of the Law, investing on their own behalf or to well-informed investors subscribing on behalf of well-informed investors.

Shares are available for subscription in the following Sub-Funds:

CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS I expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS II expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS IV expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS V expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS VII expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS VIII expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS X expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XII expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XIV expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XVII expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS XIX expressed in EUR  
CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS XX expressed in EUR

In the future, the shares of the following Sub-Funds will be available for subscription:

CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS III  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS VI  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS IX  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XI

CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XIII  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XV  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XVI  
CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS XVIII  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XXI  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XXII  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XXIII  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XXIV  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XXV  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XXVI  
CAJAS ESPAÑOLAS DE AHORROS II SICAV - CLASS XXVII  
CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS XXIX  
CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS XXX  
CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS XXXI  
CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS XXXII

When such Sub-Funds are launched, this Offering Document will be updated.

Conversions between the Sub-Funds are not authorized.

The Directors of the Company may decide to launch other Sub-Funds, the investment policy and the offering modes of which will be announced at the appropriate time and in which case, this Offering Document will be updated.

A subscription form and a redemption form (the “Subscription Form” and the “Redemption Form”) are enclosed at the end of this Offering Document.

After the initial subscription period, shares are issued at a price corresponding to the Net Asset Value per share of each Sub-Fund as more fully described in Chapter 16. ISSUE OF SHARES, SUBSCRIPTION AND PAYMENT PROCEDURE.

Shares of each Sub-Fund shall be issued in registered form only, for which only confirmation of registration in the shareholders' register will be sent to shareholders.

Shares may be purchased or redeemed on a daily basis, as mentioned in Chapter 14. NET ASSET VALUE, at prices calculated by reference to the Net Asset Value of the relevant Sub-Fund.

**The price of shares and the income from them may go down as well as up. The Company is obliged to redeem investor's shares at the relevant redemption price, which may be different from the price at which the shares were acquired by such investors.**

The Company has been registered in Luxembourg on the official list of undertakings for collective investment in accordance with the Law.

This registration cannot be construed as an approval by the controlling authority of the contents of this Offering Document or of the quality of the securities offered and held by the Company. Any representation to the contrary would be unauthorized and unlawful.

In particular the shares of the Company have not been registered in accordance with any legal provisions pertaining to securities applicable in the United States of America, and may not be offered in the United States or any of its territories or in any possession or area subject to its jurisdiction.

No person is authorised to give any information or make any representations other than those contained in this Offering Document or in the documents indicated herein, which are available for inspection.

The Company's Directors accept responsibility for the accuracy of the information contained in this Offering Document on the date of publication.

This Offering Document may be updated from time to time with significant amendments. Consequently, subscribers are advised to ask the Company whether a more recent Offering Document has been published.

Subscribers are also advised to seek professional advice on the laws and regulations (such as those on taxation and exchange control) applicable to the subscription, purchase, holding and selling of shares in their place of residence or domicile.

The reference currency of the Company is the euro ("EUR"). Unless otherwise specified the reference currency of the Sub-Funds is the EUR.

Any reference in the Offering Document to the euro or to EUR relates to the legal currency of the European Monetary Union.

This Offering Document is valid only if it is accompanied by the latest available annual report and by the latest available semi-annual report, if one has been published after the annual report. These documents form an integral part of this Offering Document.

## TABLE OF CONTENTS

INTRODUCTION	2
TABLE OF CONTENTS	6
1. DIRECTORS AND ADMINISTRATION AND PARTIES INVOLVED	7
2. MAIN FEATURES OF THE COMPANY	11
3. SPONSOR	12
4. INVESTMENT POLICIES OF THE SUB-FUNDS	12
5. CO-MANAGEMENT AND POOLING	14
6. INVESTMENT RESTRICTIONS	16
7. RISK FACTORS	24
8. FINANCIAL TECHNIQUES AND INSTRUMENTS	27
9. DISTRIBUTION POLICY	35
10. CUSTODIAN BANK, DOMICILIARY AGENT, PRINCIPAL PAYING AGENT, LISTING AGENT AND REGISTRAR AND TRANSFER AGENT	35
11. ADMINISTRATIVE AGENT	37
12. COMPLIANCE OFFICER	38
13. SHARES	39
14. NET ASSET VALUE	40
15. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND OF THE ISSUE AND REPURCHASE OF SHARES	44
16. ISSUE OF SHARES, SUBSCRIPTION AND PAYMENT PROCEDURE	47
17. REPURCHASE OF SHARES	49
18. MARKET TIMING	49
19. TAX CONSIDERATIONS	51
20. CHARGES AND COSTS	52
21. GENERAL MEETINGS OF SHAREHOLDERS	553
22. LIQUIDATION	55
23. INFORMATION FOR SHAREHOLDERS	576
<i>SUBSCRIPTION FORM</i>	6159
<i>REDEMPTION FORM</i>	60

# 1. DIRECTORS AND ADMINISTRATION AND PARTIES INVOLVED

## BOARD OF DIRECTORS

### CHAIRMAN

**Constantino Toribio García**

Blas de Lezo 3B3, E-35009 Las Palmas de Gran Canaria  
Head of Financial Markets, Caja Insular de Ahorros de Canarias

### DIRECTORS

**Roberto Aleu Sánchez**

Alcalá 27, E - 28014 Madrid  
Manager of Products, Services and Capital Markets Division, Confederación Española de Cajas de Ahorros

**José María Renedo Cortés**

Plaza de Velarde 3, E – 25014 E – 39001 Santander  
Head of Treasury and Capital Market, Caja Santander y Cantabria

**José María Abella Mascarilla**

C/ Portal Nou, 37 - E - 08221 Terrassa (Barcelona)  
Head of Treasury and Capital Markets Department, Caja de Ahorros de Terrassa

**José Ignacio Iglesias Lezama**

C/ Postas 13-15 - E - 01004 Vitoria  
Director of the Financial Department, CajaVital

**José María Marañón Barreras**

Alcalá 27, E - 28014 Madrid  
Head of International Capital Markets, Services and Products, Confederación Española de Cajas de Ahorros

**Xabier Tribó Boixareu**

Santa Teresa, 63 4ta Planta  
08032 Mataró Barcelona  
Managing Director of Ges Layetana de Pensiones S.A.

**Angel María Cañadilla Moyano**

Avenida Gran Capitán 11 – 13, E – 14008 Córdoba

Deputy General Manager of Capital Markets Department, Caja SUR

**José Antonio Fernández Fernández**

Head of Corporate Finance division, Caja España

Avenida de Madrid, 120

E-24005 Leon

**Diego Ruiz Carillo**

Head of Capital Markets,

Caixa Sabadell

Gracia, 17

E-08201 Sabadell- Barcelona

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich, L-5826 Hesperange

duly represented by Georg Lasch, Head of Institutional Investors Coverage, Craig Fedderson, Consultants & Influences Management and Frank Roden, Head of Client Solutions - Global Fund Services

**REGISTERED OFFICE**

33, rue de Gasperich

L-5826, Hesperange

**AUDITOR**

**PricewaterhouseCoopers**

Espace Ariane

400, Route d'Esch

B.P. 1443

L-1471 Luxembourg

**CUSTODIAN, DOMICILIARY AGENT, PRINCIPAL PAYING AGENT AND LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich

L-5826 Hesperange





**REGISTRAR AND TRANSFER AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich

L-5826 Hesperange

**ADMINISTRATIVE AGENT**

**BNP Paribas Securities Services Luxembourg Branch**

33, rue de Gasperich

L-5826 Hesperange

**SPONSOR**

**CONFEDERACION ESPAÑOLA DE CAJAS DE AHORROS**

Alcalá 27 – E - 28014 Madrid

## 2. MAIN FEATURES OF THE COMPANY

CAJAS ESPAÑOLAS DE AHORROS II SICAV is a Luxembourg incorporated investment company (société d'investissement à capital variable) which was set up for an unlimited duration in Luxembourg in the form of a “société anonyme” on 23 February 1999. The Company is governed by the law of 13<sup>th</sup> February 2007 relating to specialised investment funds.

The Company works as an umbrella fund, which means that it is composed of sub-funds (the “Sub-Funds”) within the meaning of Article 133 of the law of 20<sup>th</sup> December 2002 on undertakings for collective investment as amended from time to time (the “2002 Law”). Each Sub-Fund represents a specific entity of assets and liabilities and adheres to a separate investment policy.

As regards relations between shareholders, each Sub-Fund is treated as a separate entity, generating without restriction its own contributions, capital gains and capital losses, fees and expenses. The Company constitutes a single legal entity; however with regard to third parties, in particular towards the Company’s creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.

Each Sub-Fund will be subscribed by one or more specific well-informed investors as defined under Article 2 of the Law (“Well-Informed Investors”) each being a Cajas de Ahorros, member of the Confederación Española de Cajas de Ahorros or Well-Informed Investors associated to Cajas de Ahorros or any other Well-Informed Investors specifically approved by the board of directors of the Company.

The investment policy of each Sub-Fund is determined in accordance with the investment criteria and the management style requested by the subscribers of the concerned Sub-Fund (see Chapter 4. INVESTMENT POLICIES OF THE SUB-FUNDS).

The Board of Directors (the “Directors”) may launch other Sub-Funds, the investment policies and the offering modes of which will be announced at the appropriate time and, in this case, this Offering Document will be updated.

The Company’s Articles of Incorporation were published in the Mémorial Recueil des Sociétés et Associations (“the Mémorial”) on 3 April 1999 and were amended on 23 July 2001 and published in the Mémorial on 18 January 2002 as

well as on 20 December 2007 with publication in the Mémorial on 20 February 2008. These Articles of Incorporation, as well as the “notice légale” pertaining to the issuing of the Company’s shares have been filed with the register of the Luxembourg District Court of Luxembourg where these documents are available for inspection. Copies may be obtained, upon request.

The Company is registered in the Luxembourg Trade Register under the number B 68 589.

The registered office of the Company is at at 33 rue de Gasperich, L-5826, Hesperange..

The Company’s capital corresponds at all times to the Net Asset Value of the different Sub-Funds and is represented by shares issued with no face value and fully paid-up. Variations in the capital shall be effected *ipso jure* and there are no provisions requesting publication and entry of such in the Trade Register as prescribed for increases and decreases of capital of limited companies. The Company’s minimum capital is EUR 1,250,000.-.

### **3. SPONSOR**

The sponsor of the Company is Confederación Española de Cajas de Ahorros (the National Association of Spanish Savings Banks) (the “Sponsor”), an institution which is established in Madrid and recorded on Folio 180, section 8, page M 85116, inscription 1a, volume 5197, book O of the Mercantile Registry of Companies of Madrid.

The Sponsor is a banking institution created by the Savings Banks of Spain in order to provide them with financial and operational services and to represent them as an association before other official bodies at domestic and international level.

### **4. INVESTMENT POLICIES OF THE SUB-FUNDS**

The investment objectives of each Sub-Fund is to seek a steady growth of its assets through a combination of investments: investments may be made in a wide variety of fixed income securities such as fixed and variable rates bonds, zero coupon bonds and in money market instruments as well as in units or shares of open-ended and closed-ended investment funds and all other permitted assets according to the Law.

Investments may also be made in common stocks, such as preferred stocks, and securities convertible into common stocks.

