

# PROSPECTUS

relating to the issue and the listing  
on the Luxembourg Stock Exchange  
of the Shares



An Investment Company  
with Variable Share Capital  
Umbrella Fund  
Luxembourg

The latest annual report available and the latest semi-annual report if published after the latest annual report represent an integral part of the present Prospectus.

**July 2011**

**VISA 2011/76491-2588-0-PC**

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2011-07-13  
Commission de Surveillance du Secteur Financier



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## Introduction

**NEW MILLENNIUM** (the **Fund**), has been launched at the initiative of Banca Finnat Euramerica S.p.A., Rome (the **Sponsor**).

**NEW MILLENNIUM** has been registered on the official list of undertakings for collective investment in accordance with the Law of 20 December 2002 (Part I).

This registration cannot be interpreted as a positive judgement either of the quality of the instrument or the quality of the securities held by the Fund and any assertion of the contrary would be unauthorised and unlawful.

This prospectus may not be used for the purpose of offering and promoting sales in any country or under any circumstances where such offers or promotions are not authorised.

In particular, the shares of the Fund 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 prospectus or in the documents indicated herein, which are available for public inspection.

The Board of Directors of the Fund accepts responsibility for the accuracy of the information contained in this prospectus on the date of publication.

This prospectus may be updated from time to time with significant amendments. Consequently, subscribers are advised to inquire with the Fund as to the publication of a more recent prospectus.

It is recommended to subscribers to seek professional advice on the laws and regulations (such as those on taxation and foreign exchange control) applicable to the subscription, purchase, holding and selling of shares in their place of origin, residence or domicile.

The valuation currency varies according to the different Sub-Funds in the Fund and the consolidation currency is the Euro.

This prospectus is valid only if accompanied by the latest available annual report and by the latest available semi-annual report, if published after the annual report. These documents are an integral part of this prospectus.

<p><b>Potential subscribers should note that the structure of the Prospectus is made up of Section I which contains the regulations to which the Fund is subject as a whole and of Section II which contains the regulations applicable to each individual Sub-Fund.</b></p>
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## SECTION I: General provisions

### 1. Management and Administration of the Fund

#### **Board of Directors:**

##### **Chairman**

**Mr. Giampietro NATTINO**  
President  
Banca Finnat Euramerica S.p.A.  
Piazza del Gesù, 49  
I-00186 Roma

##### **Directors**

**Mr. Arturo NATTINO**  
Managing Director  
Banca Finnat Euramerica S.p.A.  
Piazza del Gesù, 49  
I-00186 Roma

**Mr. Antonio MAUCERI**  
Managing Director  
Augustum Opus SIM S.p.A.  
Via Serbelloni Gabrio, 7  
I - 20122 Milano

**Mr. Nino ADDONIZIO**  
Managing Director  
Q7 Fund Management AG  
Rennweg 27  
CH-8001 Zürich

**Mr. Alberto ALFIERO**  
Head of Financial Services  
Banca Finnat Euramerica S.p.A.  
Piazza del Gesù, 49  
I-00186 Roma

##### **Delegates of the Board of Directors**

**Mr. Alberto ALFIERO**  
Head of Financial Services  
Banca Finnat Euramerica S.p.A.  
Piazza del Gesù, 49  
I-00186 Roma

**Mr. Sante JANNONI**  
Managing Director  
Securities & Compliance Luxembourg  
11 B, boulevard Joseph II  
L-1840 Luxembourg

**Mr. Marco PETRONIO**  
Director  
Securities & Compliance Luxembourg  
11 B, boulevard Joseph II  
L-1840 Luxembourg

##### **Head Office**

49, avenue J.F. Kennedy  
L-1855 Luxembourg

**Main Distributor  
and General Advisor**

**Banca Finnat Euramerica S.p.A**  
Piazza del Gesù, 49  
I-00186 Roma

**Paying Agent and  
Correspondent Bank in Italy**

**ICCREA Banca S.p.A.**  
Via Lucrezia Romana, 41-47  
I-00178 Roma

**State Street Bank S.p.A**  
Via Ferrante Aporti 10  
I – 20125 Milano

**Société Générale Securities Services S.p.a.**  
Via B. Crespi, 19/A  
I – 20159 Milano

**Custodian**

**State Street Bank Luxembourg S.A.**  
49, avenue J.F. Kennedy  
L-1855 Luxembourg

**Central Administration**

**State Street Bank Luxembourg S.A.**  
49, avenue J.F. Kennedy  
L-1855 Luxembourg

**Auditor**

**PricewaterhouseCoopers Sàrl**  
400, route d'Esch  
B.P.1443  
L-1014 Luxembourg

## 2. Main features of the Fund

**NEW MILLENNIUM**, referred to hereafter as **the Fund**, is a Luxembourg investment company (Société d'investissement à capital variable) incorporated for an unlimited duration in Luxembourg on 11 August 1999 and organized under the Luxembourg Law of 20 December 2002 on undertakings for collective investment (the " Law of 20 December 2002") and the Law of 10 August 1915 on commercial companies. In particular, it is subject to the provisions of Part I of the Law of 20 December 2002, specific to undertakings for collective investment in transferable securities (UCITS) as defined in the Directive of the Council of the European Community of 20 December 1985 (85/611/EEC) as amended by the European Directive of 21 January 2002 (2001/108/EC). The Fund is a self-managed investment company within the meaning of article 27 of the Law of 20 December 2002.

The Fund has been structured as an umbrella-fund, which means that it comprises several sub-funds, referred to hereafter as the **Sub-Funds**, having each its specific assets and liabilities and an own distinct investment policy. Such a structure gives the investor the advantage of a choice between different Sub-Funds with the possibility to switch from one Sub-Fund into another free of charge and at his request.

Besides, the Fund has entered into a co-promotion and co-operation agreement with **Prévira Invest SIM S.p.A.**, a company incorporated as a money broker under Italian law, which has initiated the commercialisation of the *New Millennium-Prévira World Conservative* Sub-Fund.

At present, the shares – hereinafter referred to as **Shares** - of the following Sub-Funds are offered to investors:

- **NEW MILLENNIUM - Euro Equities**
- **NEW MILLENNIUM - Global Equities**
- **NEW MILLENNIUM - Euro Bonds Short Term**
- **NEW MILLENNIUM - Large Europe Corporate**
- **NEW MILLENNIUM - Prévira World Conservative**
- **NEW MILLENNIUM - Total Return Flexible**
- **NEW MILLENNIUM - Inflation Linked Bond Europe**
- **NEW MILLENNIUM - Augustum Pan European Equity (ex Q7 Pan European Equity)**
- **NEW MILLENNIUM - Augustum High Quality Bond (ex Q7 High Quality Bond)**
- **NEW MILLENNIUM - Augustum Corporate Bond (ex Q7 Corporate Bond)**
- **NEW MILLENNIUM - Q7 Globalflex**
- **NEW MILLENNIUM - Q7 Active Equities International (formerly NEW MILLENNIUM - Q7 Russian Focus)**

The Board of Directors may subsequently launch other Sub-Funds, the investment policy and the subscription procedures of which will be conveyed as the occasion arises by the updating of this prospectus and the publication of a notice in the newspapers at the Board of Directors' discretion. The Board may as well decide upon the liquidation of one or several Sub-Funds, in which case investors will be informed by news release and the prospectus will be updated.

The Shares are available through the Main Distributor which in turn might enter into agreements with other distributors, intermediaries, operators and/or professional investors for the placement of the Shares.

The Articles of Incorporation of the Fund were published in the *Mémorial C, Recueil des Sociétés et Associations* (the **Mémorial**) on September 17, 1999. These Articles, as well as the legal notice relating to the issue of the Fund's Shares have been filed with the Registre de Commerce et des Sociétés of Luxembourg. These documents are kept available at the Registre de Commerce et des Sociétés of Luxembourg for inspection and copies may be obtained upon request and against payment of the registry dues. The Articles of Incorporation have been amended on 25 November 2005, with effect from 20 December 2005, and published in the *Mémorial* on 10 December 2005.

The Fund is registered in the Luxembourg Registre de Commerce et des Sociétés under the number B 71.256. The registered office of the Fund is at 49, avenue J.F. Kennedy, L-1855 Luxembourg.

The capital of the Fund is at all times equal to the net assets and is represented by fully paid-up Shares with no par value. Variations in the capital shall be effected ipso jure and without compliance with measures regarding publication and entry of such in the Registre de Commerce et des Sociétés of Luxembourg as prescribed for increases and decreases of capital of public limited companies. Its minimum capital is 1,250,000 EUR (one million two hundred and fifty thousand Euros).

The Shares of each class of every Sub-Fund are listed on the Luxembourg Stock Exchange as from their issue.

### **3. Investment policy and objectives**

The objective of the Fund is to offer the Shareholders an easy access to the different markets of transferable securities while ensuring observance of the principle of risk spreading. Pursuant to the legal provisions, the transferable securities purchased are quoted on an official stock exchange or dealt in on a regulated market, which operates regularly, is recognised and is open to the public. Besides, the Fund may use on a regular basis derivatives for investment purposes and/or to hedge main risks. Please refer to paragraph 8 for more details on the eligible assets and the relative investment restrictions.

The investment policies of the Sub-Funds are described in the Section II "Description of the Sub-Funds".

### **4. Type of Shares**

Shares of each Sub-Fund are issued in registered form only and dematerialized. The Fund may also issue fractional Shares (thousandths).

The Shareholders' register is kept at the registered office of the Fund. The Central Administration performs the registration and the necessary alterations or deletions of all registered Shares in the company register in order to ensure the regular update thereof.

Shares must be fully paid-up and are issued with no par value. There is no restriction with regard to the number of Shares which may be issued.

The rights attached to the Shares are those provided for in the Luxembourg Law of 10 August 1915 on commercial companies, as amended, unless superseded by the Law of 20 December 2002. All Shares of the Fund have an equal voting right, whatever their value (except fractional Shares). The Shares have an equal right to the liquidation proceeds of their relevant Sub-Fund.

Any amendments to the Articles changing the rights of one specific Sub-Fund have to be approved by a decision of the General Meeting of the Fund as well as a General Meeting of the Shareholders of the specific Sub-Fund.

### **5. Classes of Shares**

In order to best meet the specific needs of Shareholders, the Board of Directors may decide to create within each Sub-Fund different classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund. A specific fee structure, currency of denomination, minimum investment amount, dividend policy, target investor group or other specific feature may apply to each class of Shares.

A separate net asset value per Share, which may differ as a consequence of these variable factors, will be calculated for each class of Shares.

The Board of Directors will have the faculty to create further classes of Shares, notice of which will be given by updating the present prospectus and by informing Shareholders through the press, in the most appropriate way the Board of Directors will deem it. Furthermore the Board can decide the elimination of one or more classes, communicating this to the Shareholders via the press and by updating the present prospectus.

Further information on each class of Shares ("Class I" is reserved for institutional investors only and it capitalizes income, "Class A" can be subscribed by any investor and it capitalizes income, "Class D" can be subscribed to by any investor and it distributes income) available for each Sub-Fund can be found under the Section II – "Description of the Sub-Funds".

### **6. Risk factors**

Investors are advised to read the following information about the various risk factors before investing in any of the Fund's Sub-Funds.

Potential investors should be aware that, as for any kind of financial investment, the value of the Sub-Funds' assets may be subject to significant volatility. Therefore, no assurance can be given that the investors will get back the full amount invested.

