

# **J. STERN & Co.**

## **OFFERING MEMORANDUM**

### **THE STAR INVESTMENT FUND S.A., SICAV-RAIF**

**SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE**

**RESERVED ALTERNATIVE INVESTMENT FUND (RAIF)**

**SOCIÉTÉ ANONYME**

**23 DECEMBER 2021**

APPLICATIONS FOR SUBSCRIPTION ARE RESERVED TO WELL-INFORMED INVESTORS WHO, ON THE BASIS OF THIS CONFIDENTIAL OFFERING MEMORANDUM, THE ARTICLES AND THE RELEVANT SUBSCRIPTION FORM, HAVE MADE THEIR OWN ASSESSMENT OF THE CONDITIONS OF THEIR PARTICIPATION IN THE COMPANY. ACCORDINGLY, IT IS THE RESPONSIBILITY OF PARTICIPATING INVESTORS TO DETERMINE WHETHER THEIR RIGHTS AND OBLIGATIONS AS MEMBERS ARE SUITABLE FOR THEM. THE COMPANY IS NOT A REGULATED ENTITY SUBJECT TO THE SUPERVISION OF THE LUXEMBOURG COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER, THE LUXEMBOURG FINANCIAL REGULATORY AUTHORITY.

# J. STERN & CO.

## IMPORTANT INFORMATION

This offering memorandum (the Offering Memorandum) is submitted to a number of Well-Informed Investors who have expressed an interest in purchasing Shares in the Star Investment Fund S.A., SICAV-RAIF, a Luxembourg reserved alternative investment fund (*fonds d'investissement alternatif réservé*, “**RAIF**”) organised as an investment company with variable capital (*société d'investissement à capital variable*) and formed as a public limited company (*société anonyme*) in accordance with the law of 23 July 2016 on Reserved Alternative Investment Funds (the “**RAIF Law**”) with a possibility to set up multiple segregated sub-funds. The Company is an Alternative Investment Fund within the meaning of article 1 of the law of 12 July 2013 on alternative investment fund managers (the “**AIFM Law**”). The Company’s external authorised alternative investment fund manager is Waystone Management Company (Lux) S.A. (the “**AIFM**”), in accordance with article 4(1) of the RAIF Law. The AIFM is authorised and regulated by the Commission de Surveillance du Secteur Financier pursuant to Chapter 2 of the AIFM Law. Unless otherwise defined, capitalised terms used throughout this Offering Memorandum shall have the meanings ascribed to such terms in the Section “Definitions” of Part I. General Section.

This Offering Memorandum has been prepared solely for the consideration of prospective Well-Informed Investors and is circulated to a limited number of Well-Informed Investors on a confidential basis solely for the purpose of evaluating an investment in the Company. This Offering Memorandum supersedes and replaces any other information provided by representatives and agents in respect of the Company. However, the Offering Memorandum is provided for information only, and is not intended to be and must not alone be taken as the basis for an investment decision.

By accepting this Offering Memorandum and any other information supplied to potential Investors by the Company, the recipient agrees that such information is confidential. Neither it nor any of its employees or advisors will use the information for any purpose other than for evaluating an investment in the Company or divulge such information to any other party and acknowledges that this Offering Memorandum may not be photocopied, reproduced or distributed to others without the prior written consent of the Company. Each recipient hereof, by accepting delivery of this Offering Memorandum, agrees to keep confidential the information contained herein and to return it and all related materials to the Company if such recipient does not undertake to purchase any of the Shares. The information contained in the Offering Memorandum and any other documents relating to the Company may not be provided to persons (other than professional advisors) who are not directly concerned with any Investor's decision regarding the investment offered hereby.

By accepting this Offering Memorandum, potential Investors in the Company are not to construe the contents of this Offering Memorandum or any prior or subsequent communications from the Company, the AIFM, the Service Providers or any of their respective officers, members, employees, representatives or agents as investment, legal, accounting, regulatory or tax advice. Prior to investing in the Shares, potential Investors should conduct their own investigation and analysis of an investment in the Company and consult with their legal advisors and their investment, accounting, regulatory and tax advisors to determine the consequences of an investment in the Shares and arrive at an independent evaluation of such investment, including the applicability of any legal sales or investment restrictions without reliance on the Company, the AIFM, the Service Providers or any of their respective officers, members, employees, representatives or agents. Neither the Company, the AIFM, the Service Providers nor any of their respective officers, members, employees, representatives or agents accepts any responsibility or liability whatsoever for the appropriateness of any potential Investors investing in the Company.

The Shares have not been registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”) or the securities laws of any state or political subdivision of the United States, and may not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any US person. The Company is not registered nor does it intend to register under the US Investment Company Act of 1940, as amended (the “**US**

## J. STERN & CO.

**Investment Company Act**”) as an investment company in reliance on the exemption from such registration pursuant to Section 3(c)(7) thereunder.

Accordingly, the Shares described herein are not being offered to US Persons.

Potential Investors should review the Articles carefully. In the event of any inconsistency between this Offering Memorandum and the Articles, the Articles shall prevail.

Prior to investing in Shares, potential Investors should obtain a copy of the relevant Subscription Form which contains, inter alia, representations on which the Company may accept subscription for Shares. The Articles, the Service Agreements, the Subscription Form and related documentation are described in summary form herein; these descriptions do not purport to be complete and each such summary description is subject to, and qualified in its entirety by reference to, the actual text of the Articles, the Service Agreements, the Subscription Form and related documentation, including any amendment thereto.

By signing a Subscription Form, Investors will enter into a contractual relationship governed by the Subscription Form, the Articles, the Offering Memorandum and Luxembourg law.

In accordance with Regulation 1215/2012 of December 2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, a judgment given in an EU member state shall, if enforceable in that EU member state in principle (a few exceptions are provided for in Regulation (EU) 1215/2012) be recognised in the other EU member states without any special procedure being required and shall be enforceable in the other EU member states without any declaration of enforceability required.

The most recent annual report of the Company will be available, once published, at the registered office of the Company as well as on the following website: [www.jsternco.com](http://www.jsternco.com) and will be sent to Investors upon request. Statements made in the Offering Memorandum are based on the law and practice currently in force as at the date hereof in Luxembourg and are subject to change. The Articles give powers to the Company to impose such restrictions as they may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or the requirements of any country or governmental authority or by any person in circumstances which in the opinion of Company might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered (such persons being referred to as the “**Restricted Persons**”). The Company may compulsorily redeem all Shares held by any Restricted Persons.

The value of the Shares may fall as well as rise and an Investor may not get back the amount initially invested in the Company. Any income that is derived from the investment contemplated herein may fluctuate. Shares may fluctuate in money terms and changes in currency exchange rates may, among other things, cause the value of Shares to go up or down. The levels and bases of, and relieves from, taxation may change.

Prospective Investors should inform themselves and should take appropriate advice on the legal requirements as to possible tax consequences, foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding, redemption or disposal of the Shares.

The PRIIPs KID for the relevant Class for which a subscription application, switching application or a similar action is being made must be read prior to subscription by an Investor other than a Professional Investor inside the EU. A PRIIPs KID does not need to be provided to Retail Investors outside the EU unless the applicable rules and regulations of the third country in which the marketing takes place provide otherwise.

# J. STERN & CO.

## DATA PROTECTION

In accordance with the applicable Luxembourg data protection law and, as of 25 May 2018, Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (“**Data Protection Law**”), the Company acting as data controller (the “**Data Controller**”) collects, stores and processes, by electronic or other means, the data supplied by the Investor at the time of the Investment and on an ongoing basis for the purpose of fulfilling the services required by the Investor and complying with its legal obligations.

The data processed include but is not limited to the name, address, e-mail address, bank and financial data, transaction history of each Investor, data concerning personal characteristics (“**Personal Data**”).

In case the Investor is a legal person, the Company may collect, store and process Personal Data concerning “Controlling Persons” who are natural persons exercising control over the entity investing in Shares.

Personal Data supplied by the Investor is processed in order to enter into and execute the subscription in the Company, for the legitimate interests of the Data Controller and to comply with the legal obligations imposed on the Data Controller. In particular, the Personal Data supplied by the Investor is processed for the purposes of (i) subscribing in the Company, (ii) maintaining the register of Shareholders; (iii) processing subscriptions and redemptions and payments of dividends to the Shareholders; (iv) account administration, (v) opening, closing and blocking of accounts in the name of the Shareholders, (vi) sending legal information or notices to the Shareholders, and (vii) complying with applicable anti-money laundering rules and other legal obligations, such as maintaining controls in respect of CRS/FATCA obligations. Personal Data is not used for marketing purposes.

The Personal Data may also be processed by the Data Controller’s data processors (the “**Data Processors**”) which, in the context of the above mentioned purposes, refer to the AIFM, the Central Administrator (as registrar and transfer agent, domiciliation and listing agent), the Auditor and the legal advisors. The Depository and Central Administrator, in the framework of its depository and administrator activities, will act as Data Controller. The Global Distributor and the appointed sub-distributor(s) as well as the appointed local paying agents may act, as the case may be, either as Data Controller or as Data Processors. The Data Processors may, under their own responsibility and only under prior general authorization of the Data Controller, disclose the Personal Data to their agents and/or delegates (the “**Sub-Data Processors**”), which shall process the Personal Data for the sole purposes of assisting the Data Processors in providing their services to the Data Controller and/or assisting the Data Processors in fulfilling their own legal obligations and in compliance with the same level of protection of Personal Data as applied to the Data Processors.

Personal Data collected, may be processed and stored on a cross-border basis within entities located in member states and/or outside EU, also in countries which are not deemed as equivalent in terms of Data Protection law. When Personal Data is transferred to countries which are not deemed as equivalent in terms of the Data Protection Law, it is legally required that the Company, the Central Administrator or any other agent has recourse to appropriate safeguards, such as the entry into standard contractual clauses approved by the European Commission, of which the Shareholders may obtain a copy at the registered office of the Company.

By subscribing for Shares, Investors agree to the aforementioned processing of their Personal Data and in particular, the disclosure of their Personal Data to, and the processing of their Personal Data by, the parties referred to above including affiliates situated in countries outside of the EU.

## **J. STERN & CO.**

The Investor may, at its discretion, refuse to communicate the Personal Data to the Company. In this case, however, the Company may reject its request for subscription or holding of Shares in the Company or proceed with the compulsory redemption of all Shares already held, as the case may be, under the terms and conditions set forth in the Articles and in the Offering Memorandum.

Data Processors and Sub-Data Processors may, as the case may be, process the Personal Data as Data Processors (when processing the Personal Data upon instructions of the Data Controller), or as distinct Data Controllers (when processing the Personal Data for their own purposes, namely fulfilling their own legal obligations). The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, Personal Data may be disclosed to the Luxembourg tax authorities which in turn may, acting as Data Controller, disclose the same to foreign tax authorities.

Investors agree that the Company, will report any relevant information in relation to their Investments in the Company to the Luxembourg tax authorities which will exchange this information on an automatic basis with the competent authorities in accordance with FATCA, the CRS Law or similar laws and regulations in Luxembourg or at EU level.

In accordance with the conditions laid down by the Data Protection Law, the Investor acknowledges its right to:

- access its Personal Data;
- correct its Personal Data where it is inaccurate or incomplete;
- object to the processing of its Personal Data;
- ask for erasure of its Personal Data; and
- ask for Personal Data portability.

The Investors' Personal Data shall not be held for longer than necessary with regard to the purpose of data processing observing legal periods of limitation.

Investors may exercise the above rights by writing to the Data Controller at the registered office of the Company.

The Investors also acknowledge the existence of its right to lodge a complaint with the local competent supervisory authority.

### **FAIR TREATMENT**

The AIFM has established procedures, arrangements and policies to ensure compliance with the principles of fair treatment of Shareholders. The principles of treating Shareholders fairly include, but are not limited:

- acting in the best interests of the Company and the Shareholders;
- executing the Investment decisions taken for the account of the relevant Sub-Fund in accordance with the objectives, the investment policy and the risk profile of the relevant Sub-Fund;
- taking all reasonable measures to ensure that orders are executed to obtain the best possible result;

## **J. STERN & CO.**

- ensuring that the interests of any group of Shareholders are not placed above the interests of any other group of Shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and Shareholders;
- taking all reasonable steps to avoid conflicts of interest to prevent them from adversely affecting the interests of Shareholders; and recognising and dealing with complaints fairly.

Notwithstanding the foregoing, it cannot be excluded that Shareholders be given a preferential treatment in the meaning of, and to the widest extent allowed, by the AIFM Law. Whenever a Shareholder obtains preferential treatment, a description of that preferential treatment, the type of Shareholders who obtained such preferential treatment and, where relevant, their legal or economic links with Company, the Portfolio Manager or the AIFM, will be made available at the registered office of the AIFM within the limits required by the AIFM Law. The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.

# J. STERN & CO.

## CONTENTS

Important Information.....	i
Data Protection.....	iii
Fair Treatment.....	iv
General Information.....	1
Registered Office .....	1
Directors of the Company .....	1
Alternative Investment Fund Manager .....	1
Portfolio Manager and Global Distributor.....	1
Depository Bank and Paying Agent.....	1
Central Administrator .....	1
Auditor .....	1
Definitions.....	2
Part 1 – General Section .....	8
1. The Company.....	8
1.1 Corporate Form – Legal Regime .....	8
1.2 Umbrella Structure – Sub-Funds .....	8
1.3 Duration of the Company.....	8
1.4 Listing.....	8
2. Management and Administration.....	9
2.1 The Board of Directors .....	9
2.2 Alternative Investment Fund Manager.....	9
2.3 Portfolio Manager.....	10
2.4 Distribution .....	11
2.5 Depository.....	11
Safekeeping of the assets .....	11
Delegation.....	11
Discharge of liability.....	12
Oversight duties .....	12
Cash flow monitoring .....	12
Paying Agent.....	12
General .....	13
2.6 Central Administrator.....	13
2.7 Transaction Support Agreement.....	15
2.8 Auditor .....	15
2.9 Shareholder Rights .....	15

## J. STERN & CO.

3.	Investment Objectives .....	15
3.1	Investment Objective and Policy .....	15
3.2	Investment Restrictions .....	16
3.3	Borrowing .....	16
3.4	Derivatives Transactions .....	16
3.5	Hedging .....	17
	Portfolio Level .....	17
	Share Class Level .....	17
4.	Information on Investments & Portfolio Diversification .....	17
5.	Risk Factors .....	18
5.1	Risks Relating to the Company .....	19
	Absence of Operating History .....	19
	Operational Risks .....	19
	Segregated Liability Risk .....	19
	Cross-Class Liability .....	19
	Redemption of Shares .....	19
	Borrowing to Satisfy Redemption Requests .....	20
	Redemption and Distributions in Kind .....	20
	Portfolio Valuation Risks .....	21
	Risks Related to the Company's Borrowings .....	21
	Substantial Fees and Expenses .....	21
	Contingent Liabilities .....	22
	Cyber Security Risk .....	22
	Conflicts of Interest .....	22
5.2	Risks Relating to Investments .....	22
	General Economic Conditions .....	22
	Future Investment Unspecified .....	23
	Lack of Diversity .....	23
	Availability of Investment Opportunities .....	23
	Equity Related Securities and Instruments .....	23
	Investing in Debt Securities .....	23
	Sovereign Debt .....	24
	Interest Rate Risk .....	24
	Counterparty Credit Risk and Default Risk .....	24
	Third-Party Managers and Funds .....	24
	Illiquid Investments .....	25
	Derivative Instruments Generally .....	25
	Foreign Exchange, Currency Risk and Exchange Rate Fluctuations .....	27
5.3	Risks Relating to Law and Regulation .....	27
	Absence of Regulatory Supervision .....	27

# J. STERN & CO.

Legal Considerations .....	27
Country Risks .....	28
United Kingdom's Withdrawal from the EU.....	28
Emerging Markets Risk.....	28
Litigation .....	29
Tax.....	29
EU Bank Recovery and Resolution Directive.....	30
MIFID II Regulatory Risk.....	31
European Market Infrastructure Regulation .....	31
EU General Data Protection Regulation.....	31
5.4 General.....	32
Sector, Region, Specific Asset Classes and Completion Risks .....	32
Risk Factors Not Exhaustive .....	32
6. Shares.....	32
6.1 Investment by Well-Informed Investors .....	32
6.2 US Persons and FATCA.....	32
6.3 Restricted Persons .....	33
6.4 Description of Shares .....	33
Sub-Funds and Classes .....	33
Form of the Shares.....	33
7. Subscriptions .....	34
7.1 Subscription for Shares.....	34
7.2 Subscription Forms.....	36
7.3 In Specie Subscriptions .....	37
7.4 Ineligible Investors.....	37
8. Conversion of Shares .....	37
8.1 Shareholder Request .....	37
8.2 By the Company .....	38
9. Redemption of Shares.....	38
9.1 Pro Rata Compulsory Redemption .....	39
9.2 Redemption Proceeds.....	39
9.3 Foreign Exchange.....	39
9.4 Anti-Dilution Levy.....	39
9.5 Significant Redemptions.....	39
Deferral of Payment.....	39
Deferral of Redemptions.....	40
9.6 Side Pockets.....	40
10. Suspension and Rejection of Subscriptions .....	41
11. Transfer of Shares .....	41
12. Compulsory Repurchase of Shares.....	42