All the Sub-Funds will give the investors the possibility to benefit from investing in worldwide securities.

The assets of each Sub-Fund may be fully invested in liquid assets (including cash and short-term money market instruments), on the basis of the risk spreading principle, for temporary defensive purposes (e.g. following disinvestment and pending re-investment opportunities or bear market conditions).

The assets of each Sub-Fund may also be invested up to 100% in Undertakings for Collective Investment (“UCIs”), in accordance with Chapter 6. INVESTMENT RESTRICTIONS of this Offering Document and under the requirements set out in the said Chapter.

The investments may be denominated in any currency. Considering these currency risks, the Company will utilize from time to time financial techniques and instruments to hedge exchange risks to which the Company is exposed in the management of its assets and liabilities, in accordance with point II of Chapter 8. FINANCIAL TECHNIQUES AND INSTRUMENTS of this Offering Document.

Furthermore, the Company is authorised for each Sub-Fund for purposes other than hedging in the context of the management of their assets and liabilities, to employ techniques and instruments for both currency exposure and currency investment to enhance performance and consequently may buy and sell forward foreign exchange contracts and options on currencies and enter into swap transactions on currencies subject to the restrictions detailed in the Point III of Section 8. FINANCIAL TECHNIQUES AND INSTRUMENTS of this Offering Document.

The Company may, for each Sub-Fund and for the purpose of hedging and efficient management techniques undertake transactions relating to options or to financial futures and related options on a regulated and/or on an OTC market; the SICAV may also, for each Sub-Fund and for the purpose of efficient portfolio management only, undertake transactions relating to securities lending, in accordance with Point I of Chapter 8. FINANCIAL TECHNIQUES AND INSTRUMENTS of this Offering Document.

**For each Sub-Fund, in accordance with the investment criteria and the management style requested by the subscriber of the concerned Sub-Fund, the Board of Directors of the Company, or the Investment Manager of said Sub-Fund, if any, will determine the investments of this Sub-Fund.**

With respect to each Sub-Fund, the Investment Manager, if any, shall be entitled to delegate, with the prior approval of the Board of Directors of the Company and at its own expenses, its functions, discretions, privileges and duties or any of them to any person, firm or corporation (the “Sub-Investment Manager”) whom it may consider appropriate, provided that the Investment Manager shall remain liable hereunder for any loss or omission of such person, firm or corporation as if such act or omission was its own other than in respect of any error of judgment or mistake in law on the part of such person, firm or corporation made or committed in good faith in the performance of the duties delegated to it.

The Board of Directors of the Company may appoint any person, firm or corporation to act as an investment adviser (the “Investment Adviser”) in relation to any Sub-Fund. Such appointment shall be done upon the terms and conditions of an investment advisory agreement and under the ultimate responsibility of the Board of Directors.

The Investment Adviser will provide day-to-day advice in respect of the investment and reinvestment of the assets of the relevant Sub-Fund for which it has been appointed.

Subject to the prior approval of the Board of Directors of the Company, the Investment Adviser shall be entitled to delegate at its own expenses, its functions, discretions, privileges and duties or any of them to any person, firm or corporation (the “Sub-Investment Adviser”) whom it may consider appropriate, provided that the Investment Adviser shall remain liable hereunder for any loss or omission of such person, firm or corporation as if such act or omission was its own other than in respect of any error of judgment or mistake in law on the part of such person, firm or corporation made or committed in good faith in the performance of the duties delegated to it.

## **5. CO-MANAGEMENT AND POOLING**

For the purpose of efficient management the Board of Directors may decide to pool all or part of the assets of one or more Sub-Funds with all or part of the

assets of other Sub-Funds of the Company (pooling technique) or to co-manage all or part of the assets, with the exception of a cash reserve, if necessary, of either one or more Sub-Funds of the Company with assets of other Luxembourg Investment Funds or one or more Sub-Funds of other Luxembourg Investment Funds (hereinafter the “Party(ies) to the Co-Managed Assets”) for which the Custodian of the Company has been appointed as Custodian Bank. Assets shall be co-managed in accordance with the respective investment policy of the relevant Parties to the Co-Managed Assets, each of which being identical or comparable in their objectives. The Parties to the Co-Managed Assets will only participate in the Co-Managed assets in accordance with their respective investment policies and restrictions.

Each Party to the Co-Managed Assets will participate in the relevant Co-Managed Assets in proportion to the assets contributed thereto by it. Pro rata to their contribution to the Co-Managed Assets, the assets will be attributed to the Parties to the Co-Managed Assets concerned. The entitlements of each participating Party to the Co-Managed Assets apply to each and every line of the investments of such Co-Managed Assets.

Any such Co-Managed Assets shall be formed by the transfer of cash or other assets, whenever appropriate, from each of the participating Parties to the Co-Managed Assets. Thereafter, the Board of Directors may from time to time make further transfers to the Co-Managed Assets. Assets may also be transferred back to a participating Party to the Co-Managed Assets up to the amount of the participation of the Party to the Co-Managed Assets concerned.

Dividends, interest and other distributions of any income nature earned in respect of the Co-Managed Assets will be applied to the Party to the Co-Managed Assets concerned, in proportion to its respective participation. Such income may be kept at the level of the participating Party to the Co-Managed Assets or reinvested in the Co-Managed Assets.

Any costs and expenses incurred in respect of the Co-Managed Assets will be applied to such Co-Managed Assets. Such costs and expenses will be attributed to the Party to the Co-Managed Assets concerned in proportion to the respective entitlements of the Party to the Co-Managed Assets.

In the case that a breach of investment restrictions occurs at the Sub-Fund level of the Company when such Sub-Fund is participating in the Co-Managed Assets and even though the Investment Manager complied with the investment restrictions effected on said Co-Managed Assets, the Board of Directors of the

Company will ask the Investment Manager to reduce the investment in breach, in proportion to the participation of the concerned Sub-Fund participating in the Co-Managed Assets.

Upon the dissolution of the Company, or whenever the Board of Directors of the Company decides – without prior notice – to withdraw the participation of the Company or a Sub-Fund of the Company from the Co-Managed Assets, the Co-Managed Assets will be allocated to the participating Parties to the Co-Managed Assets in proportion to their respective participation in the Co-Managed Assets.

**The investor should be aware that such Co-Managed Assets are used solely for effective management purposes, provided that all participating Parties to the Co-Managed Assets have the same Custodian Bank. Co-Managed Assets do not constitute legal entities and are not directly accessible to investors. However, the assets and liabilities of each of the Sub-Funds of the Company will be segregated and identified at all times.**

## 6. INVESTMENT RESTRICTIONS

The Board of Directors of the Company has determined the restrictions which each Sub-Fund and any appointed Investment Manager and/or Sub-Investment Manager shall comply with in managing the assets of the Company. Such restrictions are at present as follows:

1. The Company may not invest more than 20% of the net assets of each Sub-Fund in transferable securities or in money market instruments that are not officially listed on a Stock Exchange or that are not traded on another regulated market, that is operating regularly, recognized and open to the public.
2. The Company, for each Sub-Fund, may not acquire more than 20% of transferable securities and money market instruments of the same kind issued by the same issuing body. In the case of structured bonds, such limit may not exceed 10% of such securities.
3. The Company may not invest more than 25% of the net assets of each Sub-Fund in transferable securities or money market instruments (i.e. with a maturity of more than twelve months) issued by the same issuing body.



Furthermore, the Company may not invest more than 10% of the net assets of each Sub-Fund in short-term securities or money market instruments (i.e. with a maturity of less than twelve months) issued by the same issuing body. However, in times of bear market conditions, the Company prudently applying policies of high liquidity and low duration may, should the short-term securities or money market instruments be rated at least A1+ (Standard and Poor's) or P1 (Moody's), invest up to 45% of the net assets of each Sub-Fund in such short-term securities or money market instruments issued by the same issuing body.

The restrictions under 1), 2) and 3) above do not apply to transferable securities or money market instruments issued or guaranteed by a member state of the OECD, by its local or regional authorities, or by an international organisation to which one or more member countries of the European Union belong, or a regional or worldwide organisation.

#### 4. Investments in UCIs

As used in this Offering Document, the capitalised terms below shall have the following meanings:

##### **General Definitions:**

***“Investment Fund”*** shall mean any undertaking the sole object of which is the collective investment in transferable securities, financial instruments and other assets, including, without limitation, any Luxembourg Investment Fund, Foreign Regulated Investment Fund and Foreign Unregulated Investment Fund.

***“Luxembourg Investment Fund”*** shall mean any Open-end Investment Fund or Closed-end Investment Fund organised under Luxembourg law.

***“Foreign Regulated Investment Fund”*** shall mean any Open-end Investment Fund or Closed-end Investment Fund which is subject to at least 2 of the following criteria: (i) risk spreading requirements comparable to those applicable to Luxembourg Investment Funds or (ii) rules and supervision which are comparable to those provided for by Luxembourg Investment Funds or (iii) has been formed or organised under the laws of Canada, Hong Kong, Japan, Switzerland, the United States, Norway, any member State of the European Union (“EU”), any other member State of the OECD.

***“Foreign Unregulated Investment Fund”*** shall mean any Open-end Investment Fund or Closed-end Investment Fund other than a Foreign Regulated Investment Fund.

***“Open-end Investment Fund”*** shall mean any Investment Fund the shares or units of which are, at the request of holders, redeemed directly or indirectly out of the assets of such Investment Fund (actions taken by such Investment Fund to ensure that the stock exchange or the market value of its shares or units does not significantly vary from their Net Asset Value shall be regarded as equivalent to such redemption).

***“Closed-end Investment Fund”*** shall mean any Investment Fund which does not qualify as an Open-end Investment Fund.

**Specific Definitions of Target Investment Funds:**

***“Target Investment Fund”*** shall mean any Open-end and/or Closed-end Investment Fund which are classified within the following categories, hereunder described:

***“Traditional Investment Fund”*** shall mean any Investment Fund whose investments comprise one or a combination of the following assets:

- fixed income securities such as fixed and variable rates bonds, zero coupon bonds;
- money market instruments;
- common stocks, such as preferred stocks, and securities convertible into common stocks.

***“Fund of Funds”*** shall mean any Investment Fund (excluding Hedge Funds and Funds of Hedge Funds as defined below) whose investment objective is to invest primarily in a diversified portfolio of shares or units issued by other Traditional Investment Funds.

***“Real Estate Fund”*** shall mean any Investment Fund investing its assets in real estate assets.

***“Commodity Fund”*** shall mean any Investment Fund that gains most of its exposure to the commodities markets by entering into swap agreements on a commodities index, and which may invest in other commodity-linked derivative instruments, including options, futures contracts, options on

futures contracts, exchange traded funds and commodity-linked structured notes.