### **Equity risk**

The value of all Sub-Funds that invest in equity and equity-related securities will be affected by economic, political, market, and issuer specific changes. Such changes may adversely affect securities, regardless of company specific performance. The risk that the value of one or more companies in a Sub-Fund's portfolio will fall, or fail to rise, can adversely affect the overall portfolio performance in any given period.

### **Issuer risk**

Issuer risk (or credit risk), a fundamental risk relating to all fixed income securities as well as money market instruments, is the possibility that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government bonds are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings (e.g. non-investment grade) or those without a credit rating (not-rated), have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer, are all factors that may have an adverse impact on an issuer's credit quality and security values.

### **Interest rate risk**

The value of the assets can change as a function of the change in interest rates. In particular, the value of fixed income securities held by the Sub-Funds move, in general, in the opposite direction to that of the change in the interest rates, and the longer the maturity of the securities, the larger the fluctuation. As a result, such variations can affect the value of the Sub-Funds that invest in such securities.

### **Liquidity risk**

Some markets in which a Sub-Fund may invest could, in some circumstances, turn out to be illiquid, not sufficiently liquid or extremely volatile. This could influence the price at which a Sub-Fund can liquidate positions in order to meet redemption requests or other cash needs.

### **Foreign currency risk**

Since the securities held by a Sub-Fund may be denominated in currencies different from its base currency, the value of the Shares of such Sub-Funds will be affected by changes in the exchange rates between the base currency and other currencies.

It should be pointed out that the exchange rates with the currencies of several countries, and in particular of emerging countries, are highly volatile, and in any case the evolution of exchange rates can influence the total return on the investment.

To the extent that a Sub-Fund seeks to use any strategies or instruments to hedge or to protect against currency exchange risk, there is no guarantee that hedging or protection will be achieved.

### **Risks inherent in investing in emerging European markets**

In the emerging and less developed markets of the above area, the legal, judiciary and regulatory apparatus is in the development phase, and the uncertainties inherent in the legal system are numerous, both for local market operators and for their foreign counterparties. Some markets can present a higher level of risk to investors, who thus should make sure, before investing, to have understood well the associated risks and that such an investment is suitable for their portfolio. Investment in emerging and less developed countries should only be carried out by professional investors or in any case investors with a good knowledge of the markets in question, who are capable of considering and evaluating the various risks inherent in such investment and who have the necessary financial resources to withstand the considerable risk of loss of capital invested in such financial instruments.

### **Risks inherent in investing in emerging markets**

Potential investors should be aware the some Sub-Funds can invest in companies or issues of companies in

emerging countries and thus be exposed to higher risk levels than those associated with investments in developed countries. Investors should realize that the eventual social, political or economic instability of some emerging countries in which a Sub-Fund can invest could affect the value and the liquidity of the investments. In addition to the risks inherent in any type of investment in securities, there could also be political risks, risks associated with a change in exchange controls and in the tax regime, which could directly affect the value and liquidity of the Sub-Fund's portfolio.

Furthermore, investments in some countries could be exposed to significant exchange rate risk, given that such currencies are considerably volatile.

### **Warrants risk**

Investment in and holding of warrants may result in an increased volatility of the net asset value of the Sub-Funds which may make use of warrants, and accordingly is accompanied by a higher degree of risk.

### **Risks associated with derivatives transactions**

Each Sub-Fund can carry out various portfolio strategies aimed at containing some of the risks of its investments and/or increasing return. These strategies include at present the use of options, currency forwards, futures, credit derivatives and derivatives in general. The ability to use these strategies can be influenced by market trends and by regulatory limits, and no guarantee can be given that such strategies will obtain the expected goals.

The risk factors associated with the use of derivatives include, but are not limited to, the following:

- (a) a possible incorrect forecast, by the subjects to whom the investment management has been delegated, of the changing dynamics of interest rates, security prices and currency markets;
- (b) an insufficient correlation between the price of options, futures contracts, and options on the aforementioned, and the price movements of the underlying securities or currencies;
- (c) the possible lack of a liquid secondary market for a given instrument in a given moment (e.g. for the closing of a futures or forward position);
- (d) in case of OTC contracts the risk of counterparty default may be higher, depending on the lack of regulation and nonfulfilment of the counterparty. In general, the regulation and the supervision of the governmental authorities on OTC markets (e.g. markets in which forwards, spot contracts and options, credit default swaps, total return swaps, and some currency options are traded) is lower than the one carried out on the regulated market transactions. Besides, many of the protections towards regulated market participants, as the guarantee on the transactions' execution by the clearing houses, may not be available when OTC transactions occur.

Consequently, the Sub-Funds investing in OTC derivatives will be exposed to the risk that counterparties may not fulfil the transactions' expected obligations and that the Sub-Fund may meet the relative losses. Apart from the actions the Fund may undertake in order to lower the counterparty credit risk, it is not possible to assure that a counterparty will neither default nor the Fund will meet the consequent losses.

Each Sub-Fund, where it is clearly indicated in its investment policy, can invest in credit derivatives (including credit default swaps and credit spread derivatives). The use of credit default swaps normally carries a higher risk than investing in bonds directly. A credit default swap allows the transfer of default risk. This allows investors to effectively buy insurance on a bond they hold (hedging the investment) or buy protection on a bond they do not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of protection, and a payment is due to the buyer in the event that there is a "credit event" (a decline in credit quality, which will be pre-defined in the agreement). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. The market for credit default swaps may sometimes be more illiquid than bond markets. A Sub-Fund entering into credit default swaps must at all times be able to meet the redemption requests. Credit default swaps are valued on a regular basis according to verifiable and transparent valuation methods reviewed by the Fund's auditor.

**The negative consequences of the use of derivative instruments can cause the Sub-Funds a loss that is larger than the amount invested in such instruments.**

**The risk associated with the use of the above-mentioned instruments cannot exceed 100% of the Net Asset Value of the relevant Sub-Fund. As a consequence, the global risk related to the investments of a Sub-Fund can reach a maximum of 200% of the Sub-Fund's Net Asset Value. The Fund can borrow for the account of any Sub-Fund, as a temporary measure only, up to 10% of the value of net assets, therefore global risk can never exceed 210% of the Net Asset Value of the relevant Sub-Fund.**

### **Commodity-linked risk**

Potential investors should be aware the some Sub-Funds can invest in commodity-linked instruments. Investments in commodity-linked instruments may subject the portfolio to greater volatility than instruments in traditional securities. The value of commodity-linked instruments may be affected, favourably or unfavourably, by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments.

### **Management risk**

This risk covers the possibility that the investment technique employed for a given Sub-Fund proves to be unsuccessful and leads to losses.

### **Investment in specific sectors**

The Sub-Funds can invest in securities of new companies or companies in rapidly developing sectors that are characterized by a higher volatility.

**Shareholders should understand that all investments involve risk and there can be no guarantee against loss resulting from an investment in a Sub-Fund, nor can there be any assurance that the investment objectives will be attained.**

## 7. Distribution policy

Each year, the General Meeting of Shareholders shall decide upon the proposal made by the Board of Directors on this matter. Should the Board of Directors decide to propose the payment of a dividend to the General Meeting, such dividend shall be calculated in accordance with the legal and statutory limits provided for this purpose.

Except for the D share class, which distributes income and which is available for some of the Sub-Funds (as detailed in the Section II – “Description of the Sub-Funds”), in its distribution policy, the Board of Directors has determined to propose the capitalisation of the income. Nevertheless, if in its opinion, the payment of a dividend could be more profitable to the Shareholders, the Board shall not refrain from proposing such a dividend to the General Meeting. This dividend may include, beside the net investment income, the realised and unrealised capital gains, after deduction of realised and unrealised capital losses.

All dividend payment notices are published on the company’s website ([www.newmillenniumsicav.com](http://www.newmillenniumsicav.com)) and notified by any other means the Board of Directors deems appropriate.

Registered Shareholders are paid by cheque sent to their address indicated in the Shareholders' register or by bank transfer according to their instructions.

Each Shareholder is offered the possibility to reinvest his/her dividend free of charge up to the available share unit.

Dividends not claimed within five years after their payment date shall no longer be payable to the beneficiaries and shall revert to the Sub-Fund.

## 8. Investment restrictions

The Board of Directors has adopted the following restrictions relating to the investment of the Fund's assets and its activities. These restrictions and policies may be amended from time to time by the Board of Directors if and as they shall deem it to be in the best interests of the Fund in which case this Prospectus will be updated.

The investment restrictions imposed by Luxembourg law must be complied with by each Sub-Fund. Those restrictions in paragraph 1.(D) below are applicable to the Fund as a whole.

### 1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

(A) (1) The Fund will invest in:

- (i) transferable securities and money market instruments admitted to an official listing on a stock exchange in any Member State of the European Union (EU), any Member State of the Organisation for the Economic Cooperation and Development (OECD), and any other State which the Board of Directors deems appropriate with regard to the investment objective of each Sub-Fund (each an "Eligible State"); and/or
- (ii) transferable securities and money market instruments dealt in on another market which is regulated, operates regularly and is recognised and open to the public in an Eligible State (a "Regulated Market"); and/or
- (iii) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on an official stock exchange or another Regulated Market (an "Eligible Market") and such admission is achieved within one year of the issue; and/or
- (iv) units of undertakings for collective investment in transferable securities (a "UCITS") and/or of other undertakings for collective investment within the meaning of the first and second indent of Article 1(2) of Council Directive 85/611/EEC of 20 December 1985, as amended ("other UCIs"), whether situated in an EU member state or not, provided that:
  - such other UCIs have been authorised under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in Community law and that a cooperation between authorities is sufficiently ensured,
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing,

lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of directive 85/611/EEC,

- the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs; and/or
- (v) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union, or if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law; and/or
- (vi) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs (i) and (ii) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of securities covered by this section 1. (A) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

Unless specifically provided otherwise in the Section II for any specific Sub-Fund, the Fund will invest in financial derivative instruments for hedging purposes and for efficient portfolio management purposes, as more fully described in the section "3. Derivatives, Techniques and Other Instruments " below; and/or

- (vii) money market instruments other than those dealt in on a Regulated Market, if the issuer or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of an EU member state, the European Central Bank, the European Union or the European Investment Bank, a non-EU member state or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU member states belong, or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or
  - issued by other bodies belonging to categories approved by Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (2) In addition, the Fund may invest a maximum of 10% of the net asset value of any Sub-Fund in transferable securities and money market instruments other than those referred to under (1) above.

- (B) Each Sub-Fund may hold ancillary liquid assets.
- (C) (i) Each Sub-Fund may invest no more than 10% of its net asset value in transferable securities or money market instruments issued by the same issuing body (and in the case of credit-linked securities both the issuer of the credit-linked securities and the issuer of the underlying securities).

Each Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Sub-Fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in (1) (A) (v) above or 5% of its net assets in other cases.

- (ii) Furthermore, where any Sub-Fund holds investments in transferable securities and money market instruments of any issuing body which individually exceed 5% of the net asset value of such Sub-Fund, the total value of all such investments must not account for more than 40% of the net asset value of such Sub-Fund.

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

Notwithstanding the individual limits laid down in paragraph (C) (i), a Sub-Fund may not combine:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with, and/or
- exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.

- (iii) The limit of 10% laid down in paragraph (C) (i) above shall be 35% in respect of transferable securities or money market instruments which are issued or guaranteed by an EU member state, its local authorities or by an Eligible State or by public international bodies of which one or more EU member states are members.