## J. STERN & CO.

13.	Swing Pricing Adjustment.....	43
14.	Anti-Money Laundering and Terrorist Financing Prevention .....	44
15.	Late Trading, market timing and other prohibited practices.....	45
16.	Calculation of the Net Asset Value .....	45
16.1	General.....	45
16.2	Assets to be Valued.....	46
16.3	Valuation of Assets .....	46
16.4	Liabilities and Expenses .....	47
17.	Temporary Suspension of Calculating NAV .....	48
18.	General Meeting .....	49
19.	Accounting Year and Reporting .....	49
20.	Dividends.....	50
21.	Dissolution/Liquidation.....	50
21.1	Liquidation of the Company.....	50
21.2	Liquidation of a Class or Sub-Fund.....	51
22.	Taxation .....	52
22.1	Luxembourg Treatment of the Company .....	52
22.2	Luxembourg Tax Considerations for Non-Luxembourg Shareholders .....	52
Luxembourg withholding tax on dividend distributions.....	52	
Luxembourg tax treatment of sale or redemption of Shares by the Company .....	52	
Net Wealth Tax.....	53	
22.3	Other Jurisdictions .....	53
22.4	FATCA.....	53
22.5	OECD Common Reporting Standard (CRS) .....	55
22.6	Future Changes in Applicable Laws .....	55
23.	Indemnity.....	56
24.	Conflict of Interests .....	56
25.	Expenses .....	56
25.2	Formation and Launching Expenses of the Company .....	58
26.	Amendments to the Offering Memorandum .....	58
27.	Information .....	59
PART II - APPENDICES .....		61
<b>APPENDIX 1</b> .....		62
<b>THE STAR MULTI-ASSET INCOME FUND</b> .....		62
Investment Objective.....	62	
Investment Strategy.....	62	
Distribution Policy.....	62	
Investment Policy .....	62	

# J. STERN & CO.

Securities financing transactions and total return swaps .....	64
Sustainability, ESG Framework and Stewardship .....	64
Portfolio Diversification .....	65
No Benchmark .....	65
Geographies .....	65
Restriction on Illiquid Investments .....	65
Term .....	66
Launch Date .....	66
Initial Offering Period .....	66
Initial nominal subscription value per share .....	66
Reference Currency .....	66
Leverage & Derivatives .....	66
Hedging .....	66
Valuation Day .....	66
Subscription Process .....	66
Redemption Fee and Short Notice Charge .....	67
Redemption Process .....	67
Portfolio Management Fee .....	68
Subscription tax .....	68
Dilution Levy .....	68
Global exposure .....	68
Performance Fee (where applicable) .....	68
Calculation Period (where applicable) .....	69
High Water Mark (where applicable) .....	69
Additional Risk factor regarding Sustainability Risks .....	70
The Star Multi-Asset Income Fund - Unhedged Share Classes .....	71
The Star Multi-Asset Income Fund - Hedged Share Classes .....	81

# J. STERN & CO.

## GENERAL INFORMATION

### Registered Office

Centre Etoile, 11-13, Boulevard de la Foire  
L-1528 Luxembourg  
Grand Duchy of Luxembourg

### Directors of the Company

Thomas Leolin Alfred Price  
Felicity Keller  
Alexander zu Stolberg-Stolberg

### Alternative Investment Fund Manager

Waystone Management Company (Lux) S.A.  
19, rue de Bitbourg  
L-1273 Luxembourg  
Grand Duchy of Luxembourg

### Portfolio Manager and Global Distributor

J. Stern & Co. LLP  
4 Carlton Gardens  
London SW1Y 5AA  
United Kingdom

### Depository Bank and Paying Agent

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### Central Administrator

*Domiciliation Agent, Administrative Agent, Registrar & Transfer Agent, Transaction Support Agent*

RBC Investor Services Bank S.A.  
14, Porte de France  
L-4360 Esch-sur-Alzette  
Grand Duchy of Luxembourg

### Auditor

BDO Audit S.A.  
1, rue Jean Piret  
L-2350 Luxembourg  
Grand Duchy of Luxembourg

# J. STERN & CO.

## DEFINITIONS

**Accounting Year** means a twelve-month period ending on 30<sup>th</sup> June in each year, except for the first accounting year, which will start on the date of incorporation of the Company and end on 30<sup>th</sup> June 2020;

**AIF** means alternative investment fund as defined in the AIFM Law;

**AIFM** means Waystone Management Company (Lux) S.A. (formerly known as MDO Management Company S.A.), having its registered office at 19, rue de Bitbourg, L 1273 Luxembourg, acting as the external authorised alternative investment fund manager as defined in the AIFM Law;

**AIFM Directive** means directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and regulations (EC) N° 1060/2009 and (EU) N° 1095/2010;

**AIFM Fee** means the fee that the AIFM will receive from the Company for its AIFM services;

**AIFM Law** means the law of July 12, 2013 on alternative investment fund managers, as amended from time to time;

**Appendix** means each and every supplement to this Offering Memorandum describing the specific features of the Sub-Fund. Such supplement is to be regarded as an integral part of the Offering Memorandum;

**Articles** mean the articles of incorporation of the Company, as amended from time to time;

**Asset** means a resource managed by an entity as a result of transactions from which future economic benefits may be obtained and property or things having a value;

**Auditor** means BDO Audit S.A having its registered office at 1 rue Jean Piret, L-2350 Luxembourg, Grand Duchy of Luxembourg, acting as the auditor of the Company;

**Benchmark Regulation** means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

**Board of Directors** means the board of directors of the Company;

**Business Day** means a day on which banks are open for business in Luxembourg and the United Kingdom. On any Business Day, the Company may decide to determine a Net Asset Value to be used for information purposes only;

**Category** means a group of Shares of each Class, which are sub-divided into capitalisation of income or distribution of dividends Shares;

**Central Administrator** means RBC Investors Services Bank S.A., having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, acting as the administrative agent, domiciliation agent, registrar and transfer agent and corporate agent of the Company;

**CHF** means the currency of Switzerland;

## J. STERN & CO.

**Circular 07/309** means the CSSF circular of 3 August 2007 applicable to Luxembourg SIFs (and, by analogy, to RAIFs), providing for guidelines as to the minimum level of risk diversification that must be ensured within the portfolio of the Company, as may be amended or replaced from time to time;

**Circular 18/698** means the CSSF circular of 23 August 2018 regarding: authorisation and organisation of Luxembourg investment fund managers;

**Class** means a group of Shares which may differ, inter alia, in respect of their specific denominated currency, charging structures or other specific features;

**Company** means The Star Investment Fund S.A., SICAV-RAIF;

**CRS** means the Common Reporting Standard proposed by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions, such as implemented by the Luxembourg law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation;

**CSSF** means the Luxembourg regulator for the financial sector (Commission de Surveillance du Secteur Financier);

**Depository** means RBC Investors Services Bank S.A., having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, acting as the depository bank and paying agent of the Company;

**Depository Agreement** means the agreement between the Depository and the Company;

**EU** means the European Union;

**Euro, EUR** means the single currency of the member States of the Economic and Monetary Union;

**FATCA** means Foreign Account Tax Compliance Act;

**FATCA Rules** means the regulations relating to Information Reporting by Foreign Financial Institutions and Other Foreign Entities released by the IRS on 28 January 2013, all subsequently published FATCA announcements and as the case may be, the provisions of the intergovernmental agreement (IGA) entered between Luxembourg and the United States and/or between the country of each Investor and the U.S.;

**GBP** means the currency of the United Kingdom;

**General Meeting** means the general meeting of the Shareholders;

**General Section** means Part I of the Offering Memorandum that sets out the general terms and conditions applicable to Company, unless otherwise provided in any of the Appendices;

**Initial Offering Period** or **Initial Offering Date** means, with respect to each Sub-fund, the first offering of Shares in a Sub-fund made pursuant to the terms of the Offering Memorandum and the relevant Sub-Fund Appendix;

**Institutional Investor** means an Investor who qualifies as institutional investor pursuant to Luxembourg law;

## J. STERN & CO.

**Investment** means any underlying investment target in which the Company is, or aims at, investing indirectly and/or directly, in accordance with the investment objective and strategy and with the investment policy;

**Investor** means any person or entity that contemplates to subscribe for Shares and, where the context requires, shall include that person or entity as a Shareholder;

**IRS** means the United States Internal Revenue Services;

**Launch Date** means the launch date as specified in the relevant Appendix;

**Law of 1915** means the Luxembourg law of 10 August 1915 on commercial companies, as amended from time to time;

**Law of 2010** means the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended from time to time;

**Liquid Assets** means cash or cash equivalents, including, inter alia and without limitation, investments in units of money market funds, time deposits and regularly negotiated money market instruments the remaining maturity of which is less than 12 months, treasury bills and bonds issued by OECD member countries or their local authorities or by supranational institutions and organisations with European Union, regional or worldwide scope as well as bonds admitted to official listing on a stock exchange or dealt on a regulated market, issued by first-class issuers and highly liquid;

**Luxembourg** means the Grand Duchy of Luxembourg;

**MiFID II** means Directive 2014/65/EU of the European Parliament and of the Council 15 May 2014 on markets in financial instruments, the Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and any implementing legislation or regulation thereunder;

**Minimum Holding Amount** means the minimum amount which a Shareholder must commit to hold in a particular Class, as stipulated for each Class in the relevant Appendix;

**Minimum Subscription Amount** means the minimum value or number of Shares which a Shareholder or subscriber must commit to subscribe as stipulated in the relevant Appendix;

**Minimum Subsequent Subscription Amount** means the minimum value or number of Shares which a Shareholder or subscriber must commit to subscribe for in a particular Class, as stipulated in the relevant Appendix;

**Minimum Redemption Amount** means the minimum value or number of Shares which a Shareholder must redeem, as stipulated in the relevant Appendix;

**Net Asset Value** or **NAV** means the net asset value, the issue price, the repurchase and conversion price per share of the relevant Class, as determined in accordance with Section 15. "Calculation of the Net Asset Value" of Part I. General Section;

**OECD** means the Organization for Economic Cooperation and Development;

**Offering Memorandum** means this confidential Offering Memorandum including the Appendices, as amended or supplemented from time to time;

**Portfolio** means the portfolio of a Sub-Fund;

## J. STERN & CO.

**Professional Investor** means an Investor who qualifies as a professional investor under annex II of MiFID, as amended from time to time;

**PRIIPs KID** means a key investor document for packaged retail and insurance-based investment products within the meaning of the PRIIPs Regulation;

**PRIIPs Regulation** means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products;

**RAIF** means a reserved alternative investment fund (*fonds d'investissement alternatif réservé*) in accordance with the RAIF Law;

**RAIF Law** means the Luxembourg law of 23 July 2016 relating to reserved alternative investment funds (RAIF), as may be amended from time to time;

**Redemption Fee** means the redemption charge which may be levied upon redemption of Shares of any Class (if any), details of which are set out in the relevant Appendix;

**Redemption Request** means a written request by a Shareholder to have all or part of its Shares redeemed by the Company;

**Reference Currency** means, in relation to each Sub-Fund and Class, the currency in which the Net Asset Value of such Sub-Fund or Class is calculated, as stipulated in the relevant Appendix. The Reference Currency of the Company is the USD;

**Regulated Market** means a market which is regulated, operates regularly and is recognised and open to the public;

**Restricted Person** means any person in breach of the law or the requirements of any country or governmental authority or any person in circumstances which in the opinion of Company might result in the Company incurring any liability or taxation or suffering any other disadvantage which the Company may not otherwise have incurred or suffered;

**Service Agreement** means the service agreement between the Central Administrator and the Company and any other agreement between the Company and any other Service Provider;

**Service Providers** means the AIFM, Depository and paying agent, the Central Administrator, the Transaction Support Agent, the Auditor and the Manager (if applicable) and any other person who provides services to the Company from time to time;

**Securities Financing Transaction** means (i) a repurchase transaction; (ii) securities lending and securities borrowing; (iii) a buy-sell back transaction or a sell-buy back transaction; (iv) a margin lending transaction as defined under the SFTR;

**SFTR** means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;

**Shareholder** means an owner of Shares from time to time;

**Shares** means the shares issued by the Company from time to time;

**SICAV** means a Luxembourg investment company with variable capital (*société d'investissement à capital variable*);

## J. STERN & CO.

**Side Pocket Class** means a specific Class created by the Board of Directors to transfer Side Pocket Investments with the sole purpose to be realized;

**Side Pocket Investment** means any Investment that the Board transfers to Side Pocket Class;

**Side Pocket Shares** means Shares which are issued by the Side Pocket Class;

**SIF** means a specialised investment funds (fonds d'investissement spécialisés) pursuant to the law of 13 February 2007 on specialised investment funds, as amended;

**Subscription Cut-Off** means the deadline for the submission of subscription requests as set out in the relevant Sub-Fund Appendix.

**Sub-Fund** means a separate portfolio of assets established for one or more Classes of the Company which is invested in accordance with a specific investment objective. The specifications of each Sub-Fund will be described in their relevant Sub-Fund Appendix;

**Subscription Fee** means the subscription fee which may be levied upon subscription for any Class of the Company, details of which are set out in the relevant Sub-Fund Appendix;

**Subscription Form** means the written form of subscription to be executed by each potential Investor pursuant to which, where accepted by the Company, the Investor will subscribe or commit to subscribe for Shares in the Company and Class identified in such form;

**Sustainability Factor** means an issue that affects the sustainability of a business, which include, but are not limited to, environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;

**Sustainability Risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the Company. Such risks are usually linked to: (a) climate-related events resulting from climate change (physical risks) or to the society's response to climate change (transition risks), which may result in unanticipated losses that could affect the Company's investments and financial condition; (b) social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or (c) governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.), all of which may also translate into Sustainability Risks;

**UCI** means "Undertaking for Collective Investment" subject to risk spreading obligations;

**UCITS** means Undertaking for Collective Investment in Transferable Securities;

**US Dollars, USD** means the currency of the United States of America;

**US Person** has the same meaning as in (i) Regulation S of the 1933 Act, as amended; (ii) as defined in CFTC rule 4.7 and/or (iii) as defined in any other applicable law, regulation or rule (including but not limited to FATCA). The Company may further define the term "US Person";

**Valuation Day** means the Business Day(s) specified in each Appendix, or any other day as the Company may decide in its absolute discretion, on which Shares are subscribed for or redeemed at the NAV per Share on that day, with the NAV per Share being calculated on a subsequent Business Day;

**Well-Informed Investor** means any well-informed investor in the meaning of article 2 of the RAIF Law, i.e.:

## J. STERN & CO.

- Institutional Investor;
- Professional Investor; and
- other well-informed Investor who:
  - adheres in writing to the status of well-informed investors; and
  - (a) invests a minimum of Euro 125,000 in the Company or (b) has been the subject of an assessment made by an entity covered by article 2(1)(b)(iii) of the RAIF Law certifying his expertise, his experience and his knowledge in adequately appraising an investment in the Company.

# J. STERN & CO.

## PART 1 – GENERAL SECTION

### 1. THE COMPANY

#### 1.1 CORPORATE FORM – LEGAL REGIME

The Company is a Luxembourg investment company with variable capital – reserved alternative investment fund (*société d'investissement à capital variable - fonds d'investissement alternatif réservé*) established as a public limited liability company (*société anonyme*), governed by the RAIF Law, the AIFM Law, the Law of 1915 and the Articles.

The Company is registered with the Luxembourg Trade and Companies' register (*Registre de Commerce et des Sociétés*, the "**Luxembourg RCS**") under number B 237.899.

The Company has an initial share capital of USD 36,000, represented by 36 shares (the "**Shares**") with no par value.

The capital of the Company is at all times equal to the value of its net assets. The Share capital of the Company must reach a minimum amount of EUR 1,250,000 (one million two-hundred-fifty thousand Euros) or equivalent in USD within a period of 12 months following its incorporation.

The registration of the Company within the list of the Luxembourg RCS pursuant to the RAIF Law does not constitute a positive assessment by any Luxembourg authority as to the adequacy or accuracy of the Company, this Offering Memorandum or as to the assets held in the Company.

#### 1.2 UMBRELLA STRUCTURE – SUB-FUNDS

The Company has an umbrella structure consisting of one or several Sub-Funds. A separate Portfolio of assets is maintained for each Sub-Fund and is invested in accordance with the investment objective and policy applicable to that Sub-Fund. The investment objective, policy, as well as the other specific features of each Sub-Fund (such as risk profile, duration (including limited duration) and exit strategies) are set forth in the relevant Appendix.

The Company is one single legal entity. However, in accordance with article 49 of the RAIF Law, the rights of the Investors and creditors relating to a Sub-Fund or arising from the setting-up, operation and liquidation of a Sub-Fund are limited to the assets of that Sub-Fund. The assets of a Sub-Fund are exclusively dedicated to the satisfaction of the rights of the Investors relating to that Sub-Fund and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that Sub-Fund.

The Company may, at any time, create additional Sub-Funds whose investment objectives or other features may differ from those of the Sub-Funds then existing. In that event the Offering Memorandum will be updated, if necessary, or supplemented by a new Appendix.

Each Sub-Fund is treated as a separate entity and operates independently, each Portfolio being invested for the exclusive benefit of this Sub-Fund. A purchase of Shares relating to one particular Sub-Fund does not give the holder of such Shares any rights with respect to any other Sub-Fund.

#### 1.3 DURATION OF THE COMPANY

The Company has been incorporated with an unlimited period of time.

#### 1.4 LISTING

It is not envisaged that the Shares will be listed on a stock exchange or on a regulated or alternative market.