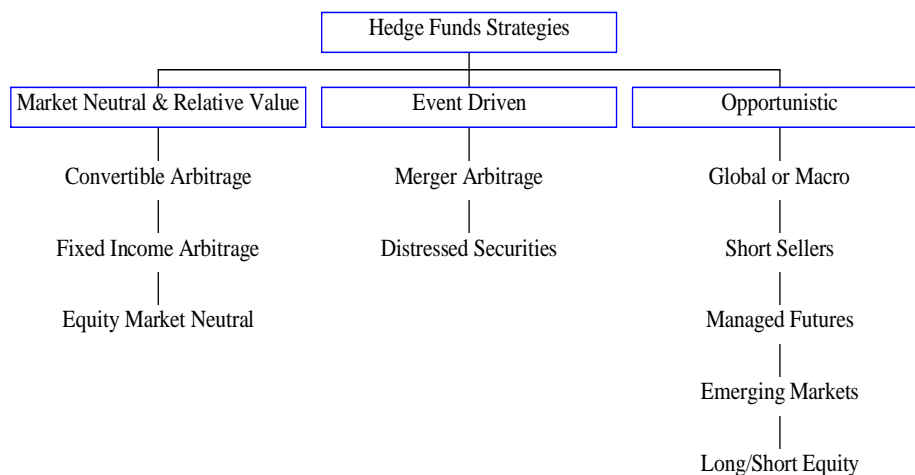
**“Hedge Fund”** shall mean any Investment Fund implementing hedging strategies and/or speculative techniques.

**“Qualified Hedge Fund”** shall mean any Hedge Fund managed or advised by OECD-domiciled institutions.

**“Fund of Hedge Funds”** shall mean any Investment Fund whose investment objective is to invest in a diversified portfolio of shares or units issued by Hedge Funds.

**“Fund of Private Equity Funds”** shall mean any Investment Fund whose investment objective is to invest in Funds investing themselves in securities representing risk capital.

**“Hedge Fund”, “Qualified Hedge Fund” and “Fund of Hedge Funds”** are together referred to as **“Alternative Investments”**. Some of them adhere to well defined investment disciplines while others are highly opportunistic. Risk profiles and performance attributes, therefore, can vary substantially. Finally, the style of some Alternative Investments may evolve over time to better suit market conditions. Broadly speaking, Alternative Investments styles and strategies may include the following:



- “Market Neutral & Relative Value Strategies” cover those strategies which mainly seek to combine equal weighted long and short positions in an effort to systematically neutralise the impact of markets movements on returns and

take advantage of pricing inefficiencies between related instruments. Examples of such strategies include:

- “Convertible Arbitrage”: this strategy involves purchasing a portfolio of convertible securities, generally convertible bonds, and selling short the underlying common stock of the same company. Profits are generated from the long and short positions while protecting the principal.
  - “Fixed Income Arbitrage”: this strategy takes advantage of compensating long and short positions in bonds or interest rate securities. Typical securities are interest rate swaps, U.S. and international government bonds and mortgage-backed securities. The aim is to profit from pricing inefficiencies observed or expected in these securities.
  - “Equity Market Neutral”: this strategy exploits market inefficiencies by investing simultaneously equivalent amounts in long and short positions within a market. The portfolios are designated to be either beta or currency neutral or both are adjusted for industry and sector exposure. Leverage is often applied to enhance returns.
- “Event-Driven Strategies”: cover those strategies which profit from the successful completion of a corporate significant transaction (i.e. mergers, acquisitions, liquidations, tender offers and other similar corporate events) by purchasing the securities at a discount to the value that will be realised upon completion of the transaction. Examples of such strategies include:
    - “Risk Arbitrage”, “Merger Arbitrage”: this strategy consists of investing simultaneously in long and short positions in both companies involved in a merger or acquisition. Typically the manager longs the stock of the company being acquired and shorts the stock of the buyer. The principal risk is deal risk, should the deal fail to close.
    - “Distressed Securities”: this strategy is based on investments in debt, equity or trade claims of financially distressed companies which are frequently undervalued, providing the prospect of greater appreciation in value. Trading at substantial discounts as companies are often in need of legal action or restructuring to revive financial stability.

- “Opportunistic Strategies”: cover those strategies which rely on finding securities which are either undervalued or overvalued and traded accordingly in a directional manner. Each investment is assessed individually and unwanted risk such as equity market risk is typically managed on an aggregate basis. Examples of these strategies include:
  - “Global or Macro Strategies”: this strategy mainly seeks to profit of long and short trades in any of the world’s major capital or derivatives markets influenced by major economic trends and/or events. Global or Macro Strategies may emphasize on bonds and currencies and may include a significant highly leverage position.
  - “Short Sellers Strategies”: this strategy consists of the sale of borrowed securities considered overvalued in the anticipation of purchasing them for a profit at lower prices.
  - “Managed Futures Strategies”: cover those strategies which mainly seek to profit of Commodity Trading Advisors, or CTA’s invested in listed financial and commodity futures and currency markets worldwide. Trading disciplines are generally systematic and discretionary. Systematic trading tends to use specific technical information while discretionary managers used a judgmental approach.
  - “Emerging Markets”: this strategy consists of purchasing sovereign or corporate debt and/or held in countries considered to be emerging (i.e. most debt and equity markets other than North America, Western Europe, Japan, New Zealand and Australia) as they may be subject to economic difficulties, political or social unrest. These strategies might concentrate on long securities.
  - “Long/Short Equity Strategies”: this strategy consists of purchasing undervalued securities and sell short the overvalued ones. These strategies might concentrate on a specific investment style, a specific geographic region (U.S. Equities, European Equities...), a specific industry sector (Technology, Energy, Biotechnology...) or a specific capitalization size (large cap, small cap).

The Company, for each Sub-Fund, may invest in shares or units of Target Investment Funds, provided that it complies with the following investments limits:

#### 4.1.Ownership ratio:

The Company may hold up to 50% of the shares or units issued by any Target Investment Fund, provided that the total value of the Company' s holding in the relevant Target Investment Fund does not exceed 50% of the Company' s net assets.

The Company will not invest in any Target Investment Fund with the objective of taking legal or managerial control of the relevant Target Investment Fund.

#### 4.2.Holding ratio:

In the case of Luxembourg Investment Funds or Foreign Regulated Funds, the holding ratios would be as follows:

4.2.1 The Company may invest, for each Sub-Fund, up to 100% of its net assets in shares or units issued by any Traditional Investment Fund, provided that the said Traditional Investment Fund is subject to risk diversification.

For the purpose of this limitation, each sub-fund of a Traditional Investment Fund with multiple sub-funds is to be treated as a distinct Traditional Investment Fund, on condition that the principle of segregation of commitments of the different sub-funds vis-à-vis third parties be ensured.

4.2.2 The Company may invest, for each Sub-Fund, up to 20% of its net assets in shares or units issued by any Fund of Funds or Fund of Hedge Funds. However investment in any such funds may reach up to 100% of the net assets of each Sub-Fund, provided that either :

- (i) the relevant Offering Document of the Target Investment Fund concerned includes a 20% holding ratio per single underlying fund; or
- (ii) if the relevant Offering Document states a higher holding ratio, then the underlying funds of the Target Investment Fund must not exceed the 20% restriction per holding. In such cases, the Company will monitor the compliance, for each Sub-Fund, of such restriction per holding.

4.2.3 The Company may invest, for each Sub-Fund, up to 20% of its net assets in shares or units issued by any Hedge Fund.

However, the total investment in shares or units issued by the Hedge Funds in which each Sub-Fund invest may reach up to 100% of the assets of each Sub-Fund.

4.2.4 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by Funds of Private Equity Funds.

4.2.5 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by Commodity Funds.

4.2.6 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by Real Estate Funds.

In the case of Foreign Unregulated Funds, the holding ratios would be as follows:

4.2.7 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by Traditional Investment Funds.

4.2.8 The Company may invest, for each Sub-Fund, up to 20% of its net assets in shares or units issued by any Fund of Funds or Fund of Hedge Funds. However, investment in any such funds may reach up to 100% of the assets of each Sub-Fund, provided that either :

- (i) the relevant Offering Document of the Target Investment Fund concerned includes a 20% holding ratio per single underlying fund, or
- (ii) if the relevant Offering Document states a higher holding ratio, then the underlying funds of the Target Investment Fund must not exceed the 20% restriction per holding. In such cases, the Company will monitor the compliance, for each Sub-Fund, of such restriction per holding.

4.2.9 The Company may invest, for each Sub-Fund, up to 20% of its net assets in shares or units issued by any Qualified Hedge Fund.

However, the total investment in shares or units issued by the Qualified Hedge Funds in which each Sub-Fund invest may reach up to 100% of the assets of each Sub-Fund.

4.2.10 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by Hedge Funds.

4.2.11 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by Funds of Private Equity Funds.

4.2.12 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by Commodity Funds.

4.2.13 The Company may invest, for each Sub-Fund, up to 20%, in aggregate, of its net assets in shares or units issued by any Real Estate Fund.

5. No issue or repurchase fees may be charged on account of the Company when investments are made in UCIs which are managed by the same sponsor or appointed managers as the ones of the Company. Also, no management or advisory fee may be charged on the part of the assets which are invested in such a UCI.

Investors should be aware that, when investing in other UCIs, double charges or triple charges, where the UCI in turn invests in other UCIs for taxes and expenses may arise.

6. The Company may borrow for a maximum of 10% of the net assets in each Sub-Fund without any restriction relating to the purpose of this borrowing.

7. The Company may not purchase or sell real estate. The Company may however invest in Real Estate Funds within the applicable limits set out above.

8. The Company may not enter into transactions involving commodities, commodity contracts or securities representing merchandise or rights to merchandise and for the purposes hereof commodities includes precious metals and certificates representing them, except that it may purchase and sell securities that are secured by commodities and securities of companies which invest or deal in commodities and that this restriction shall not prevent the Company from entering into financial futures and forward contracts (and options thereon) on financial instruments, stock indices and foreign currencies, to the extent permitted by applicable laws and regulations as well as to invest in Commodity Funds as more fully described above.

9. The Company may not enter into transactions that may produce a negative Net Asset Value in a particular Sub-Fund.

## **7. RISK FACTORS**

### **7.1. General risks**



Investors should be aware that an investment in the Company involves a substantial risk. There can be no assurance that the Company's investment program will be successful or that the investment objective of the Company will be achieved. Shares in the Company may fluctuate in price and value and the value of the shares may decline below the amount originally invested.

## **7.2. Lack of regulatory supervision**

The Company may invest in UCIs established in jurisdictions where no or less supervision is exercised on such UCIs by regulators. Although the Company will ensure that in any such event other safeguards are provided for the protection of the interest of the shareholders of such UCIs, such protection may be less efficient as if a supervision by a regulator was exercised. The Company intends to reduce this risk by favoring UCIs which, through the quality of their promoter, custodian, investment manager and auditor are considered to provide the Company better protection to this matter.

## **7.3. Risks related to Alternative Investments**

- 1) General provisions: Alternative Investments made by the Company are highly speculative in nature and that the risk for the Company and therefore for investors to lose all or part of invested capital cannot be overlooked.
- 2) Lack of liquidity: Although the Company will seek to select Alternative Investments which offer the opportunity to have their shares or units redeemed within a reasonable time frame, there is no assurance that the liquidity of such Alternative Investments will always be sufficient to meet redemption requests as, and when made. Any lack of liquidity may affect the liquidity of the shares of the Company and the value of its investments.

For such reasons, the treatment of redemption requests may be postponed in exceptional circumstances including if a lack of liquidity may result in difficulties to determine the Net Asset Value of the shares of the Company and consequently a suspension of issues and redemptions.

- 3) Net Asset Value Considerations: The calculation of the Net Asset Value per share of each Sub-Fund can only be determined after the value of investments is itself determined, which may imply a delay after the relevant Valuation Date. The number of shares subscribed cannot as a result be determined before the Net Asset Value per share has been calculated.