- (iv) The limit of 10% laid down in paragraph (C) (i) above shall be 25% in respect of debt securities which are issued by credit institutions having their registered office in an EU member state and which are subject by law to a special public supervision for the purpose of protecting the holders of such debt securities, provided that the amount resulting from the issue of such debt securities are invested, pursuant to applicable provisions of the law, in assets which are sufficient to cover the liabilities arising from such debt securities during the whole period of validity thereof and which are assigned to the preferential repayment of capital and accrued interest in the case of a default by such issuer.

If a Sub-Fund invests more than 5% of its assets in the debt securities referred to in the subparagraph above and issued by one issuer, the total value of such investments may not exceed 80% of the value of the assets of such Sub-Fund.

- (v) The transferable securities and money market instruments referred to in paragraphs (C) (iii) and (C) (iv) are not included in the calculation of the limit of 40% referred to in paragraph (C) (ii).

The limits set out in paragraphs (C) (i), (C) (ii), (C) (iii) and (C) (iv) above may not be aggregated and, accordingly, the value of investments in transferable securities and money market instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with paragraphs (C) (i), (C) (ii), (C) (iii) and (C) (iv) may not, in any event, exceed a total of 35% of each Sub-Fund's net asset value.

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

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

- (vi) Without prejudice to the limits laid down in paragraph (D), the limits laid down in this paragraph (C) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant, provided that investment up to 35% is only permitted for a single issuer.

- (vii) Where any Sub-Fund has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by an EU member state, by its local authorities or by an Eligible State which is an OECD member state, or by public international bodies of which one or more EU member states are members, the Fund may invest 100% of the net asset value of any Sub-Fund in such securities and money market instruments provided that such Sub-Fund must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the net asset value of the Sub-Fund.

Subject to having due regard to the principle of risk spreading, a Sub-Fund need not comply with the limits set out in this paragraph (C) for a period of 6 months following the date of its authorisation and launch.

- (D) (i) The Fund may not acquire shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body.
- (ii) The Fund may acquire no more than (a) 10% of the non-voting shares of any single issuing body, (b) 10% of the value of debt securities of any single issuing body, (c) 10% of the money market instruments of the same issuing body, and/or (d) 25% of the units of the same collective investment undertaking. However, the limits laid down in (b), (c) and (d) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments or the net amount of securities in issue cannot be calculated.

The limits set out in paragraph (D) (i) and (ii) above shall not apply to:

- (i) transferable securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
  - (ii) transferable securities and money market instruments issued or guaranteed by any other Eligible State;
  - (iii) transferable securities and money market instruments issued by public international bodies of which one or more EU member states are members; or
  - (iv) shares held in the capital of a company incorporated in a non EU-member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Sub-Fund's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in Articles 43, 46 and 48 (1) and (2) of the Law of 20 December 2002;
  - (v) shares held by one or more investment companies in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice, or marketing in the country where the subsidiary is located, with regard to the redemption of shares at the request of the Shareholders.
- (E) Each Sub-Fund may invest more than 10% of its net asset value in units of UCITS or other UCIs. The following limits shall apply.
- (i) Each Sub-Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph (A) (iv), provided that no more than 20% of a Sub-Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of investment limit, each sub-fund of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- (ii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net asset of a Sub-Fund.
- (iii) When a Sub-Fund invests in the units of other UCITS and/or other UCIs linked to the Fund by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the Fund, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Sub-Fund's substantial investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 4% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- (iv) The Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all sub-funds combined.
- (v) The underlying investments held by the UCITS or other UCIs in which the Sub-Funds invest do not have to be considered for the purpose of the investment restrictions set forth under 1. (C) above.

## 2. INVESTMENT IN OTHER ASSETS

- (A) The Fund will not make investments in precious metals or certificates representing these.
- (B) The Fund may invest in transferable securities linked to commodities index and/or derivative on commodities index. The commodity exposure for the Fund may also be obtained through eligible UCITS, other UCIs and Exchange Traded Funds, according to article 41 (1) e. Investments in other UCIs and Exchange Traded Fund that do not comply with the requirements of article 41 (1) e) will be limited to 10% of the net assets of the each Sub-Fund, together with any non-quoted securities according to article 41 (2) a). All derivatives will be cash settled, under the terms of the relevant contract. The Fund will not own commodities directly.
- (C) The Fund will not purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (D) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in 1.(A) (1) iv), vi) and vii).
- (E) The Fund may not borrow for the account of any Sub-Fund, other than amounts which do not in aggregate exceed 10% of the net asset value of the Sub-Fund, and then only as a temporary measure. For the purpose of this restriction back to back loans are not considered to be borrowings.

## 3. DERIVATIVES, TECHNIQUES AND OTHER INSTRUMENTS

The Fund may, for the purpose of efficient portfolio management of its assets or for providing protection against main risks, such as and not limited to exchange rate risk, employ derivatives under the conditions and within the limits laid down by law, regulation and administrative practice. If a Sub-Fund uses such instruments for investment purposes, detailed information on such instruments will be disclosed in the investment policy of the relevant Sub-Fund.

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

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

Each Sub-Fund may invest, as a part of its investment policy and within the limits laid down in restriction 1 (C) (v), in financial derivative instruments provided that the exposure to the underlying assets does not

exceed in aggregate the investment limits laid down in restrictions 1 (C) (i) to (v). When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in restriction 1 (C).

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

For each Sub-Fund, the Fund may, for efficient portfolio management, participate in transactions relating to repurchase agreements under respect of the limits as specified hereafter.

The Fund may, on an ancillary basis, enter into repurchase agreements which comply with the Circular CSSF 08/356 and 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 Fund may act either as purchaser or as seller in repurchase transactions. Its entering in such agreements is however subject to the following rules:

*a. Rules intended to ensure the proper completion of repurchase agreements*

The Fund may purchase or sell securities in the context of a repurchase agreement only if its counterparty is a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialized in this type of transactions.

*b. Conditions and limits of repurchase transactions*

During the lifetime of a repurchase agreement, the Fund 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 Fund must ensure to maintain the importance of purchased securities subject to a repurchase obligation at a level such that it is able, at any time, to meet its obligations to redeem its own Shares.

The securities subject to repurchase transactions must be in the form prescribed by CSSF Circular 08/356, and must comply with the Fund's investment policy and, together with the other securities that the UCITS holds in its portfolio, globally comply with the Fund's investment restrictions.

#### 4. MISCELLANEOUS

(A) The Fund may not make loans to other persons or act as a guarantor on behalf of third parties provided that this restriction shall not prevent the Fund from acquiring transferable securities or money market instruments or other financial instruments referred to in paragraph 1. (A) (1) (iv), (vi) and (vii) which are not fully paid.

(B) The Fund needs not comply with the limits laid down in chapter 8. Investment Restrictions when exercising subscription rights attached to transferable securities or money market instruments which form part of its assets.

If the limits referred to in paragraph 8. are exceeded for reasons beyond the control of the Fund, or as a result of the exercise of subscription rights, the Board of Directors must, as a priority, take all steps as necessary within a reasonable period of time to rectify that situation, taking due account of the interests of its Shareholders.

## 9. Securities lending

The Fund may, on an ancillary basis, enter into securities lending transactions in line with the circular CSSF 08/356:

- The Fund may only participate in securities lending transactions with a standardized lending system organized by a recognized securities clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialized in that type of transactions.
- For each securities lending transaction, the Fund must receive a guarantee the value of which is, during the lifetime of the lending agreement, at least equivalent to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities lent.
- This collateral must be given in the form of cash and/or of securities compliant with the requirements set out in CSSF Circular 08/356 section II/b.

- If the collateral has been provided in the form of cash, the Fund may reinvest such cash in the instruments specified in CSSF Circular 08/356 section III.
- Lending transactions may not be carried out on more than 50% of the aggregate market value of the securities in the portfolio, and may not extend beyond a period of 30 days. These limits are not applicable where the Fund has the right, at any time, to terminate the contract and obtain restitution of the securities lent.

## 10. Risk Management Process

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

## 11. Delegates of the Board of Directors

The Board of Directors of the Fund is responsible for the Fund's investment policy. In order to implement this policy, in compliance with the provisions of CSSF Circular 03/108, the Board of Directors has granted a mandate in order to conduct the daily business of the Fund to three Delegates of the Board of Directors (hereinafter referred to as "Delegates"), mentioned under Section "Management and Administration"

The Delegates shall have the duty to manage the daily activity of the Fund and the Sub-Funds and to ensure that the different service providers to which the Fund has delegated certain functions (comprising the Investment Management/Advisory, the Central Administration, Distribution, and Risk Management) perform their function in compliance with the law of 20 December 2002 relating to undertakings for collective investment, with the articles of incorporation of the Fund, with the present prospectus and with the provisions of the contracts which have been entered into between the Fund and the above subjects. The Delegates shall also ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Sub-Funds' investment policies.

On a regular basis, the Delegates shall report to the Board of Directors the results of their activities and controls. For such purpose a report shall be issued at least on a six-monthly basis. The Delegates shall furthermore promptly report any urgent matter to the Board of Directors whenever it is considered appropriate.

## 12. Investment advice and management delegation and respective fees

### 1. INVESTMENT MANAGEMENT DELEGATION AGREEMENTS

The Fund can give total or partial delegation for the management of the individual Sub-Funds to a Manager (hereinafter referred to as "Sub-Fund Manager" or "Sub-Fund Co-Manager", respectively) duly authorized to carry out such activity.

The asset managers currently appointed as Sub-Fund Co-Managers are:

- Banca Finnat Euramerica S.p.A. ("BFE"), a public limited company incorporated under Italian law whose shareholders equity as of 31.12.10 amounted to EUR 72.576.000.
- Augustum Opus SIM S.p.A. ("Augustum Opus SIM"), a public limited company incorporated under Italian law whose deposited shareholders equity as of 31.12.10 amounted to EUR 1.280.000.

They have been granted, by the Fund's Board of Directors, a mandate to carry out the activities of stock picking and time selection for some Sub-Funds, as indicated in Section II(Description of the Sub-Funds). They shall carry out their assignments in compliance with the asset allocation indications set out for the relevant Sub-Funds from time to time by the Board of Directors.

## 2. INVESTMENTS ADVISORY AGREEMENTS

The Fund can sign agreements to receive investments advisory services.

The current investments Advisor, appointed with an unlimited agreement, is Q7 Fund Management AG for the Sub-Funds indicated in Section II (Description of the Sub-Funds).

Q7 Fund Management AG is an Investment Management Company incorporated under Swiss law whose shareholders equity as of 31.12.2009 amounted to CHF 200.000.

## 3. INVESTMENT ADVISORY, MANAGEMENT AND PERFORMANCE FEES

As remuneration for the above-mentioned services, the Sub-Fund Managers, Sub-Fund Co-Managers, and Investment Advisor shall receive a fee. Such a fee shall be payable at the end of each quarter and based on the value of the average net assets during the relevant quarter.

In addition, the Sub-Fund Managers, Sub-Fund Co-Managers or the Investment Advisors could receive a performance fee. The calculation methodology of such fees will be as follows:

The performance fees shall be calculated on each Net Asset Value calculation, based on the average net assets from the period and payable annually to the Sub-Fund Co-Manager or Investment Advisor at the beginning of the following period.