# J. STERN & CO.

## 2. MANAGEMENT AND ADMINISTRATION

### 2.1 THE BOARD OF DIRECTORS

The Board of Directors is responsible for determining the Company's investment objective and policy and has overall responsibility for its activities. The AIFM will be responsible for the risk and the portfolio management in relation to the Company and all its Sub-Funds in accordance with the AIFM Law. The Company and the AIFM have entered into the Portfolio Management Agreement (as defined below) with the Portfolio Manager under which the AIFM has delegated the portfolio management to the Portfolio Manager who will hence be responsible for the day-to-day management of the Company's investment portfolio on a discretionary basis in accordance with the Company's (and each Sub-Fund's) investment objective and policy, subject to the overall supervision of the AIFM and the Board of Directors. The AIFM will carry out the risk management function.

The Board of Directors remains liable for the content of this Offering Memorandum.

### 2.2 ALTERNATIVE INVESTMENT FUND MANAGER

The Company has appointed Waystone Management Company (Lux) S.A. as its external authorised alternative investment fund manager (the "**AIFM**") pursuant to an alternative investment fund management agreement dated 27 September 2019, entered into between the Company and the AIFM for an unlimited period of time (the "**AIFM Agreement**"). The AIFM is a Luxembourg public limited company incorporated on 23 October 2003, authorised by the CSSF as a management company pursuant to Chapter 15 of the Law of 2010 and as an Alternative Investment Fund Manager pursuant to Chapter II of the AIFM Law, with registered office at 19, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Trade and Company Register under number B96744.

The AIFM is established for an unlimited period of time. Its subscribed and paid in capital amounts to EUR 2,450,000. The AIFM will cover potential liabilities risks resulting from activities it may carry out by holding a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

The AIFM will be responsible for the following functions:

- portfolio management;
- risk management;
- investment compliance;
- marketing notifications
- AIFMD reporting; and
- valuation.

The AIFM is responsible for the execution of the duties concerning the Company's investment management (i.e. portfolio management and risk management) and valuation. The AIFM is responsible, while observing the principle of risk diversification, for the investment objectives and policies of the Sub-Funds. It may carry out all acts of management on behalf of the Company, in particular purchase, sell, subscribe or exchange any securities and exercise all rights directly or indirectly attached to each Sub-Fund's portfolio of assets.

The AIFM is responsible for the portfolio management and risk management function in relation to the Company, under the ultimate supervision of the Company. The AIFM will employ robust risk management practices in managing the Company's investment activities, which from time to time may include single name limits and stress tests. The AIFM will implement and monitor these

## J. STERN & CO.

constraints using internally developed and third-party risk management analytics and tools. The AIFM maintains a liquidity management process to monitor the liquidity risks of the Company. The liquidity management systems and procedures allow the AIFM and/or the Company to apply various tools and arrangements necessary to ensure that each Portfolio is sufficiently liquid to respond appropriately to Redemption Requests, in accordance with the terms of the Offering Memorandum.

The AIFM has delegated the portfolio management functions to the Portfolio Manager in accordance with the Portfolio Management Agreement.

The AIFM will monitor on a continued basis the activities of the third parties to which it has delegated functions. The agreements entered into between the AIFM and the relevant third parties provide that the AIFM can give at any time further instructions to such third parties and that it can withdraw their mandate with immediate effect under certain circumstances. The AIFM's liability towards the Company is not affected by the fact that it has delegated certain functions to third parties.

Although the Company does not entrust the AIFM generally with marketing functions, the AIFM shall be responsible for effecting the AIFMD passport notifications contemplated in Article 30 of the AIFM Law to allow for the marketing of the Shares elsewhere in the EU and EEA outside Luxembourg, as determined by and in accordance with proper instructions from the Company.

The AIFM will at all times have professional liability cover in place as prescribed by the AIFM Law and AIFM Regulation and as further disclosed at its registered office.

The AIFM Agreement may be terminated by either the AIFM with a 3 months' written notice or by the Company upon 3 months' written notice.

As remuneration for its AIFM services and valuation services, the AIFM is entitled to receive a fee of up to 0.05% of the NAV of each Sub-Fund per annum. This fee is based on the average of the month-end Net Asset Value of each Sub-Fund of the previous quarter and is payable quarterly in arrears. This fee is subject to a minimum fee of EUR 25,000 per annum per Sub-Fund.

The AIFM is also entitled to a fee of up to EUR 13,000 per Sub-Fund per annum for risk management and investment compliance services (together referred to as the “**AIFM Fee**”).

Additional fees may be charged for additional services, such as passporting, reporting and due diligence services, as may be agreed from time to time. In addition, the AIFM shall be entitled to receive reimbursement for its reasonable disbursements, included but not limited to out-of-pocket expenses, incurred in the performance of its duties.

Where applicable, any value added tax associated with the above fees and reimbursements will be charged to the Sub-Fund.

For the time being, except as may be otherwise disclosed at a later stage on its website, Waystone Management Company (Lux) S.A. does not consider adverse impacts of investment decisions on sustainability factors. The main reason is actually the lack of information and data available to adequately assess such principal adverse impacts.

### 2.3 PORTFOLIO MANAGER

The AIFM has delegated the discretionary portfolio management function to J. Stern & Co. LLP (the “**Portfolio Manager**”) pursuant to a portfolio management agreement dated 27 September

## J. STERN & CO.

2019 entered into for an unlimited period of time between the Company, the AIFM and the Portfolio Manager (the “**Portfolio Management Agreement**”).

The Portfolio Management Agreement may be terminated in accordance with the Portfolio Management Agreement in various circumstances, including by either party with a 6 months’ prior notice and by the AIFM with immediate effect if it is in the interests of the Shareholders.

The Portfolio Manager may, under its responsibility and at its own cost, appoint investment advisers or delegate its portfolio management functions to other portfolio managers from time to time (subject to the consent of the Board of Directors and of the AIFM), in which case this Offering Memorandum shall be updated. Any such sub-delegation shall not affect the Portfolio Manager’s liability under the Portfolio Management Agreement.

The Portfolio Manager shall receive a Portfolio Management Fee as further described in each Appendix for each Class.

### 2.4 DISTRIBUTION

J. Stern & Co. LLP United Kingdom (the “**Global Distributor**”) will also act as global distributor of the Company in accordance with the global distribution agreement between the Company and the Global Distributor dated 27 September 2019. The Company and the Global Distributor may agree to appoint a different or an additional distributor or sub-distributor as and when necessary.

### 2.5 DEPOSITORY

The Company has appointed RBC Investor Services Bank S.A., a Luxembourg public limited liability company (*société anonyme*) having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg and registered with the Luxembourg RCS under number B.47.192 being a Luxembourg Bank within the meaning of the law of 5 April 1993 on the financial sector as amended, with responsibility for the:

- (a) safekeeping of the assets,
- (b) oversight duties,
- (c) cash flow monitoring and
- (d) paying agent functions

pursuant to the AIFMD and the Law of 2013, and the Depositary Agreement dated 27 September 2019 entered into between the Company, the AIFM and the Depositary.

#### Safekeeping of the assets

The Depositary is responsible in accordance with the Luxembourg laws and regulations, the AIFM Law and the Depositary Agreement for the safekeeping of the financial instruments that can be held in custody and for the record keeping and verification of ownership of the other assets.

#### Delegation

The Depositary is further authorized to delegate its safekeeping duties under the AIFM Law to sub-custodians and to open accounts with such sub-custodians, provided that (i) such delegation is in accordance with, and subject to compliance with, the conditions set out in the applicable Luxembourg laws; and (ii) the Depositary will exercise all due skill, care and diligence in the selection, appointment, periodic review and ongoing monitoring of its Sub-custodians;

# J. STERN & CO.

## Discharge of liability

The Depositary may in certain circumstances and in accordance with Article 19(13) of the AIFM Law, discharge itself of liability. In the event where certain financial instruments are required by a foreign local law or regulation to be held in custody by a local entity, and no local entity satisfies the delegation requirements in accordance with Article 19 (11) d) (ii) of the AIFM Law, the Depositary may nonetheless discharge itself of liability provided that specific conditions in accordance with Article 19 (14) of the AIFM law, the Agreement and the Depositary Agreement are met.

## Oversight duties

The Depositary will, in accordance with the AIFM Law, the AIFM Directive and the Depositary Agreement:

- (a) ensure that the sale, issue, re-purchase, redemption and cancellation of Shares of the Company are carried out in accordance with the AIFM Law, the Offering Memorandum and the Articles of Incorporation;
- (b) ensure that the value of the Shares is calculated in accordance with the AIFM Law, the Offering Memorandum, the Articles of Incorporation and the procedures laid down in Article 19 of the AIFM Law;
- (c) carry out the instructions of the AIFM, unless they conflict with the AIFM Law or the Offering Memorandum and the Articles of Incorporation;
- (d) ensure that, in transactions involving the assets of the Company, any consideration is remitted to the Company within the usual time limits; and
- (e) ensure that the income of the Company is applied in accordance with the AIFM Law, the Offering Memorandum and the Articles of Incorporation.

## Cash flow monitoring

The Depositary is required under the AIFM Law, the AIFM Directive and with the Depositary Agreement to perform certain cash flow monitoring duties as follows:

- (a) reconcile all cash flow movements and perform such a reconciliation on a daily basis;
- (b) identify cash flows, which are in its reasonable opinion, significant, and in particular those which could be inconsistent with the Company's operations. The Depositary will perform its review using the previous Business Day end-of-day records;
- (c) ensure that all bank accounts in the Company structure are in name of the Company or in the name of its manager the AIFM on behalf of the Company;
- (d) ensure that the relevant banks are EU credit institutions or equivalent;
- (e) ensure that the monies paid by the Shareholders have been received and booked in cash accounts and booked in either cash accounts or third party accounts as defined in the Depositary Agreement.

## Paying Agent

RBC also acts as paying agent for the Company pursuant to the Depositary Agreement. The paying agent is responsible for receiving payments for subscriptions of Shares and depositing such

## J. STERN & CO.

payments in the Company's bank accounts opened with the Depositary and distributing income and dividends to the Shareholders. The paying agent shall make payment of proceeds from the repurchase of Shares from time to time.

### General

The Depositary Agreement may be terminated at any time by any Party upon ninety (90) days' prior written notice addressed to the other party. Notwithstanding the foregoing, the Depositary Agreement may also be terminated in accordance with the provisions of the Depositary Agreement.

In consideration for its services, the Depositary is entitled to receive from the Company a remuneration payable out of the gross assets of the Company as is set out in a separate fee agreement.

The Depositary will have to be replaced within two (2) months from the termination of the Depositary Agreement with a new depositary bank and paying agent that will assume the responsibilities, duties and obligations of the Depositary. The Depositary shall, in the event of termination of the Depositary Agreement, deliver or cause to be delivered to the succeeding depositary bank and paying agent, in bearer form or duly endorsed form for transfer, at the expense of the Company, all securities and cash of the Company with or held by the Depositary and all certified copies and other documents related thereto in the Depositary's possession which are valid and in force at the date of termination.

### 2.6 CENTRAL ADMINISTRATOR

The Company and the AIFM have appointed RBC Investor Services Bank S.A. as the Company's Central Administrator agent (the "**Central Administrator**") pursuant to a central administration agreement dated 27 September 2019 entered into for an unlimited period of time (the "**Central Administrator Agreement**").

The Central Administrator has its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand-Duchy of Luxembourg and is registered with the Luxembourg trade and companies register under number B47192.

The Central Administrator will have as its principal function among other things the calculation of the Net Asset Value of the Shares of the Company on each Valuation Day in accordance with, and based on the methodology set forth in, this Offering Memorandum and the Articles. The Central Administrator will also keep the accounts of the Company and arrange for the preparation and publication of the accounts and annual financial reports of the Company. In so keeping and preparing the Company's accounts, the Central Administrator will direct the Company and any other Service Providers to provide to the Central Administrator any information necessary for the keeping and preparation of such accounts. In its capacity as registrar and transfer agent, the Central Administrator will be responsible among other things for processing issues, redemptions and transfers of Shares and for the maintenance of the register of Shares of the Company.

The Central Administrator will be responsible for the domiciliation of the Company and will perform, inter alia, the functions as foreseen in the Luxembourg law of May 31, 1999 on the domiciliation of companies, as amended and, in particular, allow the Company to establish its registered office at the registered office of the domiciliary agent and provide facilities necessary for the meetings of the Company's officers, directors and/or of the Shareholders.

In order to provide its services, the Central Administrator must enter into outsourcing arrangements with third party service providers in or outside the group to which the Central Administrator belongs (the "**Sub-contractors**"). As part of those outsourcing arrangement, the Central Administrator may be required to disclose and transfer personal and confidential information and documents about the Investor and individuals related to the Investor (the

## J. STERN & CO.

“**Related Individuals**”) (the “**Data transfer**”) (such as identification data (including the Investor and/or the Related Individual’s name, address, national identifiers, date and country of birth, etc.), account information, contractual and other documentation and transaction information) (the “**Confidential Information**” to the Sub-contractors. In accordance with Luxembourg law, the Central Administrator is required to provide a certain level of information about those outsourcing arrangements to the Company, which, in turn, must be provided by the Company to the Investors.

A description of the purposes of the outsourcing arrangements, the Confidential Information that may be transferred to Sub-contractors thereunder, as well as the country where those Sub-contractors are located are therefore set out in the below table.

Type of Confidential Information transmitted to the Sub-contractors	Country where the Sub-contractors are established	Nature of the outsourced activities
Confidential Information (as defined above)	Belgium Canada Hong Kong India Ireland Jersey Luxembourg Malaysia Poland Singapore United Kingdom United States of America	<ul style="list-style-type: none"> <li>• Transfer agent/ shareholders services (including global reconciliation)</li> <li>• Treasury and market services</li> <li>• IT infrastructure (hosting services, including cloud services)</li> <li>• IT system management/ operation services</li> <li>• IT services (including development and maintenance services)</li> <li>• Reporting</li> <li>• Investor services activities</li> </ul>

Confidential Information may be transferred to Sub-contractors established in countries where professional secrecy or confidentiality obligations are not equivalent to the Luxembourg professional secrecy obligations applicable to the Central Administrator. In any event, the Central Administrator is legally bound to, and has committed to the Company that it will enter into outsourcing arrangements with Sub-contractors which are either subject to professional secrecy obligations by application of law or which will be contractually bound to comply with strict confidentiality rules. The Central Administrator has further committed to the Company that it will take reasonable technical and organisational measures to ensure the confidentiality of the Confidential Information subject to the Data Transfer and to protect Confidential Information against unauthorised processing. Confidential Information will therefore only be accessible to a limited number of persons within the relevant Sub-contractor, on “a need to know” basis and following the principle of the “least privilege”. Unless otherwise authorised or required by law, or in order to comply with requests from national or foreign regulatory authorities or law enforcement

## J. STERN & CO.

authorities, the relevant Confidential Information will not be transferred to entities other than the Sub-contractors.

By subscribing for Shares, the Investor has consented and agreed to the communication of the Confidential Information by the Central Administrator to the Sub-contractors.

For the depository and Central Administrator services, the Depository and Central Administrator will receive the following fees.

The Company will pay to the Depository, the Central Administrator annual fees which will vary up to a maximum of 0.5 % of the Net Asset Value at the Company level subject to a minimum fee per sub-fund of EUR 30,200 and a minimum fee of EUR 12,000 at the Company level. These fees are payable on a monthly basis and do not include any transaction related fees, and costs of sub-custodians or similar agents. The Depository, the Central Administration Agent as well as the Registrar and Transfer Agent are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees. The amount paid by the Company to the Depository, the Central Administration Agent and the Registrar and Transfer Agent will be mentioned in the annual report of the Company. “

### 2.7 TRANSACTION SUPPORT AGREEMENT

The Company has appointed RBC Investor Services Bank S.A. as the Company's transaction support agent (the “**Transaction Support Agent**”) pursuant to a transaction support agreement dated 27 September 2019 entered into for an unlimited period of time (the “**Transaction Support Agreement**”). The Company has appointed the Transaction Support Agent as the order processing centre for securities to receive, transmit, execute and settle orders on securities.

### 2.8 AUDITOR

The Company has appointed BDO Audit S.A. as its independent external auditor (*réviseur d'entreprises agréé*) (the “**Auditor**”). The Auditor has its registered office at 1 rue Jean Piret, L-2350 Luxembourg, Grand Duchy of Luxembourg. The Shareholders shall instruct the Auditor to perform an annual audit of the Company and the Auditor shall fulfil all duties prescribed by the RAIF Law.

The accounting period of the Company will begin on 1<sup>st</sup> July and end on 30<sup>th</sup> June of each year, except for the first accounting period which will start at the incorporation of the Company and end on 30<sup>th</sup> June 2020.

### 2.9 SHAREHOLDER RIGHTS

Shareholders are not parties to the Service Provider Agreements mentioned in this Offering Memorandum. Therefore, they hold no direct contractual rights against Service Providers and can only direct complaints and lawsuits, arising out of or in connection with the obligations of the Service Providers, against the Company itself.

## 3. INVESTMENT OBJECTIVES

### 3.1 INVESTMENT OBJECTIVE AND POLICY

The Company has determined the investment objective, policy and strategy of each Sub-Fund as described in the relevant Sub-Fund Appendix. There can be no assurance that the investment objective for any Sub-Fund will be attained. Pursuit of the investment objective and policies of any Sub-Fund must be in compliance with the risk-spreading rules and investment policy applicable to the relevant Sub-Fund.

## **J. STERN & CO.**

The Company may, at its discretion, alter the investment objectives of each Sub-Fund provided that any material change in the investment objectives and policies is notified to Shareholders at least one month prior to effecting such a change in order to enable Shareholders to request redemption or conversion of their Shares, free of charge, during such period.