- 4) Leverage: Alternative Investments in which the Company may invest usually operate with substantial degree of leverage and are not limited in the extent to which they either may borrow or engage in margin transactions. The positions maintained by such Alternative Investments may in aggregate value be in excess of the Net Asset Value per share of each Sub-Fund of the Company. This leverage presents the potential for a rate of total return but also increases the volatility of the Company, including the risk of a total loss of the amount invested.
- 5) Short sales: Alternative Investments in which the Company may invest may engage in short selling of securities which may expose the portion of the Alternative Investments' assets committed to such activities to unlimited risk due to lack of an upper limit on the price to which the security may arise. However, to the extent that the Company participates in short selling activities through an Alternative Investment, the Company losses will be limited to the amount invested in the particular Alternative Investment.

#### **7.4. Emerging markets related risks**

Investment in securities of issuers having their principal place of business in emerging markets may be subject to greater risks than investments in securities of issuers from member States of the OECD due to a variety of factors including the following:

- 1) Economic, political and social policies: The uncertainties linked to the economic, political and social policies implemented in these emerging markets as well as to the level of management of the companies the shares of which will be held in portfolio involve an additional risk.
- 2) Liquidity: Investments made by the Company in emerging markets may have limited liquidity. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies.
- 3) Potential market volatility: Many emerging markets are relatively small, have low trading volumes and are characterised by significant price volatility.

#### **7.5. Funds of Private Equity Funds**

While private equity and venture capital investments may offer potentially significant capital returns, the targeted investments may face business and

financial uncertainties.

Investing in unlisted companies entails a higher risk than investing in companies listed on a recognized stock exchange or on other regulated markets and it may be difficult to dispose of such investments.

## **7.6 Real Estate Funds**

The Sub-Funds may invest in shares or units issued by Real Estate Funds.

The performance of a Real Estate Fund will depend in part on the performance of the real estate market and the real estate industry in general and may suffer from the lack of availability of mortgage funds, or extended vacancies of property.

## **7.7 Commodity Funds**

The Sub-Funds may invest in shares or units issued by Commodity Funds. Commodity Funds may be subject to greater volatility than if investing in traditional securities. The value of commodities and of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or sectors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

## **8. FINANCIAL TECHNIQUES AND INSTRUMENTS**

The Company is authorized for each Sub-Fund, for the purpose of hedging, efficient portfolio management or investment, in accordance with the methods described hereinafter:

1. to employ techniques and instruments relating to transferable securities;
2. to employ techniques and instruments intended to hedge exchange risk in the context of the management of their assets and liabilities.
3. to employ techniques and instruments for purposes other than hedging exchange risk, in the context of the management of their assets and liabilities.

## **I. TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES**

For the purpose of efficient portfolio management, the Company may undertake transactions relating to:

- options,
- transactions on financial futures and options,
- securities lending transactions,
- repurchase agreements.

### **1. Options on transferable securities**

The Company may, for each Sub-Fund, buy and sell call or put options on transferable securities traded on a regulated market, operating regularly, recognised and open to the public it being understood however such transactions may also be concluded by private agreement (OTC transactions) on the condition that they are contracted with first class financial institutions with first class rating that specialise in these types of transactions.

The above-mentioned transactions may be undertaken for hedging or tactical asset allocation.

#### **1.1. Rules in respect of the acquisition of options**

The total amount of premiums paid for the purchase of call and put options outstanding and referred to herein may not in respect of each Sub-Fund together with the total amount of premiums paid for the purchase of call and put options outstanding and referred to in clause 2.3 below and under Point III, paragraph b) exceed 15% of the net assets of each Sub-Fund of the Company.

#### **1.2. Regulations to ensure the coverage of commitments arising from options transactions**

Upon the conclusion of contracts for the sale of call options, the Company must hold either the underlying transferable securities, or matching call options or any other instruments which provide sufficient coverage of the commitments resulting from the contracts in question (such as warrants). The underlying

securities of a call option sold may not be disposed of as long as these options exist, unless such options are covered by matching options or by other instruments that can be used for that purpose. Notwithstanding the foregoing, the Company may sell uncovered call options if the Company 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 value of the net assets of the relevant Sub-Fund. When selling put options, the Company must be covered during the full duration of the options contracts by sufficient cash to pay for the transferable securities deliverable to the Company by the counterparty on the exercise of the options.

### **1.3 Conditions and limits for the writing of call and put options**

The total commitments arising from the writing of call and put options (excluding call options written in respect of which the Company has adequate coverage) and the aggregate of the total commitments from the transactions referred to in clause 2.3 hereafter may not, in respect of each Sub-Fund at any time, exceed the net assets of such Sub-Fund.

In this context, the commitment on call and put options written is deemed to be equal to the total of the exercise (striking) prices of those options.

## **2 Transactions relating to futures and options on financial instruments**

The transactions described herein may relate to contracts that are dealt in on a regulated market which is operating regularly, recognised and open to the public it being understood however such contracts may also be concluded by private agreement (OTC transactions) on the condition that they are contracted with first class financial institutions with first class rating that specialise in these types of transactions.

Subject to the conditions defined below, such transactions may be undertaken for hedging or tactical asset allocation.

### **2.1. Hedging operations relating to the risks attached to the general movement of stock markets**

As a global hedge against the risk of unfavourable stock market movements, the Company may, for each Sub-Fund, sell futures on stock market indices. For the same purpose, the Company may also, for each Sub-Fund, sell call options or buy put options on stock market indices or enter into swaps. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Company's corresponding portfolio.

The total commitment relating to futures and option contracts on stock market indices may not exceed the global valuation of securities held by each Sub-Fund of the Company in the market corresponding to each index.

## **2.2. Transactions relating to interest rate hedging**

As a global hedge against interest rate fluctuations, the Company may, for each Sub-Fund, sell interest rate futures contracts. For the same purpose, it can also, for each Sub-Fund, 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 specialising in this type of transaction.

The total commitment in financial futures contracts, option contracts and interest rate swaps may not exceed the net assets to be hedged held by each Sub-Fund of the Company in the currency corresponding to these contracts.

## **2.3 Transactions made for a purpose other than hedging**

Besides option contracts on transferable securities and contracts relating to currencies as referred to in section II below, the Company may for a purpose other than hedging, buy and sell futures contracts and option contracts on any type of financial instrument, providing 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 net assets of each Sub-Fund of the Company.

The writing of call options on transferable securities for which the Company has adequate coverage are not considered for the

calculation of the aggregate amount of the commitments referred to above.

In this context, the concept of the commitments relating to transactions other than options on transferable securities is defined as follows:

- the commitment arising on futures contracts is deemed equal to the liquidation value of the net position of contracts relating to similar financial instruments (after netting off purchase and sale positions), without taking into account the respective maturity dates; and
- the commitment relating to options bought and sold is equal to the aggregate of the exercise (striking) prices of those options representing the net sold position in respect of the same underlying asset, without taking into account the respective maturity dates.

It is reminded that the total of the premiums paid to acquire call and put options as described here, together with the total of the premiums paid to acquire call and put options on transferable securities as described in clause 1.1 and options on currencies as described in sections II and III here below, may not exceed 15% of the net assets of each Sub-Fund of the Company.

Furthermore, the Company may for a purpose other than hedging enter into swap contracts in which the Company and the counterparty agree to exchange the returns generated by a security, instrument, basket or index thereof for the returns generated by another security, instrument, basket or index thereof. The payments made by the Company to the counterparty and vice versa are calculated by the reference to a specific security, index, or instrument and an agreed upon notional amount. The relevant indices include, but are not limited to, currencies, fixed interest rates, prices and total return on interest rate indices, fixed income indices and stock indices.

### **3. Securities lending**

The Company may enter into securities lending transactions on condition that they comply with the following regulations:

### **3.1. Regulations to ensure the proper completion of lending transactions**

The Company may only lend securities through a standardized lending system organized by a recognized clearing institution or through a first class financial institution specializing in this type of transaction.

As part of lending transactions, the Company must in principle receive a security, the value of which at the conclusion of the contract must be at least equal to the global valuation of the securities lent.

This collateral must be given in the form of liquid assets and/or in the form of securities issued and/or guaranteed by a member State of the OECD or by their local authorities or by supranational institutions and organizations with the EU, regional or worldwide nature and be blocked in the name of the Company until the expiry of the lending contract.

### **3.2. Conditions and limits of securities lending**

Securities lending transactions may not exceed 50% of the global market valuation of the securities portfolio of each Sub-Fund. This limitation does not apply where the Company is entitled at all times to the cancellation of the contract and the restitution of the securities lent.

Securities lending transactions may not extend beyond a period of 30 days.

## **4. Repurchase agreements**

The Company may enter into repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement entitle the seller to repurchase from the purchaser the securities at a price and at a time agreed amongst the two parties at the conclusion of the agreement.

The Company may act either as purchaser or seller in repurchase transactions. His entering in such agreements is however subject to the following rules:



#### **4.1 Rules intended to ensure the proper completion of repurchase agreements**

The Company may purchase or sell securities in the context of a repurchase agreement only if its counterparty is a first class financial institution with first class credit rating that specializes in this type of transactions.

#### **4.2 Conditions and limits of repurchase transactions**

During the lifetime of a repurchase agreement, the Company may not sell the securities which are the object of the agreement either before the repurchase of the securities by the counterparty has been carried out or the repurchase period has expired.

The Company must ensure to maintain the importance of purchased securities subject to a repurchase obligation at a level such that it is able, at all times, to meet its obligations to redeem its own shares.

## **II. TECHNIQUES AND INSTRUMENTS TO HEDGE EXCHANGE RISKS TO WHICH THE COMPANY IS EXPOSED IN THE MANAGEMENT OF ITS ASSETS AND LIABILITIES**

To protect its net assets against the fluctuation of currencies, the Company may enter into transactions the purpose of which is the sale of forward foreign exchange contracts, sale of call options or the purchase of put options in respect of currencies. The transactions referred to here may only concern contracts which are dealt in on a regulated market which is operating regularly, recognised and open to the public it being understood however such transactions may also be concluded by private agreement (OTC transactions) on the condition that they are contracted with first class financial institutions with first class rating that specialize in these types of transactions.

For the same purpose, the Company may also enter into currency swaps on a mutual agreement basis with first class financial institutions with first class rating specializing in these types of transactions.

The hedging objective of the transactions referred to above presupposes the existence of a direct or indirect relationship between these transactions and

the assets or liabilities which are being hedged and implies that transactions in a given currency cannot exceed the total valuation of assets and liabilities denominated in that currency nor may the duration of these transactions exceed the period for which the respective assets are held or anticipated to be acquired or for which such liabilities are incurred or anticipated to be incurred. Therefore, in order to fully protect the assets and liabilities against currency fluctuation, the Investment Manager may decide to use indirect hedging when investing in assets in which currency exposure is not properly managed.