Unless otherwise stated in Section II, the Fund will apply at all times the High Watermark Principle, i.e. no performance fee shall be paid in the case where the net asset value per share as at the end of the reference period is lower than the highest net asset value per share calculated as at the end of any preceding period, since the first period, or the first net asset value per share of the first period in which a performance fee was calculated.

### *a) For Sub-Funds with absolute performance fee:*

The performance fee will be based on the difference, if positive, between the last computed net asset value per share as at the end of a 12 month period, starting the 1st January of each year, and the highest net asset value per share calculated as at the end of any preceding period, since the first period, or the first net asset value of the first period subject to a performance fee calculation.

The performance fee shall be a percentage, indicated in Section II under the description of the relevant Sub-Fund, of the difference so determined multiplied by the average number of shares of the Sub-Fund outstanding during that period.

### *b) For Sub-Funds with relative performance fee:*

The performance fee shall be a percentage, indicated in Section II under the description of the relevant Sub-Fund, of the excess return over the relevant benchmark indicated under the description of the relevant Sub-Fund. The reference period shall start on the 1st January of each year and end on the 31st December of the same year. There shall be no performance fee payable to the Sub-Fund Co-Manager or Investment Advisor in case the Sub-Fund does not make any excess over the above benchmark during the reference period.

The Shareholders will be informed of any change related to the advisory, management or performance fees by the means considered the most suitable by the Board of Directors (e.g. press, mailing or website). In case of any increase of such fees, the Shareholders will have the possibility to sell their Shares without any commission or charge within one month.

The remuneration of BFE, Augustum Opus SIM and Q7 Fund Management is included in the Advisory/Management fee as specified in the Section II (Description of the Sub-Funds).

The amounts, expressed as percentages, of all the above fees are detailed in the Section II (Description of the Sub-Funds).

## 4. MAIN DISTRIBUTOR AND GENERAL ADVISOR

The Fund grants BFE a non-exclusive mandate:

- i) to act as Main Distributor of the SICAV in those countries where the SICAV obtains public offering authorisation;

- ii) to assist and advise the Sicav in the performance of its corporate activities, development of marketing tools , definition of new products and strategies;
- iii) to support the SICAV with consultancy services in the field of new products developments.

The remuneration of BFE for these activities is included in the Advisory/Management fee as specified in Section II (Description of the Sub-Funds).

### **13. Custodian bank**

**State Street Bank Luxembourg S.A.** (hereinafter referred to as "**SSBL**") has been appointed Custodian Bank of the Fund's assets. Each of the parties may terminate the agreement by a six months notice.

SSBL is a limited company incorporated under Luxembourg law on January 19, 1990 for an unlimited duration. Its subscribed capital is set at sixty-five million six hundred fifty euro (65,000,650 EUR) represented by four hundred thousand and four (400,004) shares without nominal value all of which are fully paid up.

The custody of the Fund's assets has been entrusted to SSBL which shall fulfil the obligations and duties provided by law.

In accordance with banking practice, SSBL may, under its responsibility, entrust all or part of the assets in custody to other banking institutions or financial intermediaries.

Moreover, SSBL, in its role of Custodian Bank, must:

- (a) ensure that the sale, issue, repurchase and cancellation of Shares executed by the Fund or on its behalf are carried out in accordance with the law or the Fund's Articles of Incorporation;
- (b) ensure that, in transactions involving the Fund's assets, the compensation is executed within the usual time limits;
- (c) ensure that the proceeds of the Fund are applied in accordance with the Articles of Incorporation.

As remuneration for the services rendered to the Fund as custodian, SSBL will receive for each Sub-Fund an annual fee of 0.05% (VAT non included) of the net assets, with a minimum of EUR 3,000 per Sub-Fund. These fees are calculated monthly based on the average assets of each Sub-Fund, are accrued at each Valuation day and paid within the first 10 calendar days of the following month.

### **14. Central administration**

**State Street Bank Luxembourg S.A.** assumes the duties and general obligations of the Fund's central administration, according to the laws in force. It is specifically responsible for the issue and the redemption of Shares, the calculation of the net asset value and the general bookkeeping of the Fund.

Fees paid to SSBL for the central administration service are, for each Sub-Fund, an annual 0.04% of the net assets, with a minimum of EUR 2,400 per Sub-Fund, for the first EUR 20 million, and 0.01% on the portion of the net assets exceeding that amount.

The fees are calculated monthly based on the average asset of each Sub-Fund, and are accrued at each Valuation day and paid within the first 10 calendar days of the following month.

Furthermore the following fees are payable to SSBL: a fixed amount of EUR 15 per securities transaction, EUR 10 per derivatives transaction; EUR 90 per net asset value calculation for Sub-Funds with daily NAV and EUR 110 in case of a weekly valuation.

For the domiciliation services of the Fund, SSBL is entitled to receive an annual fee of EUR 1,500 per Sub-Fund.

## 15. Net asset value

The net asset value per Share of each class of every Sub-Fund is determined each Valuation day under the responsibility of the Board of Directors, and is expressed in the valuation currency, as specified in the Appendix specific to each Sub-Fund under Section II. The consolidation currency is the Euro.

The net asset value per Share is determined by dividing the net assets of each class by the total number of Shares of that class outstanding. If a Valuation day is a (legal or bank) holiday in Luxembourg, the Valuation day shall be the following business day. The number obtained shall be rounded to two decimal places.

The percentage of the total net asset attributed to each class within the Sub-Fund in question shall be adjusted on the basis of the dividends and of the subscription/redemption for that class as follows:

- when a dividend is paid to the distribution share class of a Sub-Fund, the net assets attributed to the Shares of that class of the Sub-Fund in question are reduced by the total amount of the dividends (causing thus a decrease in the percentage of the net assets attributed to that share class), while the net assets of the Sub-Fund attributed to the capitalisation share classes remain unchanged (causing an increase in the percentage of the net assets attributed to those share classes);
- at the time of issue or redemption of Shares of a class in any Sub-Fund, the corresponding net assets will be increased by the amount received or decreased by the amount paid.

The net assets of the different classes of the Sub-Funds shall be assessed as follows :

1. In particular, the Fund's assets shall include :

- all cash at hand and on deposit, including interest due but not yet received as well as interest accrued on these deposits up to the Valuation day;
- all bills and demand notes and accounts receivable (including the proceeds of securities sold insofar as the proceeds have not yet been collected);
- all securities, units or shares in undertakings for collective investment, stocks, debt securities, option or subscription rights, financial instruments and other investments and transferable securities owned by the Fund;
- all dividends and distribution proceeds to be received by the Fund in cash or securities insofar as the Fund is aware of such;
- all interest accrued but not yet received and all interest produced until the Valuation day on securities owned by the Fund, unless this interest is included in the principal amount of such assets;
- the incorporation expenses of the Fund, insofar as they have not yet been written off;
- all other assets of whatever kind and nature, including prepaid expenses.

The value of these assets shall be determined as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet received shall be deemed to be the full value of such assets, unless it is unlikely that such values be received, in which case the value thereof shall be determined by deducting such amount the Fund may consider appropriate to reflect the true value of these assets;
- (b) the valuation of securities and/or financial derivative instruments listed on an official stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public, is based on the last quotation known in Luxembourg on the Valuation day and, if such security and/or financial derivative instrument is traded on several markets, on the basis of the last available price known on the market considered to be the main market for trading this security and/or financial derivative instrument. If the last available price is not representative, the valuation shall be based on the probable sales value estimated by the Board of Directors with prudence and in good faith;
- (c) securities not listed on a stock exchange or dealt in on another regulated market which operates regularly, is recognised and open to the public shall be assessed on the basis of the probable sales value estimated with prudence and in good faith;

- (d) shares or units in open-ended undertakings for collective investment shall be valued at their last available calculated net asset value, as reported by such undertakings;
- (e) the value of each position in each currency, security or derivative instrument based on currencies or interest rates will be determined on the basis of quotations provided by a pricing service selected by the Fund. Instruments for which no such quotations are available will be valued on the basis of quotations furnished by dealers or market makers in such instruments selected by the Fund; and positions in instruments for which no quotations are available from pricing services, dealers or market makers shall be determined prudently and in good faith by the Board of Directors in its reasonable judgement;
- (f) liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis;
- (g) swaps are valued at their fair value based on the underlying securities as well as on the characteristics of the underlying commitments or otherwise in accordance with usual accounting practices;
- (h) all other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

The Board of Directors is authorised to apply other appropriate valuation principles for the assets of the Fund and/or the assets of a given Sub-Fund if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

Securities expressed in a currency other than the currency of the respective Sub-Fund shall be converted into that currency on the basis of the last available exchange rate.

2. The liabilities of the Fund shall include:

- all loans, bills matured and accounts due;
- all known liabilities, whether matured or not, including all matured contractual obligations that involve payments in cash or in kind (including the amount of any unpaid dividends declared by the Fund);
- all reserves, authorised or approved by the Board of Directors, in particular those formed for covering potential depreciation on some of the Fund's investments;
- all other liabilities of the Fund, of whatever kind and nature with the exception of those represented by the Fund's own resources. To assess the amount of such other liabilities, the Fund shall take into account all expenses payable by it, including, without limitation, the formation expenses and those for subsequent amendments to the Articles of Incorporation, fees and expenses payable to the Sub-Fund Manager and Co-Manager, Investment and General Advisors, the Delegates of the Board of Directors, accountants, Custodian and correspondents and Central Administration, paying agents or other agents and employees of the Fund, as well as the permanent representatives of the Fund in countries where it is subject to registration, the costs for legal assistance and for the auditing of the Fund's annual reports, the costs of assistance and advisory in the performance of corporate activities, development of marketing tools, definition of new products and strategies, the costs for promoting, printing and publishing the sales documents for the Shares, printing costs of annual and interim financial reports, the cost of convening and holding Shareholders' and Board of Directors' meetings, reasonable travelling expenses of Directors and the Delegates of the Board of Directors, Directors' fees, the costs of registration statements, all taxes and duties charged by governmental authorities and stock exchanges, the costs of publication of the issue and redemption prices as well as any other operating costs, including financial costs, bank charges and brokerage incurred at purchase or sale of assets or otherwise, expenses relative to risk limits monitoring as well as any other administrative charges. For the valuation of the amount of such liabilities, the Fund shall take into account administrative and other expenses of a regular or periodic nature on a pro rata temporis basis.

3. The assets, liabilities, charges and expenses which are not attributable to a Sub-Fund shall be attributed to all the Sub-Funds, in equal proportions or as long as justified by the amounts concerned, to the prorata of their respective net assets.

4. Each share of the Fund to be redeemed is considered as an issued and existing share until the close of business on the Valuation day applicable to the redemption of such share and its price shall be considered as a liability of the Fund from the close of business on such day and this, until the relevant price is paid.

Each share to be issued by the Fund in accordance with subscription applications received shall be considered as having been issued as from the close of business on the Valuation day of its issue price and such price shall be considered as an amount to be received by the Fund until the Fund shall have received it.

5. As far as possible, each investment or disinvestment decided by the Fund until the Valuation day shall be taken into account by the Fund.