The Sub-Funds of the Company may invest (directly or indirectly) in any kind of assets (including derivatives), which are eligible under the RAIF Law, in compliance with the risk spreading rules and investment policy applicable to each Sub-Fund.

### **3.2 INVESTMENT RESTRICTIONS**

The Company commits to comply with the portfolio diversification rules set forth by the Circular CSSF 07/309 providing risk-spreading in the context of SIFs.

According to the Circular CSSF 07/309, a Sub-Fund may not invest more than 30% of its assets or commitments to subscribe securities of the same type issued by the same issuer. This restriction does not apply to:

- (a) Investments in securities issued or guaranteed by an OECD member state or its regional or local authorities or by EU, regional or global supranational institutions and bodies; or
- (b) Investments in target UCIs that are subject to risk-spreading requirements at least comparable to those applicable to the Company.

When using financial derivative instruments, the Company must ensure, via appropriate diversification of the underlying assets, a similar level of risk-spreading, meaning the 30% limit per underlying asset is applicable. Similarly, the counterparty risk in a bespoke transaction must be limited to 30% per counterparty, except when the counterparty is a first-rank financial institution, where applicable, having regard to the quality and qualification of the counterparty.

### **3.3 BORROWING**

Unless otherwise provided for in the relevant Sub-Fund Appendix, the Company may borrow money on behalf of its Sub-Funds for investment purposes.

Unless otherwise provided in the relevant Sub-Fund Appendix, the Company shall furthermore be authorised to enter into short-term borrowing arrangements for the account of a specific Sub-Fund for the purpose of

- (a) bridging the period between the closing of new Investment opportunities and the maturation of existing Investments; or
- (b) satisfying Redemption Requests until existing Investments can be sold or, where an Investment is in another UCI, redeemed. Such borrowing has the advantage of allowing a more gradual adjustment to the asset allocation of the relevant Sub-Fund, but at the cost of interest payable and the risk that the assets of the Sub-Fund decrease relative to the fixed amount that has been borrowed. In deciding whether to undertake borrowing for this purpose, the Company and the Portfolio Manager will take into consideration other mechanisms available for managing Redemptions as a whole.

### **3.4 DERIVATIVES TRANSACTIONS**

The Company may utilise a variety of financial instruments including derivatives, options, interest rate swaps, caps and floors, futures, forward contracts and all types of financial instruments including contracts for difference, to seek to hedge against declines in the values of the underlying Investments as a result of changes in currency exchange rates, commodity prices, or other events.

## J. STERN & CO.

Derivative financial instruments must be dealt on an organised market or an over-the-counter (OTC) basis with first-class institutions specialising in this type of transaction.

The Company may not hold an open position on a single contract in respect of a derivative financial instrument dealt in on an organised market or on an OTC basis for which the required margin or, as applicable, commitment represents 30% (thirty percent) or more of the Company's gross assets.

### 3.5 HEDGING

#### Portfolio Level

Each Sub-Fund will follow its own hedging policy with respect to its Investments, markets or currencies (if any). Further details will be set out in the relevant Sub-Fund Appendix.

#### Share Class Level

Each Sub-Fund may issue Classes that are hedged (“**Hedged Classes**”) to mitigate the currency risk against the reference currency of the Sub-fund. Whether any Class is a Hedged Class or not will be specified in the relevant Sub-Fund Appendix.

Over-hedged or under-hedged positions may arise unintentionally due to factors outside the control of the Company. However the Company will only hedge a Class to the amount of its currency exposure. Over-hedged positions will not normally exceed 105% of the net asset value of the Hedged Class and under-hedged positions will not fall below 95% of the net asset value of the Hedged Class. The hedged positions will be kept under review to aim to ensure that under-hedged positions do not fall below the level set out above and are not carried forward from month to month and that over-hedged positions materially in excess of 100% will not be carried forward from month to month.

For those Hedged Classes denominated in a different currency than the base currency of the relevant Sub-fund, Shareholders should note that there is no guarantee that the exposure of the currency in which the Shares are denominated can be fully hedged against the base currency of the relevant Sub-fund and/or the currency or currencies in which the assets of the relevant Sub-fund are denominated.

Collateral received in connection with currency hedging transactions (and in particular currency forward transactions) on behalf of Hedged Classes, may be reinvested, in compliance with the applicable investment policy and restrictions of the relevant Sub-fund.

It should be noted that these currency hedging transactions may be entered into whether the reference currency is declining or increasing in value relative to the relevant Sub-fund currency and so, where such hedging is undertaken it may substantially protect shareholders in the relevant Class against a decrease in the value of the Class currency relative to the Reference Currency, but it may also preclude Investors from benefiting from an increase in the value of the Class currency.

In addition, Shareholders should note that all cost and expenses incurred from currency hedged transactions for a particular Sub-Fund and currency will be borne on a pro rata basis by all Hedged Classes of that Sub-fund denominated in that currency.

## 4. INFORMATION ON INVESTMENTS & PORTFOLIO DIVERSIFICATION

The Company holds assets managed according to the risk-spreading principle on behalf of the Shareholders who are liable only up to the amount contributed by them and whose rights are represented by Shares intended to be dedicated to Well-Informed Investors.

## **J. STERN & CO.**

The Company's sole purpose is to generate investment returns by making direct or indirect investments in all types of assets in accordance with the RAIF Law.

The Board of Directors may issue one or more Classes in each Sub-Fund. The cost structures, the minimum provided for the initial investment, the currency in which the Net Asset Value is expressed and the eligible Investor categories may differ depending on the different Classes for each Sub-Fund. Classes may also be differentiated according to other objective elements as determined by the Company.

The Company is an open-ended Company. Shares may be redeemed, upon request of the Shareholder under the conditions foreseen in this Offering Memorandum.

In order to comply with the risk diversification principle set forth by the RAIF Law and the guidelines issued by the CSSF for SIFs, investment risks will be spread over a range of projects and a group of target companies enabling further diversification across many industry categories and diverse business interests globally. Diversification occurs at different levels including the size, structure and geography of each Investment.

Portfolio diversification of each Sub-Fund will also be ensured on an on-going basis in accordance with the rules of Circular CSSF 07/309 according to which a SIF (or a sub-fund thereof) may not invest more than 30% of its assets or commitments in securities of the same type issued by the same issuer as further detailed in Section 2 "Investment Restrictions" of Part I General Section.

The number of Investments in the Portfolio may be limited and may vary at the discretion of the Portfolio Manager, which will be continuously looking for the best opportunities, and may therefore buy or sell assets according to the investment objective and policy of each Sub-Fund.

### **5. RISK FACTORS**

Investment in the Company involves significant risks and it is possible that a Shareholder may lose a substantial proportion or all of its investment in the Company. The value of the investments may fall as well as rise. An investment in the Company is suitable only for Well-Informed Investors and requires the financial ability and willingness to accept for an indefinite period of time, the risk and possible lack of liquidity inherent in the Company. Whilst it is the intention of the Company to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. Performance of each Sub-Fund is subject to changes in various factors including, without limitation, fluctuations in trade flows, commodity prices, currencies and interest rate movements. As a result, each Investor should carefully consider whether it can afford to bear the risks of investing in the Company. The following discussion of risk factors does not purport to be an exhaustive list or complete explanation of the risks involved in investing in the Company. Additional risk factors specific to a particular Sub-Fund (if any) are set out in the relevant Sub-Fund Appendix.

In particular, Investors' attention is drawn to the fact that the performance of each Sub-Fund may be dependent on the investment universe, and elements such as exchange rates, investments in the emerging markets, the yield curve trend, changes in issuers' credit ratings, the use of derivatives, investments in companies or the investment sector. These elements may influence volatility in such a way that the overall risk may increase significantly and/or trigger a rise or fall in the value of the investments. It should also be noted that a Sub-Fund may, in compliance with the applicable investment limits and restrictions imposed, temporarily adopt a more defensive attitude by holding more cash in the portfolio when the Portfolio Manager believes that the markets or the economy in regions in which the Company invests are experiencing excessive volatility, a persistent general decline or other negative conditions. In such circumstances, the Sub-Fund concerned may prove to be incapable of pursuing its investment objective, which may affect its performance.

## **J. STERN & CO.**

**An investment in Shares carries substantial risk and is suitable only for Investors who accept the risks, can assume the risk of losing their entire investment and who understand that there is no recourse other than to the assets of the Company.**

**There can be no guarantee that the investment objective of a Sub-Fund will be achieved.**

### **5.1 RISKS RELATING TO THE COMPANY**

#### **Absence of Operating History**

Although the management of the assets will be in the hands of key individuals and organisations with a wide range of experience, and financial information is generally available on the historical performance of the Investment made, the Company has no prior trading record and therefore no risk or performance history on the Company is available to Investors. Past performance of the Investments made is not indicative of the future performance of the Company. Any projections, forecasts and estimates provided to Investors are forward-looking statement. Projections are speculative in nature and are only an estimate. Actual results may vary from such projections. There can be no assurance that the Company will achieve its investment objective. There can be no assurance that appreciation will occur or that losses will not be realised.

#### **Operational Risks**

The Company is subject to operational risk which is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Company will endeavour to mitigate the internal risks by active operational risk management. The risk of direct or indirect loss resulting from external events, which generally are insurable risks, may be mitigated by entering into an adequate insurance program where commercially feasible. In this regard, the Company depends significantly on the efforts and abilities of the AIFM and the Portfolio Manager appointed by the Company.

#### **Segregated Liability Risk**

The Company is structured as an umbrella fund with segregated liability between Sub-Funds. Each Sub-Fund therefore will be treated as bearing its own liabilities and the Company will not be liable as a whole to third parties.

#### **Cross-Class Liability**

To the extent that various Classes of Shares are issued within a Sub-Fund, the Company will treat each Class separately and will assign relevant assets and liabilities to each Class. Each Class will have a different NAV. However, there is no legal segregation of liabilities among Classes of Shares within a Sub-Fund and the assets associated with one Class may need to be used to meet obligations relating to another Class. Accordingly, all of the assets of the Sub-Fund may be available to meet liabilities regardless of the Class to which such assets or liabilities are attributable. In practice, cross-Class liability is expected to arise only where liabilities referable to one Class are in excess of the assets referable to such Class and it is unable to meet all liabilities attributed to it. In such a case, the Sub-Fund's assets attributable to other Classes may be applied to cover such liability excess and the NAV of the contributing Classes will be reduced as a result.

#### **Redemption of Shares**

The Board of Directors has discretion, in accordance with the Articles and this Offering Memorandum, to require the compulsory Redemption of a Shareholder's Shares (in whole or in part).

## **J. STERN & CO.**

No assurance can be provided that the Sub-Funds' Portfolios will be liquid. As a result, the Sub-Funds may be unable at times to fulfil Redemption Requests. In addition, the sale of any liquid assets in a Sub-Fund's Portfolio to fulfil Redemption Requests may increase the illiquidity of the Portfolio and result in the relevant Sub-Fund being unable to fulfil future Redemption Requests.

In the event that there are substantial redemptions of Shares within a limited period of time, the Portfolio Manager may find it difficult to adjust the trading strategies to the substantially reduced amount of assets under management.

If a larger Shareholder redeems from a Sub-Fund or a Class, the remaining Shareholders may experience higher pro rata operating expenses, thereby producing lower returns. Under such circumstances, in order to provide funds to pay redemptions the Portfolio Manager may be required to liquidate positions at an inappropriate time or on unfavourable terms. On an ongoing basis, irrespective of the period over which substantial redemptions occur, it may be more difficult for the relevant Sub-Fund to generate additional profits operating on a smaller asset base and, as a result of liquidating assets to fund redemptions, the Sub-Fund may be left with much less liquid Portfolio.

Substantial redemptions could be triggered by a number of events, including without limitation, unsatisfactory performance, events in the markets, a significant change in personnel or management of the Portfolio Manager, legal or regulatory issues that Investors perceive to have a bearing on the Company, or other events.

At any time, and from time to time, a substantial portion of the Shares may be held by one or a small number of Shareholders. In the event that any one of those Shareholders withdraws from a Sub-Fund, such Sub-Fund's Portfolio could be adversely affected.

Shareholders will not receive notification of substantial Redemption Requests in respect of any particular Valuation Day, and therefore may not be able to redeem prior to or at the same time as the redeeming Shareholders.

There will be a period of time between the date and time (cut-off time) as of which Shareholders must submit Redemption Requests in respect of any particular Valuation Day and the date as of which they can expect to receive full redemption proceeds in respect of redemptions effected as of such date.

### **Borrowing to Satisfy Redemption Requests**

Where the Company has borrowed to satisfy a Redemption Request in a particular Sub-Fund, continuing Investors in a Sub-Fund face the risk that the value of the Investments in that Sub-Fund reduce in value relative to the amount that the Company has borrowed and the Sub-Fund continues to be responsible for paying interest on the amount borrowed.

### **Redemption and Distributions in Kind**

Under certain limited circumstances as described in this Offering Memorandum, redemptions and distributions in kind of Investments for which market quotations are not readily available may be made. If redemptions or distributions are made of assets other than cash, the amount of any such redemption or distribution will be accounted for at the fair market value of such assets as determined by the AIFM. Interests in investments that are redeemed or distributed in kind may be subject to significant restrictions on transfer or resale. Widespread holding of Investments, particularly of private illiquid securities, may entail a significant administrative burden. In addition, the direct holding of certain Investments may subject the holder to suit or taxes in states in which such Investments are located.

# J. STERN & CO.

## Portfolio Valuation Risks

Prospective Investors should acknowledge that each Portfolio will be composed of assets of different natures in terms of inter alia sectors, geographies, financial statements formats, reference currencies, accounting principles, types and liquidity of securities, coherence and comprehensiveness of data. As a result, the valuation of the Portfolios and the production of the NAV calculation will be a complex process which might in certain circumstances require making certain assumptions in order to reach target.

The Sub-Funds may hold securities and other assets that will not have readily assessable market values. The lack of an active public market for the assets will make it more difficult and subjective to value Investments of the Company for the purposes of determining the NAV. The value of the underlying Investments (such as investment funds) may be published periodically with lower frequency than the determination of the NAV of the relevant Sub-Fund. As a result, the AIFM may have to rely on such published values which may be outdated.

In such instances, the AIFM will determine the fair and the most likely realisation value of such securities and assets in its reasonable judgment based on various factors and in the best interests of the Shareholders and may rely on internal pricing models in doing so or may or rely on (or take into account) valuations by any specialist designated by the AIFM to provide valuations.

The valuation of illiquid securities and other assets is inherently subjective and subject to increased risk that the information utilised to value such assets or to create the price models may be inaccurate or subject to other error. The valuations performed by the AIFM may vary from similar valuations performed by independent third parties for similar types of securities or assets.

The value of the investments may also be affected by changes in accounting standards, policies or practices. Due to a wide variety of market factors and the nature of certain securities and assets to be held by the Sub-Funds, there is no guarantee that the value determined will represent the value that will be realised upon the eventual disposition of the Investment or that would, in fact, be realised upon an immediate disposition of the Investment.

## Risks Related to the Company's Borrowings

The Company may utilise non-recourse or recourse debt to finance the acquisition of certain assets, specifically to bridge between investment opportunities. While the use of leverage will increase the proceeds available for the investment by the Company and thus create an opportunity for a greater yield and increased diversification of the Portfolio, it also increases the exposure to capital risk and risk of loss on a particular leveraged asset. The ability to obtain financing quickly and on a reasonable term is important to the success of the Company. The Company will incur obligations to pay interest and to repay principal on its leveraged assets. The Company may, under some circumstances, be required to liquidate assets to service such interest and principal obligations. Even if the level of indebtedness must, as a matter of policy, remain prudent, there is no guarantee that the Investments in general or a particular asset can generate enough income to cover debt servicing and other operating expenses and investment costs and/or make it possible to accrete value to Shareholders.

## Substantial Fees and Expenses

The fees and expenses to which the Company will be subject can be substantial. These fees and expenses may reduce the return to Shareholders or otherwise deplete the net assets of the Company.

# J. STERN & CO.

## Contingent Liabilities

The Company may find it necessary, upon the redemption of Shares by an Investor, to set up a reserve for unamortised, undetermined or contingent liabilities and withhold a certain portion of an Investor's redemption proceeds.

## Cyber Security Risk

Intentional cybersecurity breaches include: unauthorised access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws).

A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause the AIFM, the Portfolio Manager, the Company or other Service Providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. In addition, such incidents could affect issuers in which a Sub-Fund invests, and thereby cause a Sub-Fund's Investments to lose value.

In addition to risks to the Company and Sub-Funds, Investors are advised to ensure communication methods with the Central Administrator and any financial advisors, including the AIFM and the Portfolio Manager are secure so as to prevent fraudulent change of details or fraudulent Redemption Requests from being submitted through, for example, their email accounts.

## Conflicts of Interest

Inherent and potential conflicts of interest exist in the nature and operations of the Company. No contract or other transaction between the Company and any other company or firm shall be affected or invalidated by the fact that the Company, the AIFM or the Portfolio Manager (or person linked to these entities) is interested in, or is a director, associate, officer or employee of, such other company or firm.

However, any member of the AIFM, the Portfolio Manager or of the Company or officer of the Company who serves as a director, officer or employee of any company or firm with which the Company shall contract or otherwise engage in business shall, by reason of such affiliation with such other company or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

## 5.2 RISKS RELATING TO INVESTMENTS

Further risk factors in respect of each Sub-Fund may be set out in the relevant Sub-Fund Appendix.