### **III. TECHNIQUES AND INSTRUMENTS RELATING TO CURRENCY FOR PURPOSES OTHER THAN HEDGING EXCHANGE RISK**

Furthermore, each Sub-Fund of the Company is authorised for purposes other than hedging in the context of the management of their assets and liabilities, to employ techniques and instruments for currency exposure and currency investment to enhance performance and consequently may buy and sell forward foreign exchange contracts and options on currencies and enter into swap transactions on currencies subject to the following restrictions:

- a) Such transactions are dealt on an over-the counter basis with first class financial institutions that specialize in these types of transactions and are participants in over-the-counter markets.
- b) The premiums paid for the purchase of call and put options on currencies together with the total amount of the premiums paid for the purchase of call and put options on transferable securities described under 1.1 of Point I of Chapter 8. FINANCIAL TECHNIQUES AND INSTRUMENTS and options described under 1.2 and 2.3 of Point I of the same Chapter may not exceed 15% of the net assets of each Sub-Fund of the Company.
- c) These techniques and instruments on currencies for purposes other than hedging must meet in each Sub-Fund the following conditions: a) they may only be used in the sole and exclusive interest of the shareholders for the purpose of offering an interesting return versus the risks incurred, b) the total of net commitments (these being calculated per currency) arising from the techniques and instruments used for purposes other than hedging may not, in any case, exceed the net assets of each Sub-Fund.

## **9. DISTRIBUTION POLICY**

Each year, the shareholder(s) of each Sub-Fund shall decide on the proposals made by the Board of Directors in respect of distributions in said Sub-Fund. It may also decide to pay interim dividends.

Dividend payment notices, if any, may be published in any newspaper that the Directors deem appropriate.

Payments, if any, will be made by transfer in euro or in any other currency upon request of the shareholder(s).

Dividends that have not been claimed within five years of their payment date shall no longer be payable to the beneficiaries and shall revert to the Sub-Fund concerned.

## **10. CUSTODIAN BANK, DOMICILIARY AGENT, PRINCIPAL PAYING AGENT, LISTING AGENT AND REGISTRAR AND TRANSFER AGENT**

The Board of Directors of the Company has appointed BNP Paribas Securities Services, Luxembourg Branch, as custodian, domiciliary agent, principal paying agent of the Company (the “Custodian” or “Custodian Bank”) pursuant to a Custodian, Administrative and Domiciliary Agent and Principal Paying Agency Agreement dated 3<sup>rd</sup> April 2002.

The Board of Directors of the Company has also appointed BNP Paribas Securities Services, Luxembourg Branch as listing agent (the “Listing Agent”) pursuant to a Listing Agency Agreement dated June 1<sup>st</sup>, 2002.

Furthermore, the Board of Directors of the Company has appointed BNP Paribas Securities Services, Luxembourg Branch as registrar and transfer agent of the Company (the “Registrar and Transfer Agent”) pursuant to a Registrar and Transfer Agency Agreement dated 3<sup>rd</sup> April 2002.

BNP Paribas Securities Services, Luxembourg Branch is a bank having its address at 33, rue de Gasperich, L-5826 Hesperange.

BNP Paribas Securities Services is a bank, organised as a limited company under French Laws and a wholly owned subsidiary of BNP Paribas. Its equity capital as at 31st December 2007 amounted to approximately EUR 165 million.

As custodian, the Custodian is entrusted with the supervision of all of the Company's securities and liquid assets, in compliance with the duties and obligations stipulated by Luxembourg law. Copies of the Custodian, Administrative and Domiciliary Agent and Principal Paying Agency Agreement may be consulted by shareholders at the Company's registered office as well as at that of the Custodian's offices during normal office hours.

In accordance with customary banking practice, the Custodian Bank may take sole responsibility for entrusting to other banking or financial institutions all or part of the Company's assets under its custody in Luxembourg. All and any actions taken in connection with the disposal of the Company's assets shall be carried out by the Custodian upon instructions from the Company.

In particular, the Custodian Bank is required to:

- (a) ensure that the sale, issue, repurchase and cancellation of shares executed by the Company or on its behalf are carried out in accordance with the law or the Company's Articles of Incorporation,
- (b) ensure that in the case of transactions involving the Company's assets, the consideration is remitted to it within the usual time limits,
- (c) ensure that the income of the Company is applied in accordance with the Articles of Incorporation.

The Custodian Bank's fees and costs will be borne by the Company and shall be in accordance with usual practice in Luxembourg.

These commissions are calculated quarterly, on the net assets of the Company as determined at the end of each quarter.

In its capacity as principal paying agent, the Custodian shall further pay for securities purchased upon receipt of the same, deliver cancelled securities upon receipt of their proceeds, collect dividends and interest earned by the assets of the Company and exercise the subscription and allotment rights attached to such securities.

Moreover, in its capacity as domiciliary agent, the Custodian will be responsible for all corporate secretarial and administrative tasks in accordance with the requirements of the aforementioned agreement and Luxembourg law.

Subject to the Registrar and Transfer Agency Agreement, the Registrar and Transfer Agent is responsible for handling the processing of subscriptions for shares, dealing with requests for redemptions and conversions, and accepting transfers of funds, for the safekeeping of the register of shareholders of the Company, in compliance with the provisions of and as more fully described in the agreement mentioned above.

Pursuant to a Listing Agency Agreement, the Listing Agent is responsible to undertake upon instruction of the Company, the listing of Shares, where necessary, on the Luxembourg Stock Exchange.

As mentioned above, the rights and duties of BNP Paribas Securities Services, Luxembourg branch as Custodian, Domiciliary Agent, Principal Paying Agent, Listing Agent and Registrar and Transfer Agent are governed by the aforementioned agreements entered into for an unlimited period of time and which may be terminated by each of the parties subject to a notice of 30 days.

The Custodian, Domiciliary Agent, Principal Paying Agent and Registrar and Transfer Agency Agreements were initially concluded on April 3<sup>rd</sup>, 2002 between the Company and BNP Paribas Luxembourg. Further to a consent and transfer agreement dated 31<sup>st</sup> May 2002 signed between the Company, BNP Paribas Luxembourg and BNP Paribas Securities Services, Luxembourg Branch, the Custodian, Domiciliary Agent, Principal Paying Agent and Registrar and Transfer Agency Agreements have been transferred from BNP Paribas Luxembourg to BNP Paribas Securities Services, Luxembourg Branch with effective date as of June 1st, 2002.

## **11. ADMINISTRATIVE AGENT**

The Board of Directors of the Company has appointed BNP Paribas Securities Services, Luxembourg branch as administrative agent of the Company (the “Administrative Agent”) pursuant to a Custodian, Administrative and Domiciliary Agent and Principal Paying Agency Agreement dated 3<sup>rd</sup> April 2002 (the “Administrative Agency Agreement”).

In such capacity, it is responsible for all administrative duties required by Luxembourg law, and in particular for the bookkeeping, the calculation of the Net Asset Value per share within each Sub-Fund as well as for providing and supervising the mailing of statements, reports, notices and other documents to the shareholders, in compliance with the provisions of, and as more fully described in the agreement mentioned hereinafter.

The Administrative Agency Agreement was initially concluded April 3<sup>rd</sup>, 2002 between the Company and BNP Paribas Luxembourg. Further to a first consent and transfer agreement signed between the Company, BNP Paribas Luxembourg and BNP Paribas Securities Services dated 31<sup>st</sup> May 2002, the above mentioned agreement was transferred from BNP Paribas Luxembourg to BNP Paribas Securities Services, Luxembourg Branch with an effective date of June 1<sup>st</sup>, 2002.

Further to a second consent and transfer agreement dated October 1<sup>st</sup>, 2003 signed between the Company, BNP Paribas Fund Services and BNP Paribas Securities Services, Luxembourg Branch, the administrative agent functions included in the aforementioned agreement were transferred from BNP Paribas Securities Services, Luxembourg Branch to BNP Paribas Fund Services with effect from November 1<sup>st</sup>, 2003.

Further to the merger by acquisition of BNP Paribas Fund Services by BNP Paribas Securities Services on 30<sup>th</sup> April 2008, the administrative agency functions under the Administrative Agency Agreement will be undertaken by BNP Paribas Securities Services, Luxembourg branch with effect from 1<sup>st</sup> May 2008.

## **12. COMPLIANCE OFFICER**

The Board of Directors of the Company has appointed BNP Paribas Securities Services, Luxembourg Branch as compliance officer of the Company (the “Compliance Officer”).

Subject to the Compliance Agreement between the Compliance Officer and the Company, the Compliance Officer shall monitor the Company’s compliance with the investment policies and investment restrictions of the Offering Document and investment guidelines pertaining to the Sub-Funds on an “a posteriori” basis.

As mentioned above, the rights and duties of BNP Paribas Securities Services, Luxembourg branch as Compliance Officer are governed by a compliance

agreement (the “Compliance Agreement”) entered into for an unlimited period of time, which may be terminated by each of the parties subject to a notice of 30 days.

The above mentioned Compliance Agreement was initially concluded on April 3<sup>rd</sup>, 2002 between the Company and BNP Paribas Luxembourg. Further to a consent and transfer agreement signed between the Company, BNP Paribas Luxembourg and BNP Paribas Securities Services, Luxembourg Branch, the above mentioned Compliance Agreement has been transferred from the Compliance Officer to BNP Paribas Securities Services, Luxembourg Branch with effective date on June 1<sup>st</sup>, 2002.

### **13. SHARES**

Shares of each Sub-Fund shall be issued only in registered form and are registered in the shareholders' register.

Only confirmation of registration in the shareholders' register will be sent to shareholders. The confirmation will be sent within ten business days following the day on which proper confirmation of the payment of the subscription has been received.

The register of shareholders is kept in Luxembourg by the Registrar and Transfer Agent .

Shares must be fully paid-up and are without par value.

The Company may issue fractions of shares up to five decimal places.

There is no restriction in regard to the number of shares which may be issued. The rights attached to shares are those provided for in the Luxembourg law of 10 August 1915 on commercial companies and its amending laws as long as such law has not been superseded by the Law.

All the shares of the Company, whatever their value, have an equal voting right. Fractions of shares have no voting right. The shares of each Sub-Fund have an equal right to liquidation proceeds in the relevant Sub-Fund.

The shares of the Company are listed on the Luxembourg Stock Exchange.

Every modification of the Articles of Incorporation which involves a change of the rights of a Sub-Fund, has to be approved by a General Meeting of the Company and of the respective Sub-Fund.

#### **14. NET ASSET VALUE**

The Net Asset Value per share of each Sub-Fund shall be determined each day (“Valuation Date”), being any bank business day in Luxembourg.

The Net Asset Value of shares of each Sub-Fund shall be expressed in EUR as a per share figure and shall be determined in respect of each Valuation Date by dividing the net assets of the Company corresponding to each Sub-Fund, being the value of the assets of the Company corresponding to such Sub-Fund less the liabilities attributable to such Sub-Fund, by the number of shares of the relevant Sub-Fund outstanding and shall be rounded up or down to the nearest whole fifth decimal place.

I. In particular, the Company's assets shall include:

1. all cash at hand and on deposit, including interest due but not yet collected and interest accrued on these deposits up to the Valuation Date,
2. all bills and demand notes and accounts receivable (including the result of the sale of securities which proceeds have not yet been received),
3. all securities, units or shares of investment funds debt securities, option or subscription rights and other investments and transferable securities owned by the Company,
4. all dividends and distribution proceeds to be received by the Company in cash or securities insofar as the Company is aware of such,
5. all interest due but not yet received and all interests yielded up to the Valuation Date by securities owned by the Company, unless this interest is included in the principal amount of such securities,
6. the incorporation expenses of the Company, insofar as they have not been amortized,



7. all other assets of whatever nature, including prepaid expenses.