## **16. Suspension of the calculation of net asset value, issue and redemption of Shares**

The Board of Directors is authorised to suspend temporarily the calculation of the net asset value of one or several classes of Sub-Funds, as well as the issue, the redemption and the conversion of Shares under the following circumstances:

- (a) for any period during which a market or stock exchange which is the main market or stock exchange on which a substantial part of the Fund's investments is listed from time to time, is closed for periods other than regular holidays, or when trading on such markets is subject to major restrictions, or suspended;
- (b) when the political, economic, military, monetary or social situation, or Act of God or beyond the Fund's responsibility or control, make the disposal of its assets impossible under reasonable and normal conditions, without being seriously prejudicial to the interests of the Shareholders;
- (c) during any breakdown in communications networks normally used to determine the value of any of the Fund's investments or current price on any market or stock exchange;
- (d) whenever exchange or capital movement restrictions prevent the execution of transactions on behalf of the Fund or in case purchase and sale transactions involving the Fund's assets cannot be effected at normal exchange rates;
- (e) as soon as a General meeting is called during which the dissolution of the Fund shall be put forward.

Under exceptional circumstances that may adversely affect the interest of Shareholders or in case of applications for redemption exceeding 10% of a Sub-Fund's net assets, the Board of Directors of the Fund shall reserve the right to determine the share price only after having carried out, as soon as possible, the necessary sales of transferable securities on behalf of the Sub-Fund. In such case, outstanding applications for subscription, redemption and conversion shall be treated on the basis of the net asset value thus calculated.

Subscribers and Shareholders offering Shares for redemption or conversion shall be notified of the suspension of the net asset value calculation. Pending applications for subscription, redemption and conversion may be withdrawn in writing insofar as notification thereon be received by the Fund or by any other entity duly appointed by and acting in the name of the Fund before the end of suspension.

Pending subscriptions, redemptions and conversions shall be taken into consideration on the first Valuation day immediately following the end of suspension.

## **17. Issue of Shares, subscription and payment procedure**

The Board of Directors is authorised to issue Shares in each class of every Sub-Fund at any time and without limitation.

Pursuant to the Luxembourg law of 19 February 1973, as amended, to combat drug addiction, the law of 5 April 1993, as amended, relating to the financial sector, the law of 12 November 2004 relating to money laundering and to the relevant circular of the Luxembourg supervisory authority, obligations have been imposed on professionals of the financial sector to prevent the use of UCITS funds such as the Fund for money-laundering purposes. Within this context a procedure for the identification of investors has been imposed. Issue requests must therefore include a certified copy (by one of the following authorities: consulate, embassy, police officer or public notary) of (i) the applicant's identity documents in the case of individuals or (ii) the articles of incorporation as well as an extract of the commerce register in the case of corporate entities, and this in the following cases:

- (a) direct application (i.e. submitted directly to the Central Administration),
- (b) application via a professional of the financial sector who is domiciled in a country which has not implemented the conclusions of the FATF report (Financial Action Task Force on Money Laundering),

and who is thus not considered as being subject to a client identification procedure equal to the one required by the laws and regulations of the Grand-Duchy of Luxembourg,

- (c) application via a subsidiary or a branch of a corporate entity subject to a client identification procedure equal to the one required by the laws and regulations of the Grand-Duchy of Luxembourg, in case, however, the laws and regulations applicable to the parent company do not make it compulsory for the former to see it that such procedure be also followed by its subsidiaries or branches.

The Shares are issued at a price corresponding to the net asset value per share of each class of every Sub-Fund increased by a subscription fee as defined in the Appendix specific to each Sub-Fund under Section II.

### ***Subscription and payment procedure***

Subscriptions are made on the basis of unknown price.

Applications for subscription may, at the subscriber's choice, pertain to a number of Shares to be subscribed or to an amount to be invested in one or several Sub-Funds. In this latter case, fractional Shares may be issued.

Applications for subscription received by the Fund or by any other entity duly appointed by and acting in the name of the Fund at the latest the working day before the Valuation day at 16.00 (Luxembourg time) shall be carried out, if accepted, on the basis of the net asset value determined on the Valuation day. Applications notified after this deadline shall be executed on the following Valuation day. The subscription price of each Share is payable in the respective currency of the relevant Sub-Fund within 3 business days following the Valuation day.

The Fund does not allow practices related to "market timing".

Market Timing is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same fund within a short time period, by taking advantage of time differences for example.

The Fund keeps the right to reject subscription and conversion orders from an investor who it suspects of using such practices and to take, if appropriate, the necessary steps to protect the other investors of the Fund.

The Fund also retains the right to:

- refuse all or part of an application for subscription of Shares;
- repurchase, at any time, Shares held by persons not authorised to buy or own the Fund's Shares;
- at any time, buy Shares back from Shareholders suspected of executing "market timing" transactions.

## **18. Conversion of Shares**

Conversions of Shares are made on the basis of unknown price.

Any Shareholder may request the conversion of all or part of his Shares of one Sub-Fund into Shares of another Sub-Fund or class, at a price equal to the respective net values of the Shares of each Sub-Funds' classes.

The Shareholder who wishes such a conversion of Shares shall make a written request by telex or by fax to the Fund or to any other entity duly appointed by and acting in the name of the Fund, indicating the number, the reference name, the class and Sub-Fund of the Shares to be converted.

The conversion shall be made without any fees for the Shareholder.

Except in the case of a suspension of the calculation of the net assets, the conversion shall be carried out on the Valuation day, provided that the request is notified to the Fund at the latest one working day before the Valuation day at 16.00 (Luxembourg time) and that the day is a Valuation day for both Sub-Funds concerned. The number of Shares allocated in the new Sub-Fund or new class shall be established as follows:

$$A = \frac{B \times C \times D \pm XP}{E}$$

- A** number of Shares allotted in the new Sub-Fund (or share class);
- B** number of Shares presented for conversion in the original Sub-Fund's class;
- C** net asset value, on the applicable Valuation day, of the Shares of the original Sub-Fund's class presented for conversion;
- D** eventual exchange rate applicable on the day of the operation between the currencies of the Shares of the two Sub-Funds or classes;
- E** net asset value on the applicable Valuation day of the Shares allotted in the new Sub-Fund or new share class;
- XP** balance, applied or not, at the choice of the Shareholder. It may be inapplicable and, in such case, reimbursed to the Shareholder.

After the conversion, the Fund shall inform the Shareholders of the number of new Shares obtained after conversion as well as their price.

## **19. Redemption of Shares**

Redemptions are made on the basis of unknown price.

Any Shareholder is entitled, at any time and without limitation to have his Shares redeemed by the Fund. Shares redeemed by the Fund shall be cancelled.

### ***Procedure***

Applications for redemption must be sent to the Fund or to any other entity duly appointed by and acting in the name of the Fund in writing, by telex or fax. The application is irrevocable (subject to the provisions of chapter 16) and must indicate the number, the class and Sub-Fund of the Shares to be redeemed as well as all useful references for the settlement of the redemption.

All the Shares presented for redemption, must be received at the registered office of the Fund in Luxembourg or at any other entity duly appointed by and acting in the name of the Fund at the latest on the working day before the Valuation day at 16.00 (Luxembourg time). Shares shall be repurchased at the net asset value of the share class of the relevant Sub-Fund as determined on the Valuation day. Applications notified after this deadline shall be dealt with on the following Valuation day. Redemption fees are defined for each Sub-Fund in the Section II.

The payment for Shares redeemed shall be made within 3 banking business days following the Valuation day, provided the Fund has received all the documents pertaining to the redemption. Payment shall be made in the reference currency of the share class of the respective Sub-Fund.

The redemption price for Shares of the Fund 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 assets.

## **20. Distribution in Italy, Savings plans and Italian Paying Agents**

### ***Savings plans***

The distribution of the class A Shares of the Fund in Italy can be organised through savings plans arranged by the distributors. The Paying Agent and Correspondent Banks might charge commissions and fees to the Shareholders subscribing through its services and to the Sub-Fund in question.

As long as the commercialization of the Fund is carried out in Italy, any Italian potential Shareholders can subscribe the shares of each Sub-Fund of the Fund through an accumulation plan, the conditions of which are available at the Banca Finnat Euramerica S.p.A. Rome Offices.

The duration of the plan can be fixed for a minimum of 48 and a maximum of 72 monthly payments (or 16 or 24 quarterly payments). The fixed monthly or quarterly payments are 100 EUR or 300 EUR respectively, or multiples thereof. At the opening of the savings plan, the investor has to make a minimum investment equivalent to 12 monthly or 4 quarterly payments.

In the case of a complete switching of the Shares within a Sub-Fund in Shares of any other Sub-Fund, the savings plan can be continued – under the same terms – with the subscription of Shares of the Sub-Fund one is switching to. The plan can be suspended for a maximum period of 12 months, without this resulting in additional fees. After 12 months, the plan will be automatically considered closed.

In case of a subscription through a savings plan, a subscription fee of 3% of the total amount of the plan (calculated on the amount of total payments determined by the contract of the plan) is deducted from the first payment. This fee cannot exceed 30% of the first investment, if the due fee is not paid in whole on the

first occasion, the remaining part is paid out of following contributions until it is completely paid off. Special financial terms are possible for certain categories of investors.

### **Italian Paying Agents**

The Custodian Bank and the Fund have signed agreements of an indeterminate period with some Italian banks which act in Italy as Paying Agents.

Italian Shareholders can give the Paying Agent a non-representative appointment to act as nominee ("Nominee") for the transactions regarding investment in the Fund. In carrying out such mandate, the Nominee, amongst other things, shall transmit to the Fund the requests for subscription, redemption and conversion of the Shares on a cumulative basis, shall request the registration of the Shares in the Fund's Shareholders' register in its own name and with the wording "for third-party account", and shall carry out all services and procedures relating to the exercise of voting rights on the basis of the instructions received from the investors. The Nominee shall keep up-to-date an electronic archive with all the details of the investors and their respective shareholdings. The investor status will be attested by the letter confirming the investment, sent to the investor by the Nominee or by the Distributor.

In addition to the fees and expenses indicated in the Prospectus, Italian Shareholders will be charged fees relating to these Paying Agent activities as defined and specified in the latest version of the Italian application form. **For further information, please refer to the Italian application form.**

With regards to such subscription or redemption (both single transactions and those relating to regular savings plans) a variable fee will be charged to the relevant Sub-Fund, calculated with a regressive marginal rate, on the daily assets of the Sub-Funds registered in the Paying Agent's books as indicated in the table below, with a minimum and fixed monthly fee of EUR 600. The fees are payable on a quarterly basis.

<b>Assets (million EUR) processed by the Paying Agent</b>	<b>Bps per annum</b>
0-6	0
6-150	4,50
150-300	4,00
Over 300	3,50

## **21. Tax considerations**

### **1. Taxation of the Fund**

In accordance with the law in force and current practice, the Fund is not liable to any Luxembourg tax on income and capital gains. Likewise, dividends paid by the Fund are not subject to any Luxembourg withholding tax. However, the Fund is subject to an annual tax in Luxembourg corresponding to 0.05% of the value of the net assets for the Share Classes A and D, and 0.01% of the value of the net assets for the Share Class I. This tax is payable quarterly on the basis of the Fund's net assets calculated at the end of the relevant quarter.

Certain income of the Fund's portfolio, consisting of dividends and interests, may be subject to payment of withholding tax at various rates in its country of origin.

### **2. Taxation of the Shareholders**

Subject to section 3. below, Shareholders are, under current legislation, not subject to whatever tax in Luxembourg on capital gains, income, donations or inheritance, nor to withholding taxes, with the exception of Shareholders having their domicile, residence or permanent establishment in Luxembourg, and certain Luxembourg ex-residents, owning more than 10% of the Fund's capital.