## General Economic Conditions

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates, and the liquidity of the markets and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which a Sub-Fund directly or indirectly holds positions, could impair the Sub-Fund's ability to achieve its objectives and/or cause it to incur losses.

# J. STERN & CO.

## Future Investment Unspecified

Because Investments may be made over a substantial period of time, there will be risks of interest rate fluctuations, currency fluctuations and possible adverse changes in the target markets of the Sub-Fund. Any decision to engage in a new Investment could result in the exposure of the Sub-Fund's capital to additional risks which may be substantial.

## Lack of Diversity

The Company is not subject to specific legal or regulatory risk diversification requirements, other than those specified in Circular CSSF 07/309 as it may be amended from time to time. Therefore, the Company is, in principle, authorised to make a limited number of Investments and, as a consequence, the aggregate returns realised by the Shareholders may be substantially adversely affected by the unfavourable performance of even one Investment. In addition, the assets of each Sub-Fund may be concentrated in certain industries, regions or segments of activity.

## Availability of Investment Opportunities

There can be no assurance as to the availability of appropriate Investments for investment by the Company as a result of both suitability and legal restrictions. The Board of Directors does not believe that such investment restrictions currently impose a material constraint on the Company's ability to invest. However, there can be no certainty that the Company will be successful in eliminating this risk.

## Equity Related Securities and Instruments

Certain Sub-Funds may take long and short positions in common stocks of issuers traded on national securities exchanges and over-the-counter markets. The Sub-Funds may also, directly or indirectly, purchase equity-related securities and instruments, such as convertible securities, warrants, stock options and individual stock futures. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. Stock which a Sub-Fund has sold short may be favourably impacted (to the detriment of the Sub-Fund) by the same factors (e.g., decreased competition or costs or a decrease in interest rates). In addition, certain options and other equity-related instruments may be subject to additional risks, including liquidity risk, counterparty credit risk, legal risk and operations risk, and may involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which the Sub-Funds invest and can result in significant losses.

## Investing in Debt Securities

Sub-Funds investing in securities such as bonds may be affected by credit quality considerations and changes to prevailing interest rates. The issuer of a bond or other debt security (including, but not limited to, governments and their agencies, state and provincial governmental entities, supra-nationals and companies) may default on its obligations by failing to make payments due, or repay principal and interest in a timely manner which will affect the value of debt securities held by the Sub-Fund. Debt securities are particularly susceptible to interest rate changes and may experience significant price volatility. If interest rates increase, the value of a Sub-Fund's Investments generally declines. In a historically low interest environment, risks associated with rising interest rates are heightened. On the other hand, if interest rates fall, the value of the Investments generally increases.

## J. STERN & CO.

Securities with greater interest rate sensitivity and longer maturities tend to produce higher yields, but are subject to greater fluctuations in value.

Debt securities can be rated investment grade or below investment grade. Such ratings are assigned by independent rating agencies on the basis of the creditworthiness or risk of default of the issuer or of a bond issue. Rating agencies review, from time to time, such assigned ratings and debt securities may therefore be downgraded in rating if economic circumstances impact the relevant bond issues.

Investment grade debt securities are assigned ratings within the top rating categories by independent ratings agencies.

Changes to the financial condition of the issuer of the securities caused by economic, political or other reasons may adversely affect the value of debt securities and therefore the performance of the Sub-Fund.

This may also affect a debt security's liquidity and make it difficult for a Sub-Fund to sell the debt security. It is possible that credit markets will experience a lack of liquidity during the term of a Sub-Fund which may result in higher default rates than anticipated on the bonds and other debt securities.

### **Sovereign Debt**

The Sub-Funds may invest in financial instruments issued by a government, its agencies, instrumentalities or its central bank (“**Sovereign Debt**”). The ability of an issuer to make payments on Sovereign Debt, the market value of such debt and the inclusion of Sovereign Debt in future restructurings may be affected by a number of other factors, including such issuer's: (i) balance of trade and access to international financing; (ii) cost of servicing such obligations, which may be affected by changes in international interest rates; and (iii) level of international currency reserves, which may affect the amount of foreign exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

### **Interest Rate Risk**

Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down and vice versa. Financial instruments with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Interest rate fluctuations may impact the investment values and investment return profile of the Sub-Fund.

### **Counterparty Credit Risk and Default Risk**

The Company could lose money if borrowers do not make timely payments or do not honour their obligations. Within the relationships between the Company and its counterparties, including the Service Providers, there is a risk for each party that the counterparty will not live up to its contractual obligations.

### **Third-Party Managers and Funds**

The Portfolio Manager may allocate invest in other investment funds or vehicles. There can be no assurances that the investment strategies utilised by such third-party manager will be limited to the strategies described in the Offering Memorandum for a particular Sub-Fund. Nor can there be any assurances that the strategies employed by the Portfolio Manager or any third-party advisors or managers will be successful. The Portfolio Manager and the third-party managers will invest wholly

## J. STERN & CO.

independently of one another and may at times hold economically offsetting positions. To the extent that such positions are held, the relevant Sub-Fund may not achieve any gain or loss despite incurring expenses.

### Illiquid Investments

The Investments to be made by the Company may be illiquid. Investments may have no liquid secondary market, and/or may be restricted as to their transferability under applicable laws. The sale of any such Investments may be possible only at substantial discounts and it may be extremely difficult for the AIFM to accurately value any such Investments.

The eventual liquidity of all Investments will depend on the success of the realisation strategy proposed for each Investment. Such strategy could be adversely affected by a variety of factors. There is a risk that the Company or one of the Sub-Funds may be unable to realise its Investment objectives: either by loan repayment, by sale or other disposition at attractive prices of the underlying collateral, or otherwise be unable to complete a favourable exit strategy. Losses may be realised before gains on dispositions. The return of capital and the realisation of gains, if any, will generally occur only upon the partial or complete disposition or maturity of an Investment. Prospective Investors should therefore be aware that they may be required to bear the financial risk of their Investment for an undetermined period of time.

### Derivative Instruments Generally

The Portfolio Manager may make extensive use of derivatives depending on the relevant Sub-Fund's investment objective and strategy. Derivative instruments, or "derivatives", include instruments and contracts which are derived from, and are valued in relation to, one or more underlying securities, financial benchmarks, or indices (e.g., swaps, credit derivatives, futures contracts, index futures, forward contracts, and options). Derivatives typically allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, or index at a fraction of the cost of acquiring, borrowing, or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a recognised national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-recognised national exchanges.

Derivatives may entail investment exposures that are greater than their initial margins or option premiums would suggest, meaning that a small investment in derivatives could have a large potential impact on the Sub-Fund's performance. If the Sub-Fund invests in derivatives at inopportune times or judges market conditions incorrectly, such investments may lower the Sub-Fund's return or result in a loss, which could be significant. Derivatives are also subject to various other types of risk, including market risk, liquidity risk, structuring risk, counterparty financial soundness, credit worthiness and performance risk, legal risk, and operational risk. In addition, the Sub-Funds could experience losses if they are unable to liquidate their positions because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives. Derivative instruments that may be purchased or sold by the Portfolio Manager may include instruments not traded on an exchange. The risk of non-performance by the obligor on an instrument may be greater than, and the ease with which the Portfolio Manager can dispose of or enter into closing transactions with respect to an instrument may be less than, the risk associated with an exchange traded instrument, although this is not always the case. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments. Derivative instruments not traded on exchanges are not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with the transactions.

## J. STERN & CO.

### *Swap Agreements*

The Portfolio Manager may enter into swap agreements depending on the investment objective and strategy of the relevant Sub-Fund. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular “notional amount”. Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease the Sub-Fund’s exposure to commodity prices, equity or debt securities, long-term or short-term interest rates, foreign currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the Sub-Fund’s Portfolio. Swap agreements can take many different forms and are known by a variety of names. The most significant factor in the performance of swaps is the change in individual equity or debt security or commodity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments, the relevant Sub-Fund must have sufficient cash availability to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of a swap agreement would be likely to decline, potentially resulting in losses for the relevant Sub-Fund.

### *Repurchase Agreement Risk*

The Portfolio Manager may enter into repurchase agreements depending on the investment objective and strategy of the Sub-Fund. Repurchase agreements are subject to counterparty risk. In the case of a repurchase agreement, the counterparty may fail to repurchase its securities which may cause the relevant Sub-Fund to suffer delays and incur costs in exercising its rights under the agreement. In addition, if the securities held by the Sub-Fund as collateral for the repurchase agreement go down in market value, this may cause a loss to the Sub-Fund.

### *Reverse Repurchase Agreements*

The Portfolio Manager may enter into reverse repurchase agreements depending on the investment objective and strategy of the Sub-Fund. A reverse repurchase agreement typically involves the sale of a security by a party to a bank or securities dealer and the selling party’s simultaneous agreement to repurchase that security for a fixed price (reflecting a rate of interest) on a specific date, and may be considered a form of borrowing for some purposes. These transactions involve risks that the value of portfolio securities being relinquished may decline below the price that must be paid when the transaction closes or that the other party to a reverse repurchase agreement will be unable or unwilling to complete the transaction as scheduled, which may result in losses to the relevant Sub-Fund. Reverse repurchase agreements are a form of leverage that may also increase the volatility of the Portfolio.

### *Forward Contracts*

If permitted by the investment objective and strategy of the Sub-Fund, the Portfolio Manager may enter into forward contracts and options thereon which, unlike futures contracts, are not traded on exchanges and are generally not regulated; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are generally not applicable. Banks and other dealers with whom the Sub-Fund may maintain accounts may require the Sub-Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Company’s counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain

## **J. STERN & CO.**

counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which Portfolio Manager would otherwise recommend, to the possible detriment of the Sub-Fund. In addition, disruptions can occur in any market traded by the Sub-Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to the Sub-Fund. In addition, the Sub-Fund may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default. Such risks could result in substantial losses to the Sub-Fund.

### **Foreign Exchange, Currency Risk and Exchange Rate Fluctuations**

The Company's accounts are denominated in USD. Each Sub-Fund and Class may have a different Reference Currency. As the Portfolio Manager may invest in assets denominated in a wide range of currencies, certain of the Investments may be in currencies other than the USD or the Reference Currency of a particular Sub-Fund or a Class. The Net Asset Value per Share expressed in its respective Reference Currency will fluctuate in accordance with the changes in foreign exchange rate between the Reference Currency of the Company, the Sub-Fund or a Class and the currencies in which the Investments are denominated. Similarly, certain expenses of the Company, including organisational, offering and operating expenses and the fees of the AIFM, Company and the Service Providers, may continue to be incurred in currencies other than the USD or the relevant Sub-Fund's Reference Currency. Accordingly, the Company and each Sub-Fund and each Class is at risk and liable for any gain or loss incurred as a result of exchange rate fluctuation, when such Investments are realised or when such expenses are paid. Thus, Investors, indirectly, bear the risk of exchange rate fluctuations in respect of any purchase of Shares. The Portfolio Manager may, but is not obliged, to employ a currency hedge overlay program. There may be considerable costs associated with hedging arrangements which will be borne by the relevant Sub-Fund or a Class. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of Investments denominated in non-USD currencies or currencies other than the Reference Currency of each Sub-Fund or a Class because the value of instruments is likely to fluctuate as a result of independent factors not related to currency fluctuations. There can be no guarantee that a hedging arrangement will be in place at any time or that any hedging arrangements will be successful.

### **5.3 RISKS RELATING TO LAW AND REGULATION**

#### **Absence of Regulatory Supervision**

Since the Company is not supervised by the CSSF, there will not be any restrictions imposed by the CSSF on the Company's trading and investment choices (other than those set out in this Offering Memorandum, the Articles and by the applicable laws and regulations), nor will the activities of the Company be directly monitored on a regular basis by the CSSF. However, the AIFM will regularly report on the activities of the Company to the CSSF.

#### **Legal Considerations**

The offer and sale of the Shares in certain jurisdictions may be restricted by law, and investment in the Company may involve legal requirements, foreign exchange restrictions and tax considerations unique to each prospective Investor. Each prospective Investor should inform itself of such requirements, restrictions and considerations. Shares acquired by any person, or in any transaction, in violation of applicable law, may be mandatorily redeemed. There is a possibility that the Company's Investments may violate regulations of the jurisdictions in which the Company operates. There may be occasions where a transaction proves unenforceable at law due to changes in law or regulation. These occasions may cause the loss in value of the assets.

# J. STERN & CO.

## Country Risks

Regulatory changes may have a material and adverse effect on the prospects for profitability of the Company. Global markets are subject to ongoing and substantial regulatory supervision, and it is impossible to predict what statutory, administrative or imposed exchange restrictions may become applicable in the future. While the Company believes that the current process of reform of the economic and legal system in the target jurisdictions in which it seeks to invest is favourable to economic growth and the rates of return on Investments which the Company will seek to achieve, most (if not all) of the Investments will be highly sensitive to any significant change in political, social or economic policy or circumstance in the relevant jurisdictions. The Company's Investments may also be affected by uncertainties arising from political and social developments in or changes in the laws or regulations of the relevant jurisdictions.

## United Kingdom's Withdrawal from the EU

The United Kingdom voted on 23 June 2016 to leave the EU. The process of withdrawal from the EU was triggered on 29 March 2017, pursuant to Article 50 of the Treaty on European Union (the "TEU"), by the United Kingdom's formal notification to the European Council of its intention to withdraw from the EU.

The TEU provides for a period of up to two years from the date of the United Kingdom's notification for the negotiation and coming into force of a withdrawal agreement, at the end of which (whether or not agreement has been reached) the EU treaties cease to apply to the United Kingdom. The remaining EU member states and the United Kingdom may extend this period by unanimous agreement. As at today's date, the effective date of the United Kingdom's withdrawal from the EU has been postponed until 31 October 2019 and may be postponed further. The agreement on the United Kingdom's future relationship with the EU is separate and not subject to any formal time restriction.

During the withdrawal negotiation period and following the withdrawal of the United Kingdom from the EU, there is likely to be considerable uncertainty as to the United Kingdom's post-withdrawal and post-transition framework, and in particular as to the arrangements which will apply to its relationships with the EU and with other countries.

This process and/or the uncertainty associated with it may, at any stage, adversely affect the return on the Company and/or a Sub-Fund and its Investments. There may be detrimental implications for the value of a Sub-Fund's Investments and/or its ability to implement its investment strategy. This may be due to, among other things: (i) increased uncertainty and volatility in the United Kingdom, EU and other financial markets; (ii) fluctuations in asset values; (iii) fluctuations in exchange rates, accentuating currency risk; (iv) increased illiquidity of Investments located, listed or traded within the United Kingdom, the EU or elsewhere; (v) changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price at which and terms on which they are prepared to transact; and/or (vi) changes in legal and regulatory regimes to which the Company and a Sub-Fund and/or certain of a Sub-Fund's assets are or become subject.

Further, the United Kingdom's vote to leave the EU has created a degree of political uncertainty, as well as uncertainty in monetary and fiscal policy, which may continue during the withdrawal negotiation period and the transition period. It may have a destabilising effect on some of the remaining members of the EU, the effects of which may be felt particularly acutely by member states within the Eurozone.

## Emerging Markets Risk

Certain Sub-Funds may invest in securities of issuers in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscation, taxation, nationalisation, and social, political and economic instability;

## J. STERN & CO.

(ii) the smaller markets for securities of emerging markets issuers and lower volumes of trading, resulting in lack of liquidity and in greater price volatility, (iii) certain national policies which may restrict the investment opportunities available in respect of a Sub-Fund, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and on the realisation or repatriation of foreign investment; (iv) currency instability and hyper-inflation; and (v) the absence of developed legal structures governing private or foreign investment and private property.

### *Investment and Repatriation Restrictions*

A number of attractive emerging markets restrict, to varying degrees, foreign investment. Repatriation of investment income, capital gains and proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging markets and may be subject to currency exchange control restrictions. The Company will only invest in markets where the risks associated with these restrictions are considered acceptable. However, there can be no certainty that the Company will be successful in eliminating this risk.

### *Settlement Risks*

Settlement systems in emerging markets may be less well organised than in developed markets. Thus there are risks that settlement may be delayed and that cash or securities of the Company may be in jeopardy because of failures or of defects in these systems. In particular, market practice may require that payment shall be made prior to receipt of a security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by an agent or bank through whom the relevant transaction is effected might result in a loss being suffered by the Company. The Company and the Portfolio Manager will seek, where possible, to use counterparties' whose financial status is substantial such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk, particularly as counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

### **Litigation**

Certain Investments may carry a risk that the Company may be involved in contractual disputes arising between the Company and those in whom an Investment has been. Such contractual disputes may delay the reception of the funds to be received by the Company for an indefinite period.

The Company might be named as a defendant in a lawsuit or regulatory action stemming from the conduct of its business and the activities of the Company. In the event such litigation were to occur, the Company would bear the costs of defending against it and be at further risk if the defense in the litigation were unsuccessful. It should be noted that the Company has consulted with lawyers, accountants and other experts regarding the formation of the Company. Such personnel are accountable to the Company only and not to Investors themselves. Each prospective Investor should consult his own legal, tax and financial advisors regarding the desirability of an investment in the Company.

### **Tax**

#### *Tax Generally*

While a concerted effort will be made to minimise the tax burden of the Shareholders, no assurance can be given as to the level of taxation suffered. Changes in the tax regime of various jurisdictions in which the Company's assets are held can adversely affect the tax position of the Company and its Shareholders.