The value of these assets shall be determined as follows:

- (a) The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet collected will be deemed to be the full value thereof, unless it is unlikely that such values are received in full, in which case the value thereof will be determined by deducting such amount the Directors consider appropriate to reflect the true value thereof.
- (b) The valuation of any security listed or traded on an official stock exchange or any other regulated market operating regularly, recognized and open to the public is based on the last quotation known in Luxembourg on the Valuation Date and, if this security is traded on several markets, on the basis of the last price known on the market considered to be the main market for trading this security. If the last known price is not representative, the valuation shall be based on the probable realisation value estimated by the Directors with prudence and in good faith.
- (c) The liquidating value of futures, forward or options contracts not traded on exchanges or on other regulated markets shall mean their net liquidating value determined, pursuant to the policies established by the Directors, on a basis consistently applied for each different variety of contracts.

The liquidating value of futures, forward or options contracts traded on exchanges or on other regulated markets shall be based upon the last available settlement prices of these contracts on exchanges and regulated markets on which the particular futures forward or options contracts are traded by the Company; provided that if a futures, forward or option contract could not be liquidated on the day with respect to which the assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Directors may deem fair and reasonable.

- (d) Securities not listed or traded on a stock exchange or any other regulated market, operating regularly, recognized by and open to the

public shall be assessed on the basis of the probable realisation value estimated with prudence and in good faith.

- (e) Securities expressed in a currency other than the EUR shall be converted on the basis of the rate of exchange ruling on the relevant business day in Luxembourg.
- (f) The value of money market instruments which are listed or dealt on a regulated market is based on their last available closing or settlement price on the relevant market which is normally the main market for such assets.  
The value of money market instruments not listed or dealt in on any stock exchange or on any other regulated market and with a remaining maturity of less than twelve months and of more than ninety days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments held by the SICAV with a remaining maturity of ninety days or less will be valued by the amortized cost method, which approximates market value.
- (g) The value of interest rate swaps will be based on the basis of their market value established by reference to the applicable interest rate curve.
- (h) Credit default swaps and total return swaps will be valued at fair value under procedures approved by the Board of Directors. As these swaps are not exchange-traded, but are private contracts into which the SICAV and a swap counterparty enter as principals, the data inputs for valuation models are usually established by reference to active markets. However, it is possible that such market data will not be available for credit default swaps and total return swaps near the Valuation Date. Where such markets inputs are not available, quoted market data for similar instruments (e.g. a different underlying instrument for the same or a similar reference entity) will be used provided that appropriate adjustments be made to reflect any differences between the credit default swaps and total return swaps being valued and the similar financial instrument for which a price is available. Market input data and prices may be sourced from exchanges, a broker, an external pricing agency or a counterparty.

If no such market input data are available, credit default swaps and total return swaps will be valued at their fair value pursuant to a

valuation method adopted by the Board of Directors which shall be a valuation method widely accepted as good market practice (i.e. used by active participants on setting prices in the market place or which has demonstrated to provide reliable estimate of market prices) provided that adjustments that the Board of Directors may deem fair and reasonable be made. The SICAV's auditor will review the appropriateness of the valuation methodology used in valuing credit default swaps and total return swaps. In any way the SICAV will always value credit default swaps and total return swaps on an arm-length basis.

All other swaps will be valued at fair value as determined in good faith pursuant to procedures established by the Board of Directors;

- (i) The value of the investments made in investment funds shall be based on the last available prices of the units or shares of such investment funds, however, if such prices are not available within such period of time starting from the Valuation Date, as determined by the Board of Directors from time to time, the SICAV may use a preliminary price in as much it deems such price to be a fair representation of the value of the investment fund.

Valuation of the investment of the Sub-Funds in UCIs may be complex in some circumstances and the administrative agents of such UCIs may be late or delay communicating the relevant net asset values. Consequently, the Administrative Agent, for which the Board of Directors is responsible, may estimate the assets of the Sub-Funds concerned as of the Valuation Date with prudence and in good faith considering, among other things, the last valuation of these assets, market changes and any other information received from the UCIs concerned. In this case, the net asset value estimated for the Sub-Funds concerned may be different from the value that would have been calculated on the said Valuation Date using the official net asset values calculated by the administrative agents of the UCIs in which the Sub-Fund has invested. Nevertheless, net asset values calculated using this method shall be considered as final and applicable despite any future divergence.

- (j) The value of other assets will be determined prudently and in good faith by and under the direction of the Board of Directors in accordance with generally accepted valuation principles and

procedures. The Board of Directors, in its discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset held by a Sub-Fund.

II. The Company's liabilities shall include:

1. all borrowings, bills matured and accounts due,
2. all liabilities known, whether matured or not, including all matured contractual obligations that involve payments in cash or in kind (including the amount of dividends declared by the Company but not yet paid),
3. all reserves, authorised or approved by the Directors, in particular those that have been built up to reflect a possible depreciation on some of the Company's assets,
4. all of the Company's other liabilities, of whatever nature with the exception of those represented by shares in the Company. To assess the amount of these other liabilities, the Company shall take into account all expenditures to be borne by it, including, without any limitation the incorporation expenses and costs for subsequent amendments to the Articles of Incorporation, fees and expenses payable to the Investment Managers, the Custodian, Paying, Domiciliary and Listing Agent, Registrar and Transfer Agent, Compliance Officer or other mandatories and employees of the Company, as well as the permanent representatives of the Company in countries where it is subject to registration, the costs for legal assistance and for the auditing of the Company' s annual reports, the advertising costs, the cost of printing and publishing the documents prepared in order to promote the sale of shares, the costs of printing the annual and interim financial reports, the cost of convening and holding shareholders' and Directors' meetings, reasonable travelling expenses of Directors, Directors' fees, the costs of registration statements, all taxes and duties charged by governmental authorities and stock exchanges, the costs of publishing the issue and repurchase prices as well as any other running costs, including financial, banking and brokerage expenses incurred when buying or selling assets or otherwise and all other administrative costs.

For the valuation of the amount of these liabilities, the Company shall take into account prorata temporis the expenses, administrative and other, that occur regularly or periodically.

5. As regards relations between shareholders, each Sub-Fund is treated as separate entity, generating without restriction its own contributions, capital gains and capital losses, fees and expenses. The Company constitutes a single legal entity; however with regard to third parties, in particular towards the Company's creditors, each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.
6. The assets, liabilities, expenses and costs that cannot be allotted to one Sub-Fund will be charged to the other Sub-Funds in equal parts or, as far as it is justified by the amounts concerned, proportionally to their respective net assets.

- III. Each of the Company's shares in the process of being repurchased shall be considered as a share issued and existing until the close of business on the Valuation Date applied to the repurchase of such share and its price shall be considered as a liability of the Company from the close of business on this date and this until the price has been paid.

Each share to be issued by the Company in accordance with subscription applications received shall be considered as issued from the close of business on the Valuation Date of its issue price and its price shall be considered as an amount owed to the Company until it has been received by the Company.

- IV. As far as possible, all investments and disinvestments decided by the Company must in order to be taken into consideration, be transmitted and confirmed by the Broker to the Custodian at 18:00 hours (Luxembourg time) the business day preceding the day on which the investments and disinvestments are to be effected.

## **15. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND OF THE ISSUE AND REPURCHASE OF SHARES**

The Directors are authorized to temporarily suspend the calculation of the Net Asset Value of one or more Sub-Funds, as well as issues and repurchases of shares in the following instances:

- (a) for any period during which a market or stock exchange which is the main market or stock exchange on which a substantial portion of the Company's investments is listed at a given time, is closed, except in the case of regular closing days, or for days during which trading is considerably restricted or suspended,
- (b) when the political, economic, military, monetary or social situation, or Act of God beyond the Company's responsibility or control, make it impossible to dispose of its assets through reasonable and normal channels, without seriously harming the interests of shareholders,
- (c) during any breakdown in communications normally used to determine the value of any of the Company's investments or current prices on any market or stock exchange,
- (d) whenever exchange or capital movement restrictions prevent the execution of transactions on behalf of the Company or in case purchase and sale transactions of the Company's assets are not realizable at normal exchange rates,
- (e) if the Board of Directors so decides, as soon as a meeting is called during which the liquidation of the Company shall be put forward.
- (f) in the case of a breakdown of the data processing system making the net asset value calculation impossible
- (g) in the case where it is impossible to determine the price of the units or shares of UCIs which represent an important part of the portfolio of the concerned Sub-Fund and in particular in the event of the suspension of the calculation of their net asset values.

Under exceptional circumstances that may adversely affect the interest of shareholders, or in instances of massive repurchase applications of one Sub-Fund, the Directors reserve the right only to determine the share price after having executed, as soon as possible, the necessary sales of transferable securities and other assets on behalf of said Sub-Fund.

In this case, subscription and repurchase applications in process shall be dealt with on the basis of the Net Asset Value thus calculated.

The shareholders shall be advised of the suspension of the calculation of the Net Asset Value.

Suspended subscription and repurchase applications may be withdrawn through a written notice provided that the Company receives such notice before the suspension ends. Suspended subscription and repurchase applications shall be taken into consideration on the first Valuation Date after the suspension ends.

## **16. ISSUE OF SHARES, SUBSCRIPTION AND PAYMENT PROCEDURE**

The Directors are authorised to issue shares of each Sub-Fund at all times and without limits.

The Board of Directors may, at any time and at its discretion, without any justification, refuse part or all of a subscription application for shares.

The Sub-Funds currently available for subscription are listed in the section “INTRODUCTION”.

### **Current subscription**

Shares of each Sub-Fund are issued at a price corresponding to the Net Asset Value per share of the concerned Sub-Fund.

During the current subscription period, no subscription fee will be charged.

### **Procedure**

Subscription applications received by the Company before 16:00 hours the business day preceding the Valuation Date on which the application is to be effected shall be executed, if accepted, on the basis of the unknown Net Asset Value to be determined on that Valuation Date. Applications sent after this deadline shall be executed on the next following Valuation Date. The subscription price of each share is payable within five bank business days following the applicable Valuation Date.

Shares may be issued, at the discretion of the Board of Directors, in consideration for the contribution to Sub-Funds of transferable securities insofar as investment policies and restrictions of the Sub-Fund concerned are observed and such securities have a value equal to the issue price of the relevant shares. Transferable securities brought into the Sub-Fund shall be valued separately in a

special report by the Company's independent auditor. These contributions in kind are transferable securities and are not subject to brokerage fees. The Board of Directors will only have recourse to this possibility if (i) such is the request of the investor in question; and (ii) if the transfer does not negatively affect existing shareholders. All the fees relating to contributions in kind, will be borne by the investor concerned.

### **Restriction of ownership of shares**

The sale of shares is restricted to Well-Informed Investors each being a Cajas de Ahorros, member of the Confederación Española de Cajas de Ahorros or Well-Informed Investors associated to Cajas de Ahorros or any other Well-Informed Investors specifically approved by the board of directors of the Company.

There are three categories of Well-Informed Investors: Institutional Investors, Professional Investors and Experienced Investors.

Experienced Investor must be understood as any investor who (i) adheres in writing to the status of experienced investor and (ii) either (a) commits to invest a minimum of €25.000 in the Company or (b) has obtained an assessment by a credit institution within the meaning of Directive 2006/48/EEC, an investment firm within the meaning of Directive 2004/39/EEC, or a management company within the meaning of Directive 2001/107/EC certifying his expertise, his experience and his capacity to adequately appraise an investment in the Company.