The provisions above are based on the law and practices currently in force and may be amended.

Potential subscribers should inform themselves and, if necessary, take advice on the laws and regulations (such as those on taxation and exchange control) applicable to the subscription, purchase, holding and sale of their Shares in the country of respectively their citizenship, residence or domicile.

### **3. EU Tax Considerations for individuals resident in the EU or in certain third countries or dependent or associated territories**

The Council of the EU has adopted on 3 June 2003 Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "Directive"). Under the Directive, Member States of the EU will be required to provide the tax authorities of another EU Member State with information on payments of interest or other similar income paid by a paying agent (as defined by the Directive) within its jurisdiction to an individual resident in that other EU Member State. Austria, Belgium and Luxembourg have opted instead for a tax withholding system for a transitional period in relation to such payments. Switzerland, Monaco, Liechtenstein, Andorra, San Marino, the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced equivalent measures on information reporting or, during the above transitional period, on withholding tax.

The Directive has been implemented in Luxembourg by a law dated 21 June, 2005 (the "Law").

Dividends distributed by a Sub-Fund of the Fund will be subject to the Directive and the Law if more than 15% of such Sub-Fund's assets are invested in debt claims (as defined in the Law) and proceeds realized by Shareholders on the redemption or sale of Shares in a Sub-Fund will be subject to the Directive and the Law if more than 40% of such Sub-Fund's assets are invested in debt claims (such Sub-Funds, hereafter "Affected Sub-Funds").

The applicable withholding tax will be at a rate of 20% from 1 July, 2008 until 30 June, 2011 and 35% from 1 July, 2011 onwards.

Consequently, if in relation to an Affected Sub-Fund a Luxembourg paying agent makes a payment of dividends or redemption proceeds directly to a Shareholder who is an individual resident or deemed resident for tax purposes in another EU Member State or certain of the above mentioned dependent or associated territories, such payment will, subject to the next paragraph below, be subject to withholding tax at the rate indicated above.

No withholding tax will be withheld by the Luxembourg paying agent if the relevant individual either (i) has expressly authorised the paying agent to report information to the tax authorities in accordance with the provisions of the Law or (ii) has provided the paying agent with a certificate drawn up in the format required by the Law by the competent authorities of his State of residence for tax purposes.

The Fund reserves the right to reject any application for Shares if the information provided by any prospective investor does not meet the standards required by the Law as a result of the Directive.

***The foregoing is only a summary of the implications of the Directive and the Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the Directive and the Law.***

## 22. Fees and expenses

The fees relating to the Fund's incorporation and launching, amounting to approximately EUR 30,000.- have been fully written off.

The fees and charges related to the launching of any new Sub-Funds will be sustained by the relevant new Sub-Fund(s) and will be amortised over a period not exceeding the first five fiscal years of the relevant Sub-Fund(s).

The Fund shall bear all operating costs as per chapter 15, section 2.

*Fees payable by the Shareholders of each Sub-Fund:*

Subscription fee	Class A and D: Maximum 3% to the benefit of the placing agents. Special financial terms are possible for certain categories of investors. Class I: Nil
Redemption fee	Nil for all classes
Conversion fee	Nil for all classes

## **23. General meetings of Shareholders**

The annual general meeting of Shareholders is held each year at the Fund's registered office or at any other place in Luxembourg specified in the convening notice.

The annual general meeting of Shareholders shall be held on the third Wednesday of the month of April at 10.00 a. m. or if such day is a legal or banking holiday, on the following banking business day.

Furthermore, the Shareholders of each Sub-Fund may be required to resolve in a separate general meeting deciding, according to the prescriptions of quorum and majority as laid down by the law, any matter that does not result in any amendment of the Articles of Incorporation and deals mainly with the allotment of the annual profit balance of their Sub-Fund.

Notices for all general meetings shall be sent by mail to all registered Shareholders to their address indicated in the Shareholders' register, at least eight days before the general meeting.

Notices shall be published in the Mémorial, in a regularly distributed Luxembourg newspaper and in any newspaper that the Board of Directors deems appropriate.

These notices shall indicate the time and place of the general meeting, the conditions for admission, the agenda and the prescriptions of Luxembourg law regarding quorum and majority.

## **24. Liquidation**

The liquidation of the Fund shall take place in accordance with the provisions of the Law of 20 December 2002.

If the capital of the Fund is lower than two thirds of the minimum capital, the directors are required to submit the question of liquidation of the Fund to the General meeting for which no quorum shall be prescribed and which shall decide by a simple majority of the Shares represented at the meeting.

If the capital of the Fund is lower than one fourth of the minimum capital, the directors are required to submit the question of liquidation of the Fund to the General meeting for which no quorum shall be prescribed; dissolution may be resolved by Shareholders holding one fourth of the Shares at the meeting.

The meeting must be convened so that it is held within forty days as from the ascertainment that the net assets have fallen below two thirds or one fourth of the minimum capital. In addition, the Fund may be dissolved by a decision taken by the General Meeting deliberating in accordance with the statutory provisions in this matter. Applications for subscription, redemption and conversion shall be carried out until publication of the convening notice for the general meeting deliberating on the liquidation of the Fund.

The decisions of the General meeting or of the law courts pronouncing the dissolution or the liquidation of the Fund shall be published in the Mémorial and three newspapers with adequate circulation, including at least one Luxembourg newspaper. These publications shall be made at the request of the liquidator(s).

In case of dissolution of the Fund, liquidation shall be carried out by one or several liquidators appointed in accordance with the Fund's Articles of Incorporation and the Luxembourg Law of 20 December 2002.

The net proceeds of the liquidation shall be distributed to Shareholders in proportion to the number of Shares held. Any amounts unclaimed by Shareholders at the close of liquidation shall be deposited with the *Caisse de Consignations* in Luxembourg. Failing their being claimed before expiry of the prescription period (30 years), these amounts can no longer be claimed.

## **25. Liquidation and merger of Sub-Funds**

The Board of Directors may decide on the liquidation of one or several Sub-Funds if important changes of the political or economic situation would, in the opinion of the Board of Directors, make this decision necessary, and if the net assets of any one Sub-Fund fall below EUR 1,000,000.- during a period of at least 6 months.

Unless otherwise decided by the Board of Directors, the Fund may, until the execution of the decision to liquidate, continue to redeem the Shares of the Sub-Fund for which liquidation was decided. For such

redemption, the Fund shall take as a basis the net asset value as established to account for the liquidation costs, but without deduction of a redemption fee or any other commission. The activated costs of incorporation are to be fully amortised as soon as the decision to liquidate has been taken. The liquidation proceeds shall be distributed to each Shareholder in proportion to the number of Shares held.

Amounts not claimed by the Shareholders or their beneficiaries at the close of liquidation of one or several Sub-Funds shall be kept in deposit with the Custodian Bank for a period not exceeding 6 months as from that date. After that date, such assets shall be deposited with the *Caisse de Consignations* in Luxembourg.

In case of important changes in the political or economic situation which would influence the management of one or several Sub-Funds, or if the amount of the net assets is no longer sufficient or does not allow to carry out an adequate management, the Board of Directors may also decide on the closing of one or several Sub-Funds through a merger with one or several other Sub-Funds in the Fund (merger).

During a minimum period of one month as from the date of publication of the decision to merge, the Shareholders of the Sub-Fund(s) concerned may request the redemption of their Shares free of charge. At expiry of this period, the decision to merge is binding on all the Shareholders that have not taken advantage of the aforementioned possibility.

The relevant decisions of the Board of Directors are made public in the same way as the financial notices.

## **26. Information for Shareholders**

### **1. Publication of the net asset value**

The net asset value of each class of every Sub-Fund is available at the Registered Office of the Fund and will be published in any newspaper the Board of Directors deems appropriate.

### **2. Financial notices and publications**

Financial notices shall be published in those countries where the Fund is marketed and, concerning the Grand-Duchy of Luxembourg, in a regularly distributed Luxembourg newspaper. Legal notices will also be published in the Mémorial.

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

The financial year begins on 1<sup>st</sup> January and ends on 31<sup>st</sup> December.

Every year, the Fund publishes a detailed report on its activities and the management of its assets, including the balance sheet and consolidated profit and loss accounts expressed in EUR, the detailed breakdown of each Sub-Fund's assets and the report of the independent auditor.

Furthermore, at the end of each half-year, it shall establish a report including inter alia, the composition of the portfolio, statements of portfolio changes during the period, the number of Shares outstanding and the number of Shares issued and redeemed since the last publication.

### **4. Independent auditor**

The audit of the Fund's accounts and annual reports is entrusted to PricewaterhouseCoopers Sàrl, 400 route d'Esch, B.P. 1443, L-1014 Luxembourg.

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

The prospectus, copy of the Articles of Incorporation, the last financial annual report as well as the last semi-annual report of the Fund are kept free of charge at the disposal of the public at the Fund's registered office. The agreements with the Fund may also be consulted.

## SECTION II- Description of the Sub-Funds

### NEW MILLENNIUM - Euro Equities

<i>Investment objective</i>	The aim of the Sub-Fund is to provide real capital growth deriving from the economic development of the countries in which it invests.
<i>Investment policy</i>	<p>The net assets of this Sub-Fund are invested in transferable securities such as shares, convertible bonds and warrants on transferable securities issued mainly by large-cap companies, denominated in Euro and included in the main European indexes.</p> <p>The Sub-Fund may also invest, in a residual way, in debt securities that can be assimilated to money market securities, with a maximum duration of six months.</p> <p>The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"> <li>- equity risk</li> <li>- warrants risk</li> <li>- derivatives risk</li> </ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	The Sub-Fund suits investors with a high risk profile and a medium-long term investment horizon, who seek to increase their capital by investing in equity securities.
<i>Sub-Fund Co-Manager</i>	BANCA FINNAT EURAMERICA S.P.A.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg.
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.
<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 1.50% per year of the net assets. Class I: 0.70% per year of the net assets.
<i>Performance fee Classes A and I</i>	5% absolute fee. Starting from 15/07/2011, the performance fee will be 10%.