## J. STERN & CO.

### *Withholding Tax*

The income and gains of any Sub-Fund from its securities and assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise.

### *OECD BEPS*

In 2013 the OECD published its report on Addressing Base Erosion and Profit Shifting (“**BEPS**”) and its Action Plan on BEPS. The aim of the report and Action Plan was to address and reduce aggressive international tax planning. BEPS remains an ongoing project. On 5 October 2015, the OECD published its final reports, analyses and sets of recommendations (deliverables) with a view to implementing internationally agreed and binding rules which could result in material changes to relevant tax legislation of participating OECD countries. The final package of deliverables was subsequently approved by the G20 Finance Ministers on 8 October 2015. On 24 November 2016, more than 100 jurisdictions concluded negotiations on a multilateral instrument that will amend their respective tax treaties (more than 2,000 tax treaties worldwide) in order to implement the tax treaty-related BEPS recommendations. The multilateral instrument was signed on 7 June 2017 and entered into force on 1 July 2018. The multilateral instrument will then enter into effect for a specific tax treaty at certain times after all parties to that treaty have ratified the multilateral instrument. The final actions to be implemented in the tax legislation of the countries in which the Company will have Investments, in the countries where the Company or Investors are domiciled or resident, or changes in tax treaties negotiated by these countries, could adversely affect the returns from the Company.

### **EU Bank Recovery and Resolution Directive**

Pursuant to the EU Bank Recovery and Resolution Directive (2014/59/EU) (“**BRRD**”) EU member states were required to introduce a recovery and resolution framework for banks and significant investment firms (“**institutions**”) giving national competent and resolution authorities powers of intervention where such an institution is deemed to be failing or likely to fail. EU member states were required to transpose the BRRD into national law by January 2015 or in certain cases January 2016.

Among other things the BRRD provides for the introduction of a “bail-in tool” under which resolution authorities may write down claims of the institution’s shareholders and creditors and/or convert such claims into equity. Exceptions to this include secured liabilities, client assets and client money. If following a bail-in it is determined, based on a post-resolution valuation, that shareholders or creditors whose claims have been written down or converted into equity have incurred greater losses than they would have done had the institution had been wound up under normal insolvency proceedings, the BRRD provides that they are entitled to payment of the difference.

Other powers of intervention include the power to close out open derivatives positions, temporarily to suspend payment or delivery obligations, restrict or stay the enforcement of security interests and suspend termination rights.

The implementation of a resolution process in relation to an institution which is a counterparty to or obligor of a Sub-Fund could result in a bail-in being exercised in respect of any unsecured claims of a Sub-Fund, derivatives positions being closed out, and delays in the ability of a Sub-Fund to enforce its rights in respect of collateral or otherwise against the institution concerned. Any payment of compensation due to a Sub-Fund as a result of a Sub-Fund being worse off as a result of a bail-in is likely to be delayed until after the completion of the resolution process and prove to be less than anticipated or expected.

## MIFID II Regulatory Risk

MiFID II took effect on 3 January 2018. The requirements introduced by MiFID II have a direct or indirect impact on a wide range of market participants, including brokers, operators of Regulated Markets and trading venues, portfolio managers, direct and indirect clearing members and others. MiFID II affects the structure and operation of financial markets, trading activities and practices, including post-trading processes such as clearing, as well as the sale and promotion of financial products and conflicts of interest, including the receipt and payment of monetary and non-monetary benefits from third parties. Some provisions under the MiFID II Directive may be applied by the regulatory authorities in the different EU member states to persons and activities not generally subject to MiFID II. In addition, different approaches of regulatory authorities in different EU member states to determining which entities and activities fall within the scope of regulation may result in uneven application of the requirements under MiFID II to persons operating on a cross-border basis. Consequently, the operating costs of the Company may significantly increase as a result of the increased scope of and expense associated with regulatory compliance, which may have a material and adverse effect on the investment returns of a Sub-Fund. Further, brokers and counterparties of the Portfolio Manager may be subject to restrictions affecting their own ability to undertake transactions on behalf of or with the Portfolio Manager. This may impede the ability of the Portfolio Manager to achieve best execution for the Sub-Funds, and affect each Sub-Fund's return on Investment. It is not possible reliably to predict the full impact of the new regulatory requirements and restrictions on market participants (including the Portfolio Manager) and/or the effect of the same on the Portfolio Manager's ability to successfully implement each Sub-Fund's investment objective. Further, it is not possible fully to assess or predict any unforeseen or unintended effect of MiFID II on the operation and performance of the Sub-Funds, which may have a significant impact on their performance. The impact of the implementation of the requirements under MiFID II will continue for a significant time period, during which time the regulatory approach to a number of provisions under MiFID II may be confirmed or clarified which may have a favourable or adverse effect on each Sub-Fund's investment performance and the ability of the Portfolio Manager to achieve a return on Investment.

## European Market Infrastructure Regulation

EU Regulation No 648/2012 on over-the-counter derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or "**EMIR**") which is now in force, introduces requirements in respect of derivative contracts by requiring certain "eligible" over-the-counter ("**OTC**") derivative contracts to be submitted for clearing to regulated central clearing counterparties (the clearing obligation) and by mandating the reporting of certain details of OTC and exchange-traded ("**ETD**") derivative contracts to registered trade repositories (the reporting obligation). In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivative contracts which are not subject to mandatory clearing (the risk mitigation requirements) including the posting of collateral in respect of uncleared OTC trades. The Company will be a "Financial Counterparty" for the purposes of EMIR and will be subject to the clearing obligation, the reporting obligation and the risk mitigation requirements. The clearing obligation and the requirement to post collateral in respect of uncleared OTC trades are being phased in over a period of several years and, while it is difficult to predict their long term impact, may well result in an increase in the overall costs of entering into and maintaining OTC and ETD derivative contracts.

## EU General Data Protection Regulation

The EU General Data Protection Regulation (the "**GDPR**") has direct effect in all EU member states as of 25 May 2018 and replaces existing EU data privacy laws. Although a number of basic existing principles remain the same, the GDPR introduced new obligations on data controllers and rights for data subjects.

## **J. STERN & CO.**

A breach of the GDPR could expose the Company and/or the AIFM or relevant Service Provider to regulatory sanction including potentially significant fines. The GDPR identifies a list of points to consider when imposing fines (including the nature, gravity and duration of the infringement).

There is a risk that the GDPR measures have not been implemented correctly or that individuals within the business will not be fully compliant with the GDPR procedures. If there are breaches of these procedures, the AIFM and/or the Company could face significant administrative and monetary sanctions as well as reputational damage which may have a material adverse effect on their operations, financial condition and prospects.

### **5.4 GENERAL**

#### **Sector, Region, Specific Asset Classes and Completion Risks**

Prospective Investors should acknowledge that the Portfolios will be composed of assets presenting a greater risk and a higher volatility than investment in a broad range of securities covering different economic sectors, regions and/or asset classes. The value of the Investments made will be highly dependent upon the successful and timely completion of the various investee transactions, processes and/or delivery of products and of the final approval given by the competent authorities in each country for their distribution. In addition, certain industry sectors may be subject to greater government regulations than other sectors, and, as a result, changes to such government regulations may have a material adverse effect on these sectors. Such Investments may therefore drop sharply in value in response to market, or regulatory setbacks in addition to possible adverse effects from the competition of new market entrants and price volatility.

#### **Risk Factors Not Exhaustive**

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and considerations involved in investing in the Company. In particular, the Company's performance may be affected by changes in market conditions, and legal, regulatory and tax requirements. The Company will be responsible for paying the fees, charges and expenses referred to in this document regardless of the level of profitability.

Prospective Investors should be aware that the value of the Investments and the return derived from them may fluctuate. It should be noted that past performance is not necessarily a guide to future performance and as a result the NAV per Share and the amount of income distributed or accumulated thereon may go down as well as up.

### **6. SHARES**

#### **6.1 INVESTMENT BY WELL-INFORMED INVESTORS**

Shares are exclusively reserved for Well-Informed Investors. The Company will not issue, or give effect to any transfer of Shares to any Investor who is not a Well-Informed Investor, except as otherwise permitted by the RAIF Law.

The Company (or the Central Administrator acting on behalf of the Company) reserves the right to request such information as is necessary to verify the identity of an Investor and its status in regard to the qualification as a Well-Informed Investor. In the event of delay or failure by the Investor to produce any information required for verification purposes, the Company and the Central Administrator acting on behalf of the Company may refuse to accept the Subscription Form or transfer notice.

#### **6.2 US PERSONS AND FATCA**

Shares may not be offered to US Persons.

## J. STERN & CO.

Shareholders are required to notify the Company and/or the Central Administrator immediately in the event that they are or become US Persons, US citizens, US tax residents or Specified US person for purposes of FATCA or if their holding might result (i) in a breach of any (a) applicable Luxembourg law and regulations or other law and regulations, (b) requirement of any country or (c) requirement of any governmental authority, (ii) in the Company (including its Shareholders) or any of its delegates incurring any liability to taxation or suffering any sanction, penalty, burden or other disadvantage (whether pecuniary, administrative or operational) which the Company (including its Shareholders) or its delegates might not otherwise have incurred or suffered, or (iii) in that Shareholder to exceed any limit to which his shareholding is subject.

### 6.3 RESTRICTED PERSONS

The Company may restrict or place obstacles in the way of the ownership of Shares by any person if the Company considers that this ownership involves a violation of the laws of Luxembourg or any other country, more specifically a violation of the RAIF Law, or may involve the Company in being subject to taxation in a country other than Luxembourg or may in some other manner be detrimental to the Company.

To that end, the Company may decline to issue any Shares and decline to register any transfer of Shares when it appears that such issue or transfer might or may have as a result the allocation of ownership of the Shares to a person who is not authorised to hold Shares in the Company.

### 6.4 DESCRIPTION OF SHARES

The capital of the Company is represented by fully paid Shares with no par value. Each Share grants the right to one vote at every General Meeting.

References to the Shareholders in this Offering Memorandum shall mean any holder of Shares from time to time.

#### Sub-Funds and Classes

Shares are issued in respect of one or more Sub-Funds of the Company and each Sub-Fund may be represented by several classes of Shares (the “**Classes**”).

Each Class of Shareholders is intended to invest in its Class *pari passu* in rights and obligations.

The Company may at any time create new Sub-Funds.

The Company may issue additional Classes, which may carry different rights and obligations *inter alia* with regard to their investment objective and policy, Reference Currency, income and profit entitlements, distribution policy, fee or cost structure, Minimum Initial Subscription and Minimum Initial Holding Amounts, subscription and redemption conditions, target partners or other applicable terms and conditions, without the necessity to obtain the approval of Shareholders of other Classes.

In relation to Classes that are denominated in a currency other than the Reference Currency of the Company or the Sub-Fund, the Company may employ techniques and instruments intended to provide protection, so far as possible, against movements of the currency in which the relevant Class is denominated versus the Reference Currency. Further information is contained in section 3 above

#### Form of the Shares

The Shares are issued and will remain in registered form (actions nominatives) only. Shares are issued without par value and must be fully paid upon issue. The Shares are not represented by

## J. STERN & CO.

certificates. A holder of registered Shares shall receive a written confirmation of his or her shareholding.

The register of the Shareholders will be kept by the Central Administrator on behalf of the Company and will be available for inspection by any Shareholders. The register will contain the name of each owner of registered Shares, its residence or elected domicile as indicated to the Company and the number and Class held by it. The register will also contain the transfer of Shares and the dates of such transfers. The ownership of the Shares will be established by entry in this register.

Each Shareholder shall provide the Company (and the Central Administrator acting on behalf of the Company) with an address to which all notices and announcements may be sent. Such address shall also be entered into the register of Shareholders. Shareholders may, at any time, change their address as entered into the register of Shareholders by way of a written notification sent to the Company.

The Company will recognise only one holder per Share. In case a Share is held by more than one person, the Company has the right to suspend the exercise of all rights attached to that Share until one person has been appointed as sole owner in relation to the Share. The same rule shall apply in the case of conflict between a usufruct holder (*usufruitier*) and a bare owner (*nu-propriétaire*).

Title to Shares in registered form is transferred upon registration of the name of the transferee into the register of Shareholders of the Company. The Company will not issue, or give effect to any transfer of Shares, to any Investor who is a Restricted Person.

All Shares issued by the Company are redeemable Shares. The Company may therefore compulsorily redeem Shares at the Company's discretion in accordance with the Articles and the provisions of this Offering Memorandum.

Shares shall have the same voting rights and shall have no pre-emptive subscription rights. All Shareholders have the right to vote at the General Meeting. This vote can be exercised in person or by proxy. Each Share entitles its holder to one vote. No resolution of the General Meeting with a view to take a decision affecting the interests of the Company vis-à-vis third parties or to amend the Articles may be taken without the affirmative vote of the General Meeting in accordance with the Articles.

The Company's share capital is at all times equal to its Net Asset Value. The Company's share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed and no special announcements or publicity are necessary in relation thereto.

Fractional Shares will be issued to the nearest 1,000th of a Share, and such fractional Shares will not be entitled to vote (except where their number is so that they represent a whole Share, in which case they confer a voting right) but will be entitled to a participation in the net results and in the proceeds of liquidation attributable to the relevant Class on a pro rata basis.

The Reference Currency of the Company is USD. The Reference Currency of each Sub-Fund and Classes will be indicated in the relevant Sub-Fund Appendix where it is different to USD.

## 7. SUBSCRIPTIONS

### 7.1 SUBSCRIPTION FOR SHARES

During the Initial Offering Period or on the Initial Offering Date, the Company is offering the Shares under the terms and conditions as set forth in the relevant Sub-Fund Appendix. The Company may offer Shares in one or several Sub-Funds or in one or more Classes in each Sub-Fund. If so provided for in a Sub-Fund Appendix the Board of Directors or their delegates may

## J. STERN & CO.

extend the Initial Offering Period and/or postpone the Launch Date subject to the terms of the relevant Sub-Fund Appendix.

After the Initial Offering Period or on the Initial Offering Date, the Company may offer Shares of each existing Class in each existing Sub-Fund on any day that is a Valuation Day, as stipulated in the relevant Sub-Fund Appendix. The Company may decide that for a particular Class or Sub-Fund no further Shares will be issued after the Initial Offering Period or Initial Offering Date. The Board of Directors may further decide at its sole discretion to restrict the subscriptions for a particular Class or Sub-Fund (as will be set forth in the relevant Sub-Fund Appendix). However, the Board of Directors or their delegates reserves the right to authorise at any time and without notice the issue and sale of Shares for Classes or Sub-Funds that were previously closed for further subscriptions. Such decision will be made by the Board of Directors or the person duly appointed by it with due regard to the interest of the existing Shareholders in the relevant Class or Sub-Fund.

After the Initial Offering Period the relevant class of Shares will be available for subscription at the Offer Price for each Valuation Day. The offering price per Share of the relevant class of Shares (the "**Offer Price**") is the total of (i) the Net Asset Value per Share of this class of Shares for the Valuation Day plus (ii) the subscription charge as stated for each Share Class in the relevant Sub-Fund Appendix. A subscriber may also be required to pay an additional amount as a Dilution Levy, the rate of which is stipulated in the relevant Sub-Fund Appendix.

The Board of Directors may in its discretion decide to cancel the offering of a Sub-fund. The Board of Directors or the person duly appointed by it may also decide to cancel the offering of a new Class of Shares. In such cases, Investors having made an application for subscription will be duly informed and any subscription monies already paid will be returned. For the avoidance of doubt, no interest will be payable on such amount prior to their return to the relevant investors.

After the end of the Initial Offering Period or the Initial Offering Date, subscription requests can be made on any day that is a Business Day and must be sent by swift, by fax or by post to the Central Administrator no later than the Subscription Cut-Off, as defined in the relevant Sub-Fund Appendix. Applications for subscriptions should contain the following information: the identity and TA account number for subsequent subscriptions for existing accounts, address of the Shareholder requesting the subscription, the relevant Class of Share, ISIN code, the number of Shares or currency amount to be subscribed with clear decimal convention or expressed in words and confirmation in writing that the applicant adheres to the status of Well-Informed Investor (except for Institutional and Professional Investors in which case the subscription application shall contain a representation and/or evidence to that effect). All necessary documents to fulfil the subscription should be enclosed with such application and must be received in original signed version by post by the Central Administrator. No liability shall be accepted by the Depository and paying agent, the Central Administrator or the Company for any delays or losses arising from incomplete documentation.

Subscriptions received after the appropriate Subscription Cut-Off applicable to the Valuation Day, will be deferred until the following Valuation Day unless otherwise approved by the Board of Directors or their delegates or stated otherwise in the relevant Sub-Fund Appendix. No forward or future dated instructions will be recognised, and such instructions received by the Central Administrator prior to the appropriate Subscription Cut-Off for any Valuation Day will be processed at the applicable Valuation Day and such forward or future date indicated on the instructions will be disregarded. Investors will be allotted Shares at a price corresponding to the Net Asset Value per Share as of the applicable Valuation Day.