Institutional Investor must be understood as any investor who qualifies as an institutional investor according to Luxembourg laws and regulations.

Professional Investor must be understood as any investor who qualifies as a professional investor within the meaning of Annex II of the Directive 2004/39/EC on financial instrument markets.

The Company will not accept to issue shares to companies who may not be considered as Well-Informed Investors. Further, the Company will not give its approval to any transfer of shares which would result in a Well-Informed Investor becoming a shareholder of the Company. The Company, at its full discretion, will refuse the issue or transfer of shares if there is not sufficient



evidence that the companies to which the shares are sold or transferred to is a Well-Informed Investor.

Transfers on the Luxembourg Stock Exchange cannot be cancelled, although the Company may proceed with the compulsory repurchase of any and/or all of the shares concerned.

Considering the qualification of a subscriber or a transferee as a Well Informed Investor, the Company will have due regards to the guidelines or recommendations (if any) of the competence of the Supervisory Authorities.

Any Well-Informed Investors subscribing in its own name, but on behalf of a third party, must certify such subscription is made on behalf of a Well-Informed Investor as aforesaid and the Company may require at its sole discretion evidence that the beneficial owner of the shares is a Well-Informed Investor.

## **17. REPURCHASE OF SHARES**

Any shareholder is entitled, at any time, to have its shares repurchased by the Company. Shares repurchased by the Company shall be cancelled.

No redemption fee will be charged to shareholders.

### **Repurchase procedure**

Repurchase applications must be sent to the Company in writing, by telex or fax. The application is irrevocable (subject to the provisions of Chapter 15. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE AND OF THE ISSUE AND REPURCHASE OF SHARES) and must indicate the number of shares of which Sub-Fund to be repurchased as well as all useful references allowing the settlement of the repurchase such as the name in which the shares to be redeemed are registered and the necessary information as to the investor to whom payment is to be made. Also with the application to redeem, any confirmations of the issue of shares, if delivered, have to be returned to the Company.

All repurchase applications must be notified to the Company in Luxembourg before 16:00 hours on the business day preceding the Valuation Date on which the application is to be effected. Repurchase applications shall be notified at an

unknown Net Asset Value. Applications notified after this deadline shall be dealt with on the next following Valuation Date.

The payment for repurchased shares shall be made at the applicable Net Asset Value and paid within five bank business days following the applicable Valuation Date, provided the Company has received all the documents certifying the repurchase.

Payment shall be made in EUR, in accordance with the instructions indicated in the redemption form, or in another currency, in which case the conversion charges shall be borne by the shareholder.

The repurchase price of shares of the Company may be higher or lower than the purchase price paid by the shareholder at the time of subscription due to the appreciation or depreciation of the Net Asset Value of the Company's shares.

Repurchase of shares of the SICAV will generally entail sales of assets of the relevant Sub-Fund to honour such repurchase requests, and, as far as the assets are invested in target UCIs, the sales of such assets will mean repurchases in such target UCIs; such repurchases will be processed with the repurchase terms and conditions of such target UCIs, more particularly along the repurchase's notices and repurchase's payments provided thereby. The target UCIs may have limited liquidity which may impact on the liquidity offered by the SICAV for a particular Sub-Fund. In such conditions, the Directors may decide, provided that equal treatment of shareholders is complied with, to postpone the payment of the repurchase price of the relevant shares until the sales of assets of the relevant Sub-Fund has been effected, taking due account of the interests of the shareholders of the relevant Sub-Fund.

The Board of Directors may, at its discretion, but in respect of laws in force and after delivery of a report by the Company's independent auditor, pay the shareholder in question the redemption price in kind by means of a payment in transferable securities or other assets of the Sub-Fund in question for the amount of redemption value. The Board of Directors will only have recourse to this possibility if (i) such is the request of the shareholder in question; and (ii) if the transfer does not negatively affect the remaining shareholders. All the fees relating to redemptions in kind, will be borne by the shareholder concerned.

## **18. MARKET TIMING**

“Market Timing” is to be understood as the process (of arbitraging) by which the investor purchases and redeems or converts on a consistent basis units or shares of the same UCI within a short time period by exploiting time zone differences and/or inefficiencies or weaknesses in the determination of the Net Asset Value.

The Company may reject any purchase and redemptions orders, including conversions, if any, for any reason.

Moreover, the Company may impose a penalty of 2.00% of the Net Asset Value of the shares purchased, redeemed or converted where the Company reasonably believes that an investor has engaged in market timing activity. The penalty shall be credited to the relevant Sub-Fund. The Company also has the power to redeem all shares held by a shareholder who is or has been engaged in excessive trading. The Directors will not be held liable for any loss resulting from rejected orders or mandatory redemption.

## **19. TAX CONSIDERATIONS**

### **Taxation of the Company**

In accordance with current legislation and current practices, the Company is not liable for any Luxembourg income and capital gains tax. Likewise, dividends paid by the Company are not subject to any Luxembourg withholding tax.

However, the Company is subject to an annual tax in Luxembourg corresponding to 0,01 % of the value of the net assets. This tax may be reduced in the future. This tax is payable quarterly on the basis of the Company's net assets calculated at the end of the quarter to which the tax relates, provided that no such tax is due on the portion of the assets of the Company invested in other Luxembourg UCIs (if any) .

Some of the income to be received by the Company in the form of dividends and interest may be subject to taxes at varying rates, withheld at source in their country of origin.

### **Taxation of shareholders**

Under current legislation, shareholders are not subject to any capital gains, income or withholding tax in Luxembourg except for (i) those domiciled, resident or having a permanent establishment in Luxembourg, or (ii) non residents of Luxembourg who personally or by attribution hold, directly or

indirectly, 10% or more of the issued share capital of the Company and who dispose of all or part of their holdings within six months from the date of acquisition, or (iii) in some limited cases, some former residents of Luxembourg who personally or by attribution hold, directly or indirectly, 10% or more of the issued share capital of the Company.

Prospective shareholders are advised to inquire and, if necessary, to take advice on the laws and regulations (such as those on taxation and exchange controls) that are applicable to them as a result of the subscription, purchase, holding and sale of shares in their country of residence.

## 20. CHARGES AND COSTS

The Company shall bear its incorporation expenses, including the costs of drawing up and printing the Offering Document, notary public fees, the filing costs with administrative and stock exchange authorities, the costs of printing the confirmation of shares and any other costs pertaining to the setting up and launching of the Company.

Costs and expenses which cannot be allotted to one specific Sub-Fund will be charged to the different Sub-Funds proportionally to their respective net assets.

The Company shall bear all its operating costs as stipulated in Chapter 14. NET ASSET VALUE, sub-paragraph II 4.

If a Sub-Fund is opened after the incorporation date of the Company, the launching expenses of this Sub-Fund will be charged to it and amortized over a 5-year period, starting on the launching date of this Sub-Fund.

The fees payable by the Company are as follows:

1) **Custodian, Domiciliary Agent, Principal Paying Agent and Listing Agent, Registrar and Transfer Agent**

BNP Paribas Securities Services, Luxembourg Branch's fees and costs will be borne by the Company and shall be in accordance with the usual practice in Luxembourg.

2) **Administrative Agent**

BNP Paribas Securities Services, Luxembourg Branch's ' fees and costs will be borne by the Company and shall be in accordance with the usual practice in Luxembourg.

3) **Compliance Officer**

The Compliance Officer's fees and costs will be borne by the Company and shall be in accordance with the usual practice in Luxembourg.

4) **Investment Managers**

The Investment Managers will be entitled to receive, out of the assets of the Sub-Funds managed, management fees amounting to a maximum of 1.5% p.a., paid quarterly and based on the average Net Asset Value of the assets managed by the corresponding Investment Manager.

Some Investment Managers may be paid performance fees according to their performance. The Board of Directors of the Company will negotiate the rate of reasonable management and performance fees with the Investment Managers on a case-by-case basis.

5) **Other Expenses**

In addition to the above fees and the Auditor's fees, there will be charged against the Company's income and then against its capital, the following fees:

- (a) the Directors' fees (if any) and reimbursement to the Directors of the Company of their reasonable travelling, hotel and other incidental expenses of attending and returning from meetings of the Directors, or of committees thereof, or General Meetings of the shareholders of the Company;
- (b) charges and/or expenses of the Custodian (including those of any correspondent (clearing system or bank) of the Custodian to whom custody of the assets of the Company is entrusted), and of the Administrative Agent, Domiciliary Agent, Principal Paying Agent, Listing Agent, Registrar and Transfer Agent and of any other agent of the Company as provided in their respective agreements with the Company;

- (c) charges and expenses of lawyers and other professional advisers of the Company, as authorized by the Board of Directors of the Company;
- (d) charges and expenses of all paying agents (if any), representatives and listing agents of the Company, as authorized by the Board of Directors of the Company;
- (e) all taxes, corporate fees and governmental charges and duties payable by the Company in Luxembourg or elsewhere;
- (f) the cost of printing, translating (where necessary), publishing and distributing the half-yearly report and accounts, the annual audited report and accounts and all Offering Documentes and of publishing prices in the financial press;
- (g) the fees and expenses involved in registering (and maintaining the registration of) the Company (and/or each Sub-Fund) with governmental agencies or stock exchanges to permit the sale of, or dealing in, the Company's shares including the preparation, translating, printing and filing of Offering Documentes or similar material for use in any particular jurisdiction;
- (h) brokerage, commissions, fiscal or governmental charges or duties in respect of or in connection with the acquisition, holding or disposal of any of the assets of the Company or otherwise in connection with its business;
- (i) the expenses of fiscal and governmental charges and duties relating to the purchase, sale, issue, transfer, redemption by the Company of shares and of paying dividends or making other distributions thereon;
- (j) all expenses of shareholders' and directors' meetings and of preparing, printing, circulating and, if so decided, publishing notices and circulars to shareholders;
- (k) the printing of confirmations for registered shares.

## **21. GENERAL MEETINGS OF SHAREHOLDERS**

The General Meeting of shareholders is held every year at the Company's registered office, or at any other address in Luxembourg stipulated in the notice.

The General Meeting of shareholders shall be held on 10 April at 11.00 a.m. hours. If this date is a bank holiday, the Annual General Meeting shall be held on the following bank business day.

Notices of all General Meetings are sent by mail to all registered shareholders, to their address indicated in the register of shareholders, at least 8 days before the General Meeting.

These notices shall indicate the time and place of the General Meeting, the admission conditions, the agenda and the Luxembourg legal quorum and majority requirements.

A decision of the General Meeting of shareholders of the Company which affects the rights of the shareholder(s) of (a) specific Sub-Fund(s) compared to the rights of the shareholder(s) of (an)other Sub-Fund(s), will be submitted to the approval of the shareholder(s) of this(these) Sub-Fund(s) in accordance with Article 68 of the amended Law of 10 August 1915.

## **22. LIQUIDATION**

The liquidation of the Company will take place under the conditions provided for by the Law.

If the Company's capital is lower than two thirds of the minimum capital, the Directors are required to submit the question of liquidation of the Company to a General Meeting which shall consider the issue without any quorum requirement; decisions shall be taken on a simple majority of shares present or represented at the meeting.

If the Company's capital is lower than one quarter of the minimum capital, the Directors are required to submit the question of liquidation of the Company to a General Meeting which shall consider the issue without any quorum requirement; decisions shall be taken by the shareholders owning one quarter of the shares present or represented at the meeting.