## NEW MILLENNIUM - Global Equities

<i>Investment objective</i>	The aim of the Sub-Fund is to provide real capital growth deriving from the economic development of the countries in which it invests.
<i>Investment policy</i>	<p>The Sub-Fund shall invest in equities issued by issuers of any nationality outside the Euro-zone. Although possible, any exposure to Euro-denominated securities, and to Emerging Markets, shall have a residual weight in the portfolio of the Sub-Fund.</p> <p>The Sub-Fund may also invest, in a residual way, in debt securities that can be assimilated to money market securities, with a maximum duration of six months.</p> <p>The investment selection process aims at achieving an adequate sectoral and geographical diversification, with a focus on large-cap equities comprised in the main indexes.</p> <p>The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p> <p>In order to mitigate currency risk, the main currency positions shall be hedged against the Euro.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to be:</p> <ul style="list-style-type: none"><li>- equity risk</li><li>- liquidity risk</li><li>- risk inherent in investing in Emerging Markets</li><li>- warrants risk</li><li>- derivatives risk</li><li>- foreign currency risk</li></ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	The Sub-Fund suits investors with a high risk profile and a medium-long term investment horizon, who seek to increase their capital by investing in equity securities.
<i>Sub-Fund Co-Manager</i>	BANCA FINNAT EURAMERICA S.P.A.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg.
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.
<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 1.60% per year of the net assets. Class I: 0.80% per year of the net assets.
<i>Performance fee Classes A and I will be 10%.</i>	5% absolute fee. Starting from 15/07/2011, the performance fee

## NEW MILLENNIUM - Euro Bonds Short Term

<i>Investment objective</i>	The Sub-Fund seeks a higher level of return than that usually achievable through money market instruments, while maintaining a low level of risk.
<i>Investment policy</i>	<p>The net assets of this Sub-Fund are invested in deposits, money market instruments, fixed and floating rate bonds denominated in Euro, issued mainly by Government and Supranational issuers.</p> <p>A potential investment in non-investment grade or not-rated securities is allowed, with an adequate diversification and with a limit of 5% of the net asset value.</p> <p>The average portfolio duration will be maintained at a low level.</p> <p>The use of derivatives instruments for investment purposes is not allowed.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are</p> <ul style="list-style-type: none"> <li>- issuer risk</li> <li>- interest rate risk</li> </ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	The Sub-Fund suits investors with a low risk profile who wants to invest their assets – even for a short term – availing themselves of a bond management capable of offering moderate return prospects.
<i>Sub-Fund Co-Manager</i>	BANCA FINNAT EURAMERICA S.P.A.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg
<i>Class of shares</i>	<p>Class A: Shares suited for all investors, with income capitalized.</p> <p>Class D: Shares suited for all investors, with an annual distribution of a dividend equal to the annual average of the Euribor 3 months + 30 bps. The distribution will occur even if the net income is lower than the annual average of the Euribor 3 months + 30 bps.</p> <p>Class I: Shares reserved for Institutional investors only, with income capitalized.</p>
<i>Minimum single initial subscription amount</i>	<p>Class A: EUR 1,500.</p> <p>Class D: EUR 10,000.</p> <p>Class I: EUR 25,000.</p>
<i>Minimum subsequent subscription amount</i>	Classes A and D: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	<p>Classes A and D: 0.55% per year of the net assets.</p> <p>Class I: 0.30% per year of the net assets.</p>
<i>Performance fee Classes A, D and I</i>	10% of the excess return over the JP Morgan EMU 1-3 years Index.

## NEW MILLENNIUM - Large Europe Corporate

<i>Investment objective</i>	<p>The Sub-Fund seeks to create a highly diversified exposure to corporate bond issues in order to obtain the best possible risk-return combination offered by that asset class, following a strict risk containment policy.</p>
<i>Investment policy</i>	<p>The Sub-Fund invests in debt securities, mainly corporate bonds, denominated in Euro. The selection of the issues is based on a well-established, partly quantitative, valuation methodology, which aims at picking securities with interesting income potential for the investors.</p> <p>Particular attention is given to fundamental data and to the credit-worthiness of the issuer as well as to the liquidity of the issues. Furthermore, the selection process provides for a high level of diversification, both on the sector and on the issuer level.</p> <p>A potential investment in non-investment grade or not-rated issuers is allowed, with an adequate diversification and with a limit of 10% of the net asset value.</p> <p>Furthermore, a residual exposure to government bonds is allowed.</p> <p>The exposure to interest rate risk is set and portfolio duration is at any moment maintained within a narrow range at a medium level.</p> <p>The Sub-Fund may invest in credit derivative instruments, including credit default swaps and credit spread derivatives, in order to hedge the credit risk specific to some issuers present in the portfolio. The use of derivatives instruments for investment purposes and the use of financial leverage are not allowed.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"><li>– interest rate risk</li><li>– issuer risk</li><li>– derivatives risk</li></ul> <p>For a detailed analysis of the risks please refer to paragraph 6 “Risk factors”.</p>
<i>Profile of the typical investor</i>	<p>The Sub-Fund suits investors with a prudent risk profile and a medium-term investment horizon (3-5 years) who seek to benefit from the trend in the bond markets.</p>
<i>Sub-Fund Co-Manager</i>	<p>BANCA FINNAT EURAMERICA S.P.A.</p>
<i>Valuation currency</i>	<p>EURO.</p>
<i>Valuation day</i>	<p>Every bank business day in Luxembourg.</p>
<i>Class of shares</i>	<p>Class A: Shares suited for all investors, with income capitalized.</p> <p>Class D: Shares suited for all investors, with an annual distribution of a dividend equal to the annual average of the Euribor 3 months + 50 bps. The distribution will occur even if the net income is lower than the annual average of the Euribor 3 months + 50 bps.</p> <p>Class I: Shares reserved for Institutional investors only, with income capitalized.</p>
<i>Minimum single initial subscription amount</i>	<p>Class A: EUR 1,500. Class D: EUR 10,000. Class I: EUR 25,000.</p>
<i>Minimum subsequent</i>	<p>Classes A and D: EUR 1,500.</p>

*subscription amount*

*Minimum savings plan  
subscription amount*

Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.

*Advisory / management fee*

Classes A and D: 0.90% per year of the net assets.  
Class I: 0.45% per year of the net assets.

*Performance fee Classes A, D and I*

10% of the excess return over the EURIBOR 3 months Index + 50 bps.

## NEW MILLENNIUM - Prévira World Conservative

<i>Investment objective</i>	<p>The Sub-Fund seeks higher levels of return than are usually achievable on bond markets, through investment, to a limited extent, in equity markets.</p>
<i>Investment policy</i>	<p>The Sub-Fund is a global moderate balanced fund, characterized by a high degree of diversification on an asset class, geographical and sectoral level, as well as by a focus on different investment strategies, put into practice mainly through investments in shares of other funds.</p> <p>The net assets of this Sub-Fund are invested in:</p> <ul style="list-style-type: none"><li>- units of UCITS and/or UCIs;</li><li>- transferable securities, such as shares, convertible bonds and warrants on transferable securities;</li><li>- fixed and floating rate debt securities, and money market instruments.</li></ul> <p>Exposure to equity markets shall at no point exceed 30% of the net assets.</p> <p>Investment in non-investment grade and not-rated issuers is allowed. An eventual investment in such securities, if not effected through shares of funds, will be of a residual nature. The securities can be denominated in any currency, issued by issuers of any nation, with a focus on industrialized Countries but not excluding Emerging Countries.</p> <p>The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"><li>- interest rate risk</li><li>- issuer risk</li><li>- equity risk</li><li>- liquidity risk</li><li>- risk inherent in investing in emerging markets</li><li>- risk inherent in investing in emerging European markets</li><li>- currency risk</li><li>- warrants risk</li><li>- derivatives risk</li></ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	<p>The Sub-Fund suits investors with a medium risk profile and a medium-long term investment horizon.</p>
<i>Sub-Fund Co-Manager</i>	<p>BANCA FINNAT EURAMERICA S.P.A.</p>
<i>Valuation currency</i>	<p>EURO.</p>
<i>Valuation day</i>	<p>Every bank business day in Luxembourg.</p>
<i>Class of shares</i>	<p>Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.</p>
<i>Minimum single initial subscription amount</i>	<p>Class A: EUR 1,500. Class I: EUR 25,000.</p>
<i>Minimum subsequent subscription amount</i>	<p>Class A: EUR 1,500.</p>
<i>Minimum savings plan subscription amount</i>	<p>Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.</p>

<i>Advisory / management fee</i>	Class A: 1.10% per year of the net assets. Class I: 0.55% per year of the net assets.
<i>Performance fee Classes A and I</i>	5% absolute fee.

## NEW MILLENNIUM - Total Return Flexible

<i>Investment objective</i>	<p>The Sub-Fund seeks to achieve higher levels of positive net returns than those usually achievable through risk-free investments. Through a dynamic allocation, the Sub-Fund intends to take advantage of particular investment opportunities and positive market trends, while keeping losses to a minimum in negative market phases.</p>
<i>Investment policy</i>	<p>The asset allocation of the Sub-Fund's portfolio may change dynamically, in function of the different market conditions:</p> <ul style="list-style-type: none"><li>- fixed and floating rate debt securities, structured bonds, including convertible bonds and cum warrant bonds, up to 100% of net assets;</li><li>- equities;</li><li>- liquidity and money market instruments up to 100% of net assets;</li><li>- derivatives for hedging and/or investment purposes provided that the global exposure does not exceed in any moment 50% of the Sub-Fund's net assets and that total exposure to equity markets does not exceed 60%.</li></ul> <p>Investment in fixed income instruments will be prevalently in investment grade issues with a minimum rating of BBB/Baa, although a residual investment in not-rated and non-investment grade securities is allowed, with an adequate diversification and with a limit of 10% of the net asset value.</p> <p>As an exception to the investment restrictions contained in the main part of this Prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or other UCIs.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"><li>- interest rate risk</li><li>- issuer risk</li><li>- equity risk</li><li>- liquidity risk</li><li>- currency risk</li><li>- warrants risk</li><li>- derivatives risk</li></ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	<p>The Sub-Fund suits investors with a prudent risk profile and a medium- term investment horizon, seeking absolute returns that are not correlated with any fixed income benchmark.</p>
<i>Sub-Fund Co-Manager</i>	<p>BANCA FINNAT EURAMERICA S.P.A.</p>
<i>Valuation currency</i>	<p>EURO.</p>
<i>Valuation day</i>	<p>Every Monday (if a Valuation day is a legal or bank holiday in Luxembourg, the Valuation day shall be the following business day).</p>
<i>Class of shares</i>	<p>Class A: shares suited for all investors.</p>
<i>Minimum single initial subscription amount</i>	<p>Class A: EUR 1,500.</p>
<i>Minimum subsequent subscription amount</i>	<p>Class A: EUR 1,500.</p>
<i>Minimum savings plan subscription amount</i>	<p>Class A: Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.</p>

*Advisory / management fee*

Class A: 1.30% per year of the net assets.

*Performance fee Class A*

15% of the excess return over the EURIBOR 6 months Index + 300 bps.

## NEW MILLENNIUM - Inflation Linked Bond Europe

<i>Investment objective</i>	The aim of the sub-fund is to provide a return above the Eurozone inflation rate over a minimum time period of 3 years.
<i>Investment policy</i>	<p>The net assets of this Sub-Fund are invested:</p> <ul style="list-style-type: none"><li>- for at least 70% in inflation-linked bonds denominated in European currencies and issued mainly by governments;</li><li>- up to 30% in money market instruments and European currency-denominated bonds not linked to inflation;</li><li>- up to 15% in commodity-linked financial instruments. (transferable securities linked to commodities index, derivatives on commodities index, eligible UCITS, other UCIs and ETFs. Investments in other UCIs and ETFs that do not comply with article 41 (1) e) of the Law of 20 December 2002 will be limited to 10% of the net assets of the Sub-Fund, together with any non-quoted securities according to article 41 (2) a) of the above Law. All derivatives will be cash settled. The Sub-Fund will not invest in commodities directly).</li></ul> <p>The sub-fund will not invest in non-investment grade securities, and investment in corporate bonds will not exceed 25% of the net asset value. Investment in securities of not-rated issuers is not allowed.</p> <p>Investments in convertible bonds, shares and other instruments with voting rights are not allowed.</p> <p>Duration at all times shall be maintained at a medium level, with a maximum of 5 years</p> <p>The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 30% of the Sub-Fund's net asset value.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p> <p>In order to mitigate currency risk, the main currency positions shall be hedged against the Euro. Unhedged positions will not exceed 10% of the net asset value.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"><li>- issuer risk</li><li>- interest rate risk</li><li>- derivatives risk</li><li>- foreign currency risk</li><li>- liquidity risk</li><li>- commodity-linked risk</li></ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	The Sub-Fund suits investors with a low risk profile and an at least 3 year investment horizon, who seek capital protection from inflation-related risks and a stability in the trend of real returns.
<i>Sub-Fund Co-Manager</i>	BANCA FINNAT EURAMERICA S.P.A.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.