The Company may, without limitation:

- (a) decide to set Minimum Holding Amount, Minimum Subscription Amount and Minimum Subsequent Subscription Amount for a particular Class;

## J. STERN & CO.

- (b) impose restrictions on the frequency at which Shares of a certain Class are issued (and, in particular, decide that Shares of a particular Class will only be issued during one or more offering periods or at such other intervals as provided for in this Offering Memorandum);
- (c) reserve Shares of a Class exclusively to persons or entities that have entered into, or have executed, a Subscription Form under which the subscriber undertakes inter alia to subscribe for Shares, during a specified period, up to a certain amount and makes certain representations and warranties to the Company. As far as permitted under Luxembourg law, any such Subscription Form may contain specific provisions not contained in the other Subscription Documents;
- (d) reserve Shares of a Class exclusively to persons or entities that are clients of the Portfolio Manager or members of staff of the Portfolio Manager or their family members;
- (e) determine any default provisions on non or late payment for Shares or restrictions on ownership in relation to the Shares;
- (f) in respect of any one given Class, levy a Subscription Fee, Redemption Fee or conversion fee/charge and has the right to waive partly or entirely any charge;
- (g) decide that payments for subscriptions to Shares shall be made in whole, or in part, on one or more dealing dates; and
- (h) set the initial issue price, initial offering period or initial offering date, cut-off time for acceptance of Subscription Form, etc, in relation to a particular Class.

If the Depositary does not receive the funds in time the Investor will be liable for the costs of late or non-payment in which the case the Board of Directors or their delegates will have the power to redeem all or part of the Investor's holding of Shares in the Company in order to meet such costs. In circumstances where it is not practical or feasible to recoup a loss from an applicant for Shares, any losses incurred by the Company due to late or non-payment of the subscription proceeds in respect of subscription applications received may be borne by the Company.

Holding statements can be requested on a monthly, quarterly, half-yearly or yearly basis.

In addition, unless otherwise stated in this Offering Memorandum, if the Company determines that it would be detrimental to the existing Investors or Class to accept a subscription for Shares of any Class that represents more than 10% of the net assets of such Class, the Company may postpone the acceptance of such subscription and, in consultation with the incoming Investor, may decide to stagger its proposed subscription over an agreed period of time but in priority to any other subscriptions received subsequently for that Class.

### 7.2 SUBSCRIPTION FORMS

Each Investor subscribing for Shares must execute the Subscription Form. The Subscription Form includes inter alia the commitment of each Shareholder and contains certain representations and warranties to be made to the Company.

Payments for subscriptions will be made in the Reference Currency of the Class subscribed for and must be made within the time limits set out for each Class in this Offering Memorandum.

Shares will only be allotted upon receipt of notification from the Depositary that an authenticated electronic funds transfer advice or SWIFT message has been received provided that the transfer of money has been made in strict accordance with the instructions given in the electronic funds transfer form.

# J. STERN & CO.

## 7.3 IN SPECIE SUBSCRIPTIONS

Unless otherwise provided for in this Offering Memorandum, the Board of Directors may agree to issue Shares in consideration for a contribution in kind of securities or other assets, provided that such securities or other assets comply with its investment objective, policy and restrictions of the relevant Sub-Fund and are in compliance with Luxembourg Law.

Such a contribution will be valued in accordance with the valuation procedures of the Company set out in Section 16.” Calculation of Net Asset Value” of Part I General Section.

The Board of Directors reserves the right to decline to register any prospective Investor on the register of Shareholders until the Investor has been able to prove title to the assets in question and make a valid transfer thereof. Unless otherwise determined by the Board of Directors, any in kind subscription will be at the Investor’s risk and the costs of such a transfer will be borne by the Investor. Shares will not be issued until the Investments have been vested or arrangements are made to vest the Investments with the Depositary or its sub-custodian to the Depositary’s satisfaction (if applicable), and the number of Shares to be issued will not exceed the amount that would be issued as of the applicable Valuation Day if cash equivalent of Investments had been invested and the Depositary is satisfied that the terms of such subscription shall not be likely to result in any material prejudice to the existing Shareholders. Any prospective Investor wishing to subscribe for Shares by a subscription in kind will be required to comply with any administrative and other arrangements required for the transfer of assets specified by the Depositary and the Central Administrator.

## 7.4 INELIGIBLE INVESTORS

The Company may, at any time at its discretion, temporarily discontinue, cease definitely or limit the issue of Shares to persons or corporate bodies residing or established in certain countries or territories. The Company may decide, at its sole discretion, to prohibit any persons or corporate bodies from acquiring Shares. The Company may also prohibit certain persons or corporate bodies from acquiring Shares if such a measure is necessary for the protection of the Company and the Shareholders. Acceptance of applications is at the discretion of the Company, who does not need to assign any reason for rejecting an application, in whole or in part.

## 8. CONVERSION OF SHARES

### 8.1 SHAREHOLDER REQUEST

The Shareholders may apply for any Shares from a Class within a Sub-Fund to be converted into Shares of another Class within the same Sub-Fund, subject to the prior approval of the Board of Directors. If Investors wish to invest in another Sub-Fund, a redemption order will need to be placed, followed by a subscription order in the Share Class of the relevant Sub-Fund.

The conversion will be realised on the basis of their respective Net Asset Values calculated on the applicable Valuation Day following the conversion request date, subject to the prior approval of the Company and subject to the conversion request being submitted prior to the applicable subscription and redemption cut-off times as further indicated in the Appendix for each Sub-Fund, unless otherwise approved by the Board of Directors or their delegates. Otherwise, the conversion requests received after the applicable cut-off time will be deferred until the next following Valuation Day.

In addition, unless otherwise stated in this Offering Memorandum, if the Company determines that it would be detrimental to the existing Investors or Class to accept a conversion for Shares of any Class that represents more than 10% of the Net Asset Value of such Class, the Company may postpone the acceptance of such conversion and, in consultation with the Shareholder, may decide to stagger its proposed subscription and subsequent redemption over an agreed period of time but

## **J. STERN & CO.**

in priority of any other subscriptions and redemptions received subsequently in respect of those Classes.

The redemption and subscription costs connected with the conversion may be charged to the requesting Shareholder.

### **8.2 BY THE COMPANY**

If a Shareholder owns Shares of a Class that are subject to restrictions, including the type of investor or the Minimum Holding Amount, and the Shareholder ceases to be eligible to hold Shares of that Class, the Company may convert the Shares held by that Shareholder to Shares of another Class in the same Sub-Fund on the next Valuation Day.

## **9. REDEMPTION OF SHARES**

Shareholders may only request redemption of their Shares in accordance with the conditions set forth in this Offering Memorandum. Any such repurchase will be considered a distribution for the purpose of determining the rights of the holders of Shares to participate in such redemption and any performance fee or preferred returned as may be specified by the Appendix for each Sub-Fund shall be applicable thereto. The redemption price may, depending on the Net Asset Value per Share applicable on the date of redemption, be higher or lower than the price paid at the time of subscription. A redeeming Shareholder may, therefore, realise a taxable gain or loss in connection with the redemption under the laws of the country of the Shareholder's citizenship, residence or domicile. Furthermore, it is the Shareholder's responsibility to declare any taxable gain or income under the laws of the country of its citizenship, residence or domicile. No liability shall be accepted by the Company or any of its agents for any delays or omission to declare any taxable gain or income in connection with Shareholder's Investment in the Company.

Unless otherwise provided in the relevant Sub-Fund Appendix, the redemptions are possible as of each Valuation Day, within the limits and restrictions described in this Offering Memorandum and the relevant Appendix.

Only where redemptions are authorised in accordance with the terms of this Offering Memorandum, Investors whose Redemption Requests are received by the Central Administrator before the appropriate dealing cut-off time for the applicable Valuation Day, as more fully described in the relevant Sub-Fund Appendix, will be redeemed at a price corresponding to the Net Asset Value per Share as of the applicable Valuation Day. If Redemption Requests are received by the Central Administrator after the appropriate dealing cut-off time applicable to the Valuation Day, they will be considered on the next Valuation Day unless otherwise approved by the Board of Directors or their delegates or unless otherwise provided in the Sub-Fund Appendix. Redemption Fees may be charged on the redemption of Shares in favour of the Sub-Fund.

Furthermore, an amount equal to any duties and charges attributable to the relevant Class which will be incurred upon the disposal of the Company's Investments as at the date of redemption in order to fund such a redemption may be deducted from the redemption price.

Only where redemptions are authorised in accordance with the terms of this Offering Memorandum, Redemption Requests may be made by swift, by fax or by post and should contain the following information: the identity and account number and address and register number of the Shareholder requesting the redemption, the relevant Class, ISIN code, the number of Shares or currency amount to be redeemed, the name in which such Shares are registered and full payment details, including name of recipient, bank and account number. Bank details can only be used if in accordance with previously received original application form/registration documents or if sent in original form by post and signed by signatories authorized to act on the account. Redemption Requests must be accompanied by a document evidencing authority to act on behalf of a particular Shareholder or power of attorney which is acceptable in form and substance to the Company. All

## **J. STERN & CO.**

necessary documents to fulfil the redemption should be enclosed with such application to be considered valid on any particular Valuation Day. No liability shall be accepted by the Depository, the Central Administrator, the Portfolio Manager, the AIFM or the Company for any delays or losses arising from incomplete documentation. Redemption Requests made in accordance with the foregoing procedure shall be irrevocable, except that a Shareholder may revoke such request in the event that it cannot be honoured for any of the reasons specified in this Offering Memorandum.

If, due to a Redemption Request, a Shareholder would hold less than the Minimum Holding Amount, described in this Offering Memorandum, the Company may decide to compulsorily redeem all the Shares of such Shareholder of the relevant Class or convert the Shares of such Shareholder to another Class.

### **9.1 PRO RATA COMPULSORY REDEMPTION**

The Company may also compulsorily redeem the Shares on a pro rata basis among Shareholders when it considers compulsory redemption to be in the best interests of the Shareholders.

Upon a decision of the Company to redeem Shares of a Class, such redemption shall be specified by the Company in a notice served to the Shareholders. Such notice will specify the number of Shares to be redeemed, the redemption price which shall be equal to the Net Asset Value as of the relevant Valuation Day such Valuation Day to be determined by the Company.

### **9.2 REDEMPTION PROCEEDS**

Payments for redemption proceeds must be made within the time limits set out in the relevant Sub-Fund's Appendix of the Offering Memorandum, subject to the remainder of this section, in particular the ability of the Company to defer payment of redemption proceeds or defer redemptions as set out in section 9.5 in respect of Significant Redemptions immediately below.

### **9.3 FOREIGN EXCHANGE**

Payment for such Shares will be made in the Reference Currency of the Class as specified in the relevant Sub-Fund's Appendix.

### **9.4 ANTI-DILUTION LEVY**

The Board of Directors reserves the right to impose an anti-dilution levy in the case of net repurchases on a transaction basis as a percentage adjustment (to be communicated to the Central Administrator) up to a maximum of 2% of the value of the relevant repurchase calculated for the purposes of determining a Repurchase Price to cover dealing costs and to preserve the value of the underlying assets of the Sub-Fund where they consider such a provision to be in the best interests of a Sub-Fund. Such amount will be deducted from the price at which Shares will be repurchased in the case of net repurchase requests. Any such sum will be paid into the account of the Sub-Fund.

### **9.5 SIGNIFICANT REDEMPTIONS**

The Company shall ensure that an appropriate level of liquidity is maintained for each Class so that, under normal circumstances, repurchase of the requested Shares may be made by the Shareholders on any Valuation Day unless otherwise provided in the Sub-Fund Appendix.

### **Deferral of Payment**

If on any Valuation Day Redemption Requests represent more than 5% of the NAV of a specific Sub-Fund or Class, the Company may decide to accept the Redemption Request, but defer the payment of all or part of the redemption proceeds until such time as any illiquid Investments held

## J. STERN & CO.

in the relevant Sub-Fund have been sold (which is not expected to be more than 6 months). No interest shall apply on the amount of redemption proceeds so deferred. The Shares shall be considered redeemed as from the applicable Valuation Day. As from such day the Investor will cease to be the Shareholder of the Company and the deferred redemption proceeds shall not participate in any subsequent profits or losses of the relevant Class.

### Deferral of Redemptions

In addition, if on any Valuation Day Redemption Requests represent more than 10% of the NAV of a specific Class, the Company may decide that part or all of such requests for repurchase will be deferred for such period as the Company considers to be in the best interests of the Shareholders. The requests for redemption at such Valuation Day shall be reduced pro rata and the Shares which are not redeemed by reason of such limit shall be treated as if a request for redemption had been made in respect of each subsequent Valuation Day until all the Shares to which the original Redemption Request related have been redeemed. Redemption Requests which have been carried forward from an earlier Valuation Day shall be complied with (subject always to the foregoing limits) and given priority over later requests relating to the same Class.

### 9.6 SIDE POCKETS

In the circumstances where the valuation of certain Investments becomes impossible, the Board of Directors can create a Side Pocket Class within each Sub-Fund with the purpose to:

- (a) protect the redeeming Shareholders from being paid an amount which does not take into account the ultimate realisation value of the Side Pocket Investments;
- (b) protect the Investors contemplating to subscribe Shares to be exposed to Side Pocket Investments;
- (c) protect non-redeeming Shareholders against the disposal of part or all of Side Pocket Investments below their fair value; or
- (d) avoid the suspension of the calculation of the NAV and of the processing of subscriptions, conversions and redemption of Shares.

The Board of Directors may decide to designate one or more Investments as Side Pocket Investments if the relevant Investment lacks a readily assessable market value or is otherwise hard to value or to be disposed of.

The Board of Directors is entitled to compulsorily convert a pro rata portion a part of the outstanding Shares of the relevant Class into Side Pocket Shares. The issue price of a Side Pocket Share will be based on the latest NAV of the Share which is converted into a Side Pocket Share and which takes into account the latest value as retained for the Side Pocket Investments net of any costs and deferred fees attributable to the Side Pocket Class.

Side Pocket Shares will be treated as if requested to be redeemed as of the date of their creation – it results that holders of Side Pocket Shares do not need (and cannot) request the redemption of Side Pocket Shares.

The priority objective of the Company is to realise or dispose Side Pocket Investments in the best interest of the Shareholders. Any net proceeds collected from the realisation or the disposal of Side Pockets Investments shall in principle used to redeem Side Pocket Shares.

The Side Pocket Class has its own accounting and its NAV will be calculated at least once a year, unless otherwise determined by the Board of Directors. The value of Side Pockets Investments can be set at the value retained when the relevant Side Pocket Investment has been transferred to

## **J. STERN & CO.**

the Side Pocket Class less any impairment or write-off decided in good faith by the AIFM in the best interest of the Shareholders. Investors should be aware that the NAV of the Side Pocket Class is not determined with the same degree of certainty as the NAV of any other Class and that the NAV of the Side Pocket Class is for information purpose only.

If a Side Pocket Class is created by the Board of Directors, the Company or the AIFM will periodically disclose to the Shareholders the percentage of Investments allocated within the relevant Sub-Fund to the Side Pocket Class in accordance with article 21(4) (a) of the AIFM Law.

### **10. SUSPENSION AND REJECTION OF SUBSCRIPTIONS**

The Company may suspend or interrupt the issue of the Shares at any time. It may do so particularly in the circumstances described under Section 16. "Temporary Suspension of the Calculation" of Part I. General Section.

When, after a suspension of the issue of Shares for any period of time, the Company decides to resume such issue, all pending subscriptions will be processed on the basis of the same Net Asset Value determined as of the first Valuation Day occurring after calculation of the Net Asset Value is resumed.

### **11. TRANSFER OF SHARES**

The transfer of all or any part of any Investor's Shares in any Class is subject to the provisions of this section.

No transfer of all or any part of any Shareholders' Shares in any Class, whether direct or indirect, voluntary or involuntary (including, without limitation, to an affiliate or by operation of law), shall be valid or effective if:

- (a) the transfer could result in a violation of any law or regulation of Luxembourg or any other jurisdiction (including, without limitation, the US Securities Act, any securities laws of the individual states of the United States, or ERISA) or subject the Company or any Sub-Fund thereof to any other adverse tax, legal or regulatory consequences as determined by the Company;
- (b) the transfer could result in a violation of any term or condition of the Articles, that Shareholder's Subscription Form or of this Offering Memorandum;
- (c) the transfer could result in the Company being required to register as an investment company under the US Investment Company Law;
- (d) it shall be a condition of any transfer (whether permitted or required) that:
  - (i) the transferee represents in a form acceptable to the Company that such transferee is not a Restricted Person and that the proposed transfer itself does not violate any laws or regulations (including, without limitation, any securities laws) applicable to it;
  - (ii) the transferee is not a Restricted Person; and
  - (iii) the transferee provides the Company with a Subscription Form acceptable to the Company.

Additional restrictions on transfer may be set out in this Offering Memorandum in respect of particular Class) in which case no transfer of all or any part of any Shareholders' Shares in the

## J. STERN & CO.

relevant Class, whether direct or indirect, voluntary or involuntary, shall be valid or effective if any of these additional restrictions on transfer are not complied with.

The transferor shall be responsible for, and pay, all costs and expenses (including any taxation) arising in connection with any such permitted transfer, including reasonable legal fees arising in relation thereto incurred by the Company and stamp duty or stamp duty reserve tax (if any) payable.

In the event of a proposed transfer of Shares (a “**Proposed Transfer**”), the transferor shall make a declaration thereof to the Company by registered letter or fax with return receipt requested (the “**Notification Letter**”), (i) indicating the full name, mailing address and tax domicile of the transferor and of the transferee, the identification number and the number of Shares which the transferor plans to transfer (the “**Proposed Shares**”), and the price offered for the Proposed Shares, and (ii) including a representation and warranty given by the transferee that such transferee is a Well-Informed Investor.

In order to maintain the consistency of the Company's Shareholders, it is agreed that the transfer of any Share, for any reason whatsoever, is subject to the prior written approval of the Company.