The notice for the General Meeting has to be made in a way that will make it possible to have the General Meeting held within 40 days of the date at which it is established that the net assets are lower than two thirds or one quarter of the minimum capital respectively. In addition, the Company may be liquidated through a decision taken by the General Meeting giving a decision in accordance with the relevant statutory provisions.

The decisions of the General Meeting or the court that pronounces the winding up and liquidation of the Company shall be published in the “Mémorial” and three newspapers with an appropriate distribution, including at least one Luxembourg newspaper. These publications shall be made at the request of the liquidator.

If the Company is to be wound up, liquidation shall be carried out by one or more liquidators appointed in accordance with the Company's Articles of Incorporation and the Luxembourg Law. The net proceeds of the liquidation of each Sub-Fund shall be distributed to the shareholder(s) of each Sub-Fund in proportion to the number of shares held in that Sub-Fund, by cheque mailed to their address. Any amounts unclaimed by shareholders at the end of the liquidation period shall be transferred to the “*Caisse de Consignation*” in Luxembourg. Amounts unclaimed at the end of the prescribed period shall be forfeited.

The issuing of shares and the repurchase by the Company of shares from the shareholders who so apply shall cease on the date of publication of the notice of meeting of the general meeting in which the winding up and liquidation of the Company shall be put forward.

If at any time the net assets of a Sub-Fund shall fall below EUR 1,200,000.- (one million two hundred thousand euros) during a consecutive period of at least three months, the Board of Directors may decide to proceed with the compulsory repurchase of the shares outstanding in said Sub-Fund without having to seek the approval of the Sub-Fund's shareholder(s). This repurchase shall be effected at the price of the Net Asset Value per share determined for each Sub-Fund after all the assets attributable to this Sub-Fund have been realised.

The net proceeds deriving from the winding up of the Sub-Fund thus terminated shall be distributed to the holder(s) of shares in this Sub-Fund in proportion to its (their) interests in said Sub-Fund. Any amounts not claimed by the shareholder(s) at the closure of the winding-up procedure shall be deposited with the *Caisse de Consignation* in Luxembourg. In the absence of any claims before the expiry of the legal term of limitation, the amounts deposited may no longer be withdrawn.



All applications for subscription or repurchase shall be suspended as soon as the termination of the Sub-Fund has been announced.

The Board of Directors may decide, in the interest of the shareholders, to contribute the assets of a Sub-Fund to another Sub-Fund of the Company. These mergers may be implemented on the basis of various economic circumstances which justify merges of Sub-Funds. The decision to merge shall be published in the way as described here above (this publication shall include a mention the features of the new Sub-Fund). Every shareholder of the relevant Sub-Funds may within a month prior to the effective date on which the merger occurs, ask for the redemption of their shares free of charge. Upon expiry of this one month period, the merger resolution shall validly bind all shareholders who did not ask for the redemption of their shares.

In addition, in the interest of shareholders, the contribution of assets and liabilities of a Sub-Fund either to another Luxembourg undertaking for collective investment or to a Sub-Fund within another undertaking for collective investment may be decided, upon proposal of the Board of Directors, by a extraordinary general meeting of shareholders of the relevant Sub-Fund. The extraordinary general meeting of shareholders shall deliberate in the same conditions as those applicable to the amendments of Articles of Association.

In the event of a contribution to another undertaking for collective investment of the mutual fund type, a “*fonds commun de placement*”, the contribution shall be limited only to shareholders of the relevant Sub-Fund who agreed expressly with this contribution while the other shareholders (who did not take part to the merger resolution) will be reimbursed.

These mergers may be implemented on the basis of various economic circumstances which justify mergers of Sub-Funds.

## **23. INFORMATION FOR SHAREHOLDERS**

### **1. Publication of the Net Asset Value**

The Net Asset Value per share of each Sub-Fund shall be made public on each Valuation Date at the Company's registered office.

## **2. Financial notices**

All registered shareholders will be informed of any financial notices either in writing or by publication in any newspaper, as the Directors may decide. In regard to the Grand-Duchy of Luxembourg, this will be the Wort.

## **3. Financial year and reports for shareholders**

The financial year of the Company begins on 1 January and ends on 31 December.

Every year the Company will publish a detailed report on its activities and the management of its assets, including the balance sheet and profit and loss account, a detailed breakdown of the assets of each Sub-Fund and the auditor's report. This report will be sent to shareholders within three months of the end of the period to which it relates.

Furthermore, at the end of each half-year, it will publish an interim report including, inter alia, the portfolio breakdown, statements of portfolio changes during the period, the number of outstanding shares and the number of shares issued and repurchased since the last report was published. This report will be sent out within two months of the end of the half-year to which it relates.

## **4. Auditor**

The auditing of the Company's accounts and annual reports is entrusted to PricewaterhouseCoopers.

## **5. Documents available to the public**

The Articles of Incorporation and Financial Reports as well as the Agreements appointing the Company's Custodian, Administrative Agent, Domiciliary Agent, Principal Paying Agent, Listing Agent, Registrar and Transfer Agent and Compliance Officer shall be held at the registered office of the Company, where copies may be obtained, free of charge. Copies of the Agreements appointing any Investment Manager(s) and Sub-Investment Manager(s) may only be obtained by investors of Sub-Funds the assets of which are managed by such Investment Manager(s) and Sub-Investment Manager(s), at the registered office of the Company.

## **6. Luxembourg Anti-Money Laundering Regulations**

In an effort to deter money laundering, the Company and the Registrar and Transfer Agent must comply with all applicable international and Luxembourg laws and circulars regarding the prevention of money laundering and in particular with Luxembourg law dated November 12, 2004 against money laundering and terrorism financing. To that end, the Company and the Registrar and Transfer Agent may request information necessary to establish the identity of a potential investor and the origin of subscription proceeds. Failure to provide documentation may result in a delay or rejection by the Company of any subscription or exchange or a delay in payout of redemption of shares by such investor.

## **7. Data Protection**

When subscribing for shares of the Company, the Investor authorises and empowers the Company to collect, store and process certain information concerning the Investor, such as its name, address, amount of the investment (the “Personal Data”) by electronic or other means. The Company reserves the right to delegate the processing of this Personal Data to delegates located in the European Union (together the “Processor(s)”). The Investor may at its discretion refuse to communicate the Personal Data to the Company, thereby precluding the Company from using such data. However, such refusal or preclusion shall be an obstacle to the subscription or holding of shares in the Company by the Investor.

The Personal Data is required to enable the Company to provide the services required by the Investor, and to comply with its legal obligations.

The Company undertakes not to transfer the Investor’s Personal Data to any other third parties than the Processors, except if required by law or on the basis of a prior authorisation of the Investor.

The Investor has a right to access its Personal Data and may ask for a rectification thereof in cases where such data is inaccurate and incomplete. In relation thereto, the Investor can contact BNP Paribas Securities Services, Luxembourg Branch, Transfer Agency, Tel.:+352 2696 2119/2030.

The Investor has a right to oppose to the use of its Personal Data for marketing purposes. Such opposition may be effected by a simple letter addressed to the Company.

All Investor-related Personal Data shall not be retained for longer than the time required for the purpose of its processing subject, to the legal limitation periods.

# CAJAS ESPAÑOLAS DE AHORROS II SICAV

*Specialised Investment Fund  
Trade Register Nr: R.C.S Luxembourg B 68 589  
Head Office*

*33, rue de Gasperich, L-5826 Hesperange*

*The Legal Notice required by Luxembourg law was deposited at the Registry of the District Court of Luxembourg*

## **SUBSCRIPTION FORM**

*To be addressed to the Registrar and Transfer Agent:*

*33, rue de Gasperich, L-5826 Hesperange*

**Contact Person:** [The Transfer Agent. (Attn: Nuria Lopez Aranda, Carla Galle)]tel: [(352)46464058, (352) 46464774]- t - fax: [(352)46469191]

*Name of the applicant(s) (please specify if joint applicants\*):*

*Domiciled at (addresses in case of joint application)*

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

**If a Company, please provide the following additional information:**

Contact person: \_\_\_\_\_ Tel: \_\_\_\_\_

S.W.I.F.T. address/telex: \_\_\_\_\_ Fax: \_\_\_\_\_

### **HAVING RECEIVED AND UNDERSTOOD THE CURRENT OFFERING DOCUMENT**

*I (We) declare my subscription for:*

<i>Shares</i>	<i>Or</i>	<i>The counter-value in shares of EUR</i>	<i>Name of Class eg CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS I</i>

### **METHOD OF PAYMENT**

*Subscription payment shall be effected by bank transfer of an amount of EUR \_\_\_\_\_ into account 56.02555.013 held by the Depositary Bank with ABN AMRO Bank (Deutschland) AG Frankfurt, (SWIFT ID: ABNADEFFRA) (Clearing code: BLZ 502 304 00) within five bank business days following the applicable Valuation Date, reference: Subscription to "SUB-FUND NAME".*

*Please enclose the list of authorized signatories of your company together with the subscription form.*

*Subscription applications received by the Company before 16:00 hours on the business day preceding the Valuation Date on which the application is to be effected shall be executed, if accepted, on the basis of the Net Asset Value determined on that Valuation Date. Applications sent after this deadline shall be executed on the following Valuation Date.*

Executed in \_\_\_\_\_, on \_\_\_\_\_ signature \_\_\_\_\_

# CAJAS ESPAÑOLAS DE AHORROS II SICAV

*Specialised Investment Fund*

*Trade Register Nr: R.C.S. Luxembourg B 68 589*

*Head Office*

*33, rue de Gasperich, L-5826 Hesperange*

*The Legal Notice required by Luxembourg law was deposited at the Registry of the District Court of Luxembourg*

## REDEMPTION FORM

*To be addressed to the Registrar and Transfer Agent:*

*33, rue de Gasperich, L-5826 Hesperange*

**Contact Person:** *[The Transfer Agent. (Attn: Nuria Lopez Aranda, Carla Galle) ]tel: [(352)46464058, (352) 46464774]- t - fax: [(352)46469191]*

Name of the applicant(s) (please specify if joint applicants\*):

Domiciled at (addresses in case of joint application)

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

If a Company, please provide the following additional information:

Contact person: \_\_\_\_\_

Tel: \_\_\_\_\_

S.W.I.F.T. address/telex: \_\_\_\_\_

Fax: \_\_\_\_\_

## HAVING RECEIVED AND UNDERSTOOD THE CURRENT OFFERING DOCUMENT

I (We) declare my redemption for:

Shares	Or	The counter-value in shares of EUR	Name of Class eg CAJAS ESPAÑOLAS DE AHORROS II SICAV – CLASS I

## METHOD OF PAYMENT

Redemption proceeds will be paid to the following bank account:

Bank name and location: \_\_\_\_\_

Account number: \_\_\_\_\_

Name of beneficiary: \_\_\_\_\_

Please note that no third party payments will be made.

**Redemption applications received by the Company before 16:00 hours on the business day preceding the Valuation Date on which the application is to be effected shall be executed, if accepted, on the basis of the Net Asset Value determined on that Valuation Date. Applications sent after this deadline shall be executed on the following Valuation Date.**

Executed in \_\_\_\_\_, on \_\_\_\_\_

signature \_\_\_\_\_