<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 0.80% per year of the net assets. Class I: 0.40% per year of the net assets.
<i>Performance fee Classes A and I</i>	10% of the excess return over the Eurostat Euro-zone HICP Ex. Tobacco Unrevised Series NSA Index + 50 bps. (Bloomberg ticker CPTFEMU Index).

**NEW MILLENNIUM – Augustum Pan European Equity (ex Q7 Pan European Equity)**

<i>Investment objective</i>	The aim of the Sub-Fund is to provide real capital growth deriving from the economic development of the countries in which it invests.
<i>Investment policy</i>	<p>The net assets of this Sub-Fund are invested in transferable securities such as shares, convertible bonds and warrants on transferable securities issued mainly by European issuers, including emerging European countries.</p> <p>Investment in debt securities, both with fixed and floating coupon rate is allowed within a limit of 25% of the Sub-Fund's net asset value. Debt securities that can be assimilated to money market securities - with a maximum duration of six months - will be excluded from the previous limit.</p> <p>The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"> <li>– equity risk</li> <li>– issuer risk</li> <li>– interest rate risk</li> <li>– liquidity risk</li> <li>– currency risk</li> <li>– risk inherent in investing in emerging European markets</li> <li>– warrants risk</li> <li>– derivatives risk</li> </ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	The Sub-Fund suits investors with a high risk profile and a medium-long term investment horizon, who seek to increase their capital by investing in equity securities.
<i>Sub-Fund Co-Manager</i>	AUGUSTUM OPUS SIM S.P.A.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg.
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.
<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 2.00% per year of the net assets. Class I: 1.00% per year of the net assets.
<i>Performance fee Classes A and I</i>	10% absolute fee.

**NEW MILLENNIUM - Augustum High Quality Bond (ex Q7 High Quality Bond)**

<i>Investment objective</i>	The Sub-Fund seeks to maintain a stable trend in performance, while aiming to obtain a higher level of return than are usually achievable through money market instruments and at the same time keeping risk levels low.
<i>Investment policy</i>	<p>The net assets of this Sub-Fund are invested in debt securities, such as bonds, both with fixed and floating coupon rates, denominated mainly in Euro, by issuers with upper investment grade rating (minimum A- Standard &amp; Poor's) for at least 90% of the net assets. Investment in securities issued by not-rated or non-investment grade issuers is not permitted.</p> <p>The Sub-Fund may invest in credit derivative instruments, including credit default swaps and credit spread derivatives, in order to hedge the credit risk specific to some issuers present in the portfolio.</p> <p>In order to mitigate currency risk, the main currency positions shall be hedged against the Euro. Unhedged positions will not exceed 20% of the net asset value.</p> <p>The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"><li>- interest rate risk</li><li>- issuer risk</li><li>- currency risk</li><li>- derivatives risk</li></ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	The Sub-Fund suits investors with a low risk profile, interested in a low level of return volatility and with an investment horizon that is not less than three years.
<i>Sub-Fund Co-Manager</i>	AUGUSTUM OPUS SIM S.P.A.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg.
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.
<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 1.00% per year of the net assets (starting from 15/07/2011). Class I: 0.60% per year of the net assets.
<i>Performance fee Classes A and I</i>	7.5% absolute fee.

## NEW MILLENNIUM - Augustum Corporate Bond (ex Q7 Corporate Bond)

<i>Investment objective</i>	The Sub-Fund seeks to achieve maximum return on investments through a combination of interest income and capital appreciation.
<i>Investment policy</i>	<p>The net assets of this Sub-Fund are invested in debt securities, such as bonds, both with fixed and floating rates and convertible bonds, issued mainly in Euro.</p> <p>It is permitted to invest in transferable securities issued by not-rated issuers.</p> <p>The Sub-Fund may invest in credit derivative instruments, including credit default swaps and credit spread derivatives, both for hedging the credit risk specific to some issuers present in the portfolio and for selling protection, through the use of CDS, and thus acquire a specific credit position. The use of credit derivatives instruments for investment purposed may not exceed 15% of the Sub-Fund's net assets.</p> <p>In order to mitigate currency risk, the main currency positions shall be hedged against the Euro. Unhedged positions will not exceed 30% of the net asset value.</p> <p>The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.</p> <p>As an exception to the investment restrictions contained in the main part of this prospectus, the Sub-Fund will not invest more than 10% of its net assets in UCITS and/or UCIs.</p>
<i>Main risk factors</i>	<p>The main investment risks the Sub-Fund is exposed to are:</p> <ul style="list-style-type: none"><li>- interest rate risk</li><li>- issuer risk</li><li>- currency risk</li><li>- warrants risk</li><li>- derivatives risk</li></ul> <p>For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".</p>
<i>Profile of the typical investor</i>	The Sub-Fund suits investors with a medium risk profile and a medium- term investment horizon (3-5 years) who seek to benefit from the trend in the bond markets.
<i>Sub-Fund Co-Manager</i>	AUGUSTUM OPUS SIM S.P.A.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg.
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.
<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 1.30% per year of the net assets (starting from 15/07/2011). Class I: 0.65% per year of the net assets (starting from 15/07/2011).
<i>Performance fee Classes A and I</i>	10% absolute fee.

*Investment objective*

The aim of the Sub-Fund is to provide, by investing globally and through a flexible allocation between the various asset classes and currencies, high absolute returns in most market conditions over a medium/long-term time horizon, by analyzing macroeconomic trends.

*Investment policy*

In order to achieve its goals, the Sub-Fund may, in function of the differing market conditions, dynamically change the various portfolio components, being able to invest in money market, fixed income and, up to 70% of its assets, in equity instruments – including convertible bonds, warrants, certificates representing shares (e.g. ADR/GDR) – as well as commodity-linked financial instruments, with a large discretion as to the asset allocation.

The commodity exposure will not exceed 30% of the Sub-Fund's net asset value and will be obtained through transferable securities linked to commodities index, derivatives on commodities index, eligible UCITS, other UCIs and ETFs. Investments in other UCIs and ETFs that do not comply with article 41 (1) e) of the Law of 20 December 2002 will be limited to 10% of the net assets of the Sub-Fund, together with any non-quoted securities according to article 41 (2) a) of the above Law. All derivatives will be cash settled. The Sub-Fund will not invest in commodities directly.

Investments in both investment grade and non-investment grade bonds, issued by sovereign as well as corporate issuers, are allowed, with a limit of maximum 50% in non-investment grade issues and 25% in not-rated issues.

The Sub-Fund may invest in credit derivative instruments, including credit default swaps and credit spread derivatives, in order to hedge the credit risk specific to some issuers present in the portfolio.

The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.

Portfolio investments can be denominated in any currency and issued by issuers of any nations.

The Sub-Fund can invest in any economic sector, with no concentration limits on investments in each sector.

*Main risk factors*

The main investment risks the Sub-Fund is exposed to are:

- interest rate risk
- issuer risk
- equity risk
- liquidity risk
- risk inherent in investing in emerging markets
- risk inherent in investing in emerging European markets
- foreign currency risk
- warrants risk
- derivatives risk
- commodity-linked risk

For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".

*Profile of the typical investor*

The Sub-Fund suits investors with a high risk profile and a medium/long-term investment horizon, who seek high absolute real returns that are not correlated with any benchmark, and are willing to accept a possibly high return volatility.

*Investment Advisor*

Q7 FUND MANAGEMENT A.G.

*Valuation currency*

EURO.

<i>Valuation day</i>	Every Monday (if a Valuation day is a legal or bank holiday in Luxembourg, the Valuation day shall be the following business day).
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.
<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 2.00% per year of the net assets. Class I: 0.90% per year of the net assets (starting from 15/07/2011).
<i>Performance fee Classes A and I</i>	20% of the excess return over the Euribor 3m Index + 300bps.

*Investment objective*

This flexible equity Sub-Fund invests in financial markets world-wide through an active management style that is not based on or comparable to a benchmark and is aimed at obtaining a high absolute performance.

*Investment policy*

The Sub-Fund invests in the global universe of equity securities and – having a dynamic type of management strategy – it does not have set limits with regards to capitalization, neither in terms of geographical, currency or sector allocation; as a result the management of the portfolio is independent from any kind of reference index.

The security selection is based on fundamentals, and the exposure levels to the various asset classes are defined by identifying global macroeconomic trends.

The sub-fund invests in equity-type securities, including certificates representing equities, such as ADRs (American Depositary Receipts) or GDRs (Global Depositary Receipts), plus fixed income, money market and commodity-linked financial instruments, should market conditions require it.

The commodity exposure will not exceed 30% of the Sub-Fund's net asset value and will be obtained through transferable securities linked to commodities index, derivatives on commodities index, eligible UCITS, other UCIs and ETFs. Investments in other UCIs and ETFs that do not comply with article 41 (1) e) of the Law of 20 December 2002 will be limited to 10% of the net assets of the Sub-Fund, together with any non-quoted securities according to article 41 (2) a) of the above Law. All derivatives will be cash settled. The Sub-Fund will not invest in commodities directly.

The use of financial derivatives instruments for investment purposes is allowed on the condition that the global exposure does not at any moment exceed 50% of the Sub-Fund's net asset value.

Portfolio investments can be denominated in any currency and issued by issuers of any nations, with a focus on industrialized Countries but not excluding Emerging Countries. The manager will seek to mitigate currency risk through the use of currency hedging.

The Sub-Fund can invest in any economic sector, with no concentration limits on investments in each sector.

*Main risk factors*

The main investment risks the Sub-Fund is exposed to are:

- interest rate risk
- issuer risk
- equity risk
- liquidity risk
- risk inherent in investing in emerging markets
- risk inherent in investing in emerging European markets
- foreign currency risk
- warrants risk
- derivatives risk
- commodity-linked risk

For a detailed analysis of the risks please refer to paragraph 6 "Risk factors".

*Profile of the typical investor*

The Sub-Fund suits investors with a high risk profile, who seek real capital growth over time, linked both to the dynamics of the economies of the countries in which the portfolio is invested and to the ability of the manager to find sectorial and thematic trends and opportunities as well as value opportunities. The optimal investment horizon should be longer than 5 years, as the expected risk is high, with the possibility of significant short-term fluctuations in the investment performances.

<i>Investment Advisor</i>	Q7 FUND MANAGEMENT A.G.
<i>Valuation currency</i>	EURO.
<i>Valuation day</i>	Every bank business day in Luxembourg.
<i>Class of shares</i>	Class A: shares suited for all investors. Class I: shares reserved for Institutional investors only.
<i>Minimum single initial subscription amount</i>	Class A: EUR 1,500. Class I: EUR 25,000.
<i>Minimum subsequent subscription amount</i>	Class A: EUR 1,500.
<i>Minimum savings plan subscription amount</i>	Twelve monthly payments of EUR 100 each or four quarterly payments of EUR 300 each.
<i>Advisory / management fee</i>	Class A: 2.20% per year of the net assets. (starting from 15/07/2011). Class I: 1.00% per year of the net assets. (starting from 15/07/2011).
<i>Performance fee Classes A and I</i>	10% absolute fee.