The Company will have twenty (20) Business Days as from the reception of the Notification Letter to decide whether it does or does not approve the transfer and to notify such decision to the transferor. If the Company does not notify its acceptance within the twenty (20) Business Day period aforementioned, the transfer shall be deemed rejected.

Where approval is given, the completion of the transfer of Shares shall take place according to the notified conditions within fifteen (15) Business Days following the notification of such approval or the expiration of the period of twenty (20) Business Days provided in the above paragraph.

The Company has full discretion in making this decision, is not subject to any restrictions and is not required to make the reasons for its decision known.

### 12. COMPULSORY REPURCHASE OF SHARES

The Company has the power to repurchase or make associated entities repurchase Shares of its own Share Capital subject to due observance of the provisions of the Law of 1915, the Articles and of this Offering Memorandum.

Notwithstanding the ability of the Company to proceed to compulsory redemption as described in Section 9. “Redemption of Shares” of Part I. General Section, the Company may also and at its sole discretion decide to repurchase all the Shares held by a Shareholder in the following circumstances:

- (a) if the continued participation of a Shareholder is likely to cause the Company to breach any law, regulation, or interpretation, or would result in the Company or any Shareholder suffering material taxation or other economic disadvantages which they would not have suffered had such person ceased to be a Shareholder;
- (b) if a Shareholder has materially breached any provision of the Articles;
- (c) if the Shares were acquired or are being held in violation of the Law of 1915, this Offering Memorandum or the Articles, or by any person who is not or ceased to be a Well-Informed Investor according to article 2 of the RAIF Law. In that scenario, the Company may not decide to refrain from acting and may decide either to (i) to repurchase all the Shares held by a Shareholder or (ii) to have such Shares transferred to an existing Shareholder or (iii) to a third party;
- (d) if a Shareholder is found to be a Restricted Person;

## J. STERN & CO.

- (e) such other circumstances as the Company determines acting in good faith where continued ownership would be materially prejudicial to the interests of the Company or its Shareholders;
- (f) insolvency proceedings are commenced against a Shareholder's assets or the start of such proceedings is declined due to lack of insolvent assets;
- (g) in the case of death of a Shareholder, where his/her heirs do not qualify as Well-Informed Investor(s). In that scenario, the Company may not decide to refrain from acting and may decide either to (i) to repurchase all the Shares held by a Shareholder or (ii) to have such Shares transferred to an existing Shareholder or (iii) to a third party.

In the event of the repurchase of Shares under the items listed above or as described under "Pro Rata Compulsory Redemption" in Section 9 "Redemption of Shares" of Part I. General Section, the Company shall serve a notice (the "**Purchase Notice**") upon the Shareholder holding Shares to be compulsorily redeemed or appearing in the register of Shareholders as the owner of such Shares to be redeemed, specifying the Shares to be redeemed as aforesaid, the date at which the redemption shall take effect and the manner in which the redemption price will be calculated. Any such Purchase Notice may be served upon such Shareholder by posting the same in a prepaid registered envelope addressed to such Shareholder at its last address known to or appearing in the books of the Company. Immediately after the close of business on the date specified in the Purchase Notice, such Shareholder shall cease to be the owner of the Shares specified in such notice and the Company is entitled to remove the Shareholder or its nominee from the register of Shareholders.

The price at which each such Share is to be redeemed (the "**Purchase Price**") shall be the latest Net Asset Value per Share (or the Initial Subscription Price if no Net Asset Value has been calculated yet) of the relevant Class at the date of the Purchase Notice as set forth in Section 16. "Calculation of the Net Asset Value" of Part I. General Section.

Unless otherwise provided in this Offering Memorandum, payment of the Purchase Price will be made available to the former owner of such Shares in the Reference Currency of the relevant Class and will be deposited for payment to such owner by the Company with a bank in Luxembourg or elsewhere (as specified in the Purchase Notice) upon final determination of the Purchase Price. Upon service of the Purchase Notice as aforesaid such former owner shall have no further interest in such Shares, nor any claim against the Company or its assets in respect thereof, except the right to receive the Purchase Price (without interest) from such bank.

The exercise by the Company of the power conferred by this section shall not be questioned or invalidated in any case, on the ground that there was insufficient evidence of ownership of Shares by any person or that the true ownership of any Shares was otherwise than appeared to the Company at the date of any Purchase Notice, provided in such case the said powers were exercised by the Company in good faith.

The Shareholder whose participation has been so redeemed may no longer participate in any Shareholders' vote and its Shares shall not be counted as part of the total amount of the Shares of all the Investors for purposes of calculation of quorum and majority for any Shareholders' vote at a General Meeting.

### 13. SWING PRICING ADJUSTMENT

A Sub-Fund may suffer dilution of the Net Asset Value per Share due to Investors buying or selling Shares in a Sub-Fund at a price that does not reflect the dealing and other costs that arise when security trades are undertaken by the Portfolio Manager to accommodate cash inflows or outflows. In order to counter this impact, a swing pricing mechanism may be adopted to protect the interests of Shareholders of a Sub-Fund. If on any Valuation Day, the aggregate net transactions in Shares

## J. STERN & CO.

of a Sub-Fund exceed a pre-determined threshold (based on a consideration of the net dealing activity in the relevant Sub-Fund on a dealing day), as determined and reviewed for each Sub-Fund on a periodic basis by the Board of Directors, the Net Asset Value per Share may be adjusted upwards or downwards to reflect net inflows and net outflows respectively. The net inflows and net outflows will be determined by the Board of Directors or their delegate based on the latest available information at the time of calculation of the Net Asset Value per Share. The extent of the price adjustment will be set by the Board of Directors to reflect dealing and other costs. Such adjustment may vary from Sub-Fund to Sub-Fund and will not exceed 2% of the original Net Asset Value per Share.

As at the date of this document, no such price adjustment has been so determined for any Sub-Fund. Should the Board subsequently decide to apply such an adjustment, the price adjustment applicable to those Sub-Funds to which it is applied will be available on request from the Company at its registered office.

The Board of Directors may consider it appropriate not to apply the swing price adjustment to the Net Asset Value per Share of a Sub-Fund where it is seeking to attract inflows to assist a Sub-Fund in reaching a certain size. If such a decision is taken in relation to a Sub-Fund, the Company will pay the dealing and other costs resulting from securities trades to avoid the Sub-Fund suffering dilution of the Net Asset Value. Where this happens Shareholders will subscribe or redeem at a Net Asset Value that will not have been adjusted upwards as would have been the case if the swing pricing mechanism had been applied.

Swing pricing will not be applied in addition to any anti-dilution levy.

### **14. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION**

Pursuant to the Luxembourg law of November 12, 2004, as amended, the law of December 23, 2016 relating to the tax reform 2017, the CSSF Regulation n°12-02 of December 14, 2012, the CSSF Circulars 17/650 of February 17, 2017 and 18/698 and EU Directives issued by the European Parliament and Council relating to the prevention of money laundering and terrorist financing, as amended from time to time, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering purposes and terrorist financing purposes.

The Central Administrator will perform the identification of Shareholders in accordance with the obligations set forth by the Luxembourg law of November 12, 2004, as amended by the law of December 23, 2016 relating to the tax reform 2017, the CSSF Regulation n°12-02 of December 14, 2012, the CSSF Circular 17/650 of February 17, 2017 and EU Directives issued by the European Parliament and Council relating to the prevention of money laundering and terrorist financing, as amended from time to time.

This identification procedure must be complied with by the Central Administrator, acting as registrar and transfer agent, in the case of direct subscriptions to a Class, and in the case of subscriptions received by the Company from any intermediary resident in a country that does not impose on such intermediary an obligation to identify investors equivalent to that required under Luxembourg laws for the prevention of money laundering and terrorist financing. It is generally accepted that professionals of the financial sector resident in a country that has ratified the conclusions of the Financial Action Task Force (*Groupe d'Action Financière*) are deemed to be intermediaries having an identification obligation equivalent to that required under Luxembourg law.

In relation to any application for subscription or redemption, or transfer of, Shares, the Company and/or the Central Administrator may require at any time such documentation as it/they deem appropriate. Failure to provide such information in a form which is satisfactory to the Company

## **J. STERN & CO.**

and/or Central Administrator may result in any application or transfer request not being processed. Failure to provide satisfactory documentation may result in the compulsory redemption of Shares. Should documentation not be forthcoming with regard to the return of payments or the redemption of Shares, then such payment may not proceed.

### **15. LATE TRADING, MARKET TIMING AND OTHER PROHIBITED PRACTICES.**

The Company does not permit late trading practices as such practices may adversely affect the interests of investors. In general, late trading is to be understood as the acceptance of a subscription, redemption or conversion order for Shares after the cut-off time, as defined in the relevant Sub-Fund Appendix, and the execution of such order at a price based on the Net Asset Value applicable to such same day. However, as mentioned above, the Company may accept subscription, conversion or redemption applications received after the cut-off time, in circumstances where the subscription, redemption or conversion applications are dealt with on an unknown Net Asset Value basis, provided that it is in the interest of the Sub-Fund and that investors are fairly treated. In particular, the Board of Directors may waive the cut-off time where an intermediary submits the application to the Central Administrator after the cut-off time provided that such application has been received by the intermediary from the investor in advance of the cut-off time.

Subscriptions and conversions of Shares should be made for investment purposes only. The Company does not permit market timing or other excessive trading practices. Market timing is to be understood as an arbitrage method by which an investor systematically subscribes and redeems or converts Shares of the same Sub-Fund or Share Class within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value. Excessive, short-term (market timing) trading practices may disrupt portfolio management strategies and harm fund performance. To minimise harm to the Company and other investors, the Company has the right to reject any subscription or conversion order, or levy, in addition to any Subscription Fee, Redemption Fee or Conversion Fee which may be charged as defined in the relevant Sub-Fund Appendix, an additional fee depending on the value of the order for the benefit of the Sub-Fund or Share Class, from any investor who is engaging or is suspected of engaging in excessive trading, or has a history of excessive trading, or if an investor's trading, in the opinion of the Board of Directors, has been or may be disruptive to the Company. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control.

The Company also has the power to compulsorily redeem all Shares held by, on behalf or for the account or benefit of, an investor who is or has been engaged in, or is suspected of being engaged in, late trading, market timing or other excessive trading, in accordance with the procedure set out in this Offering Memorandum. The Board of Directors considers such persons as Prohibited Persons.

### **16. CALCULATION OF THE NET ASSET VALUE**

#### **16.1 GENERAL**

On any Business Day, the Company may decide to determine a Net Asset Value per Share. The Net Asset Value will be expressed in the Reference Currency of the applicable Class of the relevant Sub-Fund. The Net Asset Value shall also be determined for each Sub-Fund and for the Company to be expressed in the relevant Reference Currency.

The Net Asset Value per Share of each Class of the relevant Sub-Fund is determined by dividing the value of the total assets of that Class less the liabilities of such Class properly allocable to such Class by the total number of Shares of such Class outstanding on the relevant Valuation Day.

## **J. STERN & CO.**

The Net Asset Value per Share may be rounded up or down to the nearest cent of the relevant currency as the Company shall determine.

The AIFM will be responsible for the calculation and the publication in line with article 17(10) of the Luxembourg act of 12 July 2013 on AIFMs, as amended and CSSF Circular 18/698. The Fund has delegated to the Central Administrator the calculation of the Net Asset Value and its publication.

### **16.2 ASSETS TO BE VALUED**

The assets of the Company shall be deemed to include:

- (a) all cash on hand or on deposit, including any interest accrued thereon;
- (b) all bills, demand notes payable, accounts receivable (including proceeds of securities sold but not delivered)
- (c) all loans payable to the Company;
- (d) all stock dividends, cash dividends and cash distributions receivable by the Company to the extent information thereon is reasonably available to the Company;
- (e) all interest accrued, and fees, on any interest bearing assets owned by the Company except to the extent that the same is included or reflected in the principal amount of such asset;
- (f) the preliminary expenses of the Company, including the cost of issuing and distributing shares of the Company, insofar as the same have not been written off;
- (g) any amount borrowed and on a permanent basis, for investment purposes; and
- (h) all other assets of any kind and nature including expenses paid in advance.

### **16.3 VALUATION OF ASSETS**

The value of such assets will be determined as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received, is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof;
- (b) shares or units in UCIs which are listed on a stock exchange or dealt in another Regulated Market will be valued on the basis of the last available published stock exchange price, or if such price is not representative, on the basis of the fair value determined by the AIFM.
- (c) shares or units in unlisted UCIs will be valued at the actual net asset value of such shares or units as communicated by the UCI as of the relevant Valuation Day, failing which they shall be valued at the last available net asset value whether estimated or actual which is calculated prior to such Valuation Day whichever is the closer to such Valuation Day, failing which they shall be valued at the estimated net asset value as of such Valuation Day, provided that if events have occurred which may have resulted in a material change in the net asset value of such shares or units since the date on which such actual or estimated net asset value was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the AIFM, such change;

## J. STERN & CO.

- (d) the value of the financial assets (debt and structured financial instruments) which are not listed on a stock exchange nor dealt on a Regulated Market, will be determined at the fair value based on the face value plus accrued interest and fees, less any assessed impairment.
- (e) investments, other than those listed in (b), (c) and (d) above, including, without limitation, over-the-counter derivatives contracts, which are not dealt with in or traded on a recognised exchange, market or similar electronic system, or through a clearing firm, exchange or financial institution, will be valued on the basis of the latest available valuation provided by the relevant counterparty or otherwise at its probable realization value as determined in good faith by the AIFM, assisted, as the case may be by a third party valuer approved for such purpose by the AIFM, having regard to such factors as the AIFM in its sole discretion deems appropriate.
- (f) any transferable security and any money market instrument negotiated or listed on a stock exchange or dealt with on any other organised market will be valued on the basis of the last known price, unless the price is not representative, in which case the value of such an asset will be determined on the basis of its fair value.

Each Class shall be valued so that all agreements to purchase or sell securities are reflected as of the date of execution, and all dividends receivable and distributions receivable are accrued as of the relevant ex-dividend dates.

The Company is authorized to adopt any other appropriate principles for valuing the Company's assets if extraordinary circumstances make it impossible or inappropriate to calculate the values based on the aforementioned criteria.

In the event of high levels of subscription or redemption applications, the Company may calculate the value of the Shares based on prices in the stock exchange or market trading session during which it was able to carry out the necessary purchases or sales of securities for the Company. In such cases, a single method of calculation will be applied to all subscription or redemption applications received at the same time.

### 16.4 LIABILITIES AND EXPENSES

The liabilities of the Company shall be deemed to include:

- (a) all loans, bills and accounts payable;
- (b) all accrued interest on loans of the Company;
- (c) all accrued or payable administrative expenses;
- (d) all accrued Performance Fees;
- (e) all known liabilities, present and future, including all matured contractual obligations for payment of money or property;
- (f) an appropriate provision for future taxes based on capital and income to the relevant Valuation Day, as determined from time to time by the Company, and other reserves, if any, authorised and approved by the Company; and
- (g) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by Shares of the Company.

In determining the amount of such other liabilities, the Company shall take into account all expenses payable by the Company which shall comprise promotion, printing, reporting and

## J. STERN & CO.

publishing expenses, including the cost of advertising, preparing, translating and printing of Offering Memorandum, explanatory memoranda, company documentation or registration statements, annual reports, taxes or governmental charges, and all other operating expenses, including the cost of buying and selling assets, interest, bank charges and brokerage, postage, telephone, facsimile and other electronic means of communication.

The Company may calculate and recalculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance and may accrue the same in equal proportions over any such period.

### 17. TEMPORARY SUSPENSION OF CALCULATING NAV

The Company may temporarily suspend the determination of the Net Asset Value of a particular Class and in consequence the issue, repurchase and conversion of Shares, without limitation to the generality of the above, in the following events:

when one or more stock exchanges or markets on which a significant percentage of the Company's assets are valued or one or more foreign exchange markets, in the currencies in which the Net Asset Value per Share is expressed or in which a substantial portion of the Company's assets is held, are closed, for a reason other than for normal holidays or if dealings on them are suspended, restricted or subject to major fluctuations in the short term; or

- (a) when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Company, disposal of the assets of the Company attributable to such Class is not reasonably or normally practicable without being seriously detrimental to the interests of the Shareholders; or
- (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets owned by the Company attributable to such Class would be impractical; or
- (c) in the case of a breakdown in the normal means of communication used for the valuation of any Investment of the Company attributable to such Class, or if, for any exceptional circumstances, the value of any asset of the Company attributable to such Class may not be determined as rapidly and accurately as required; or
- (d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Company are rendered impracticable or if purchases and sales of the Company's assets attributable to such Class cannot be effected at normal rates of exchange; or
- (e) following the occurrence of an event entailing the liquidation of the Company; or
- (f) during any period when the Company in its sole discretion determines that it is undesirable or impracticable for the Company to value some or all of its assets or when the Company determines in good faith that such suspension or extension is in the best interests of the Company.

Any such suspension will be notified by regular post letters or email to those Shareholders having made an application for subscription, redemption or conversion of Shares for which the calculation of the Net Asset Value has been suspended.

Such suspension as to any Class shall have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Class.

## **J. STERN & CO.**

Any request for subscription, redemption or conversion shall be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share in the relevant Class.

### **18. GENERAL MEETING**

At least one General Meeting must be held every year at the Company's registered office or any other location in Luxembourg specified in the convening notice. The meeting must be held within six months after the end of the Accounting Year.

Other meetings of the Shareholders may be held at such place and time as may be specified in the respective convening notices of the meeting.

Notices for each General Meeting will be sent to the Shareholders by post at least eight (8) calendar days prior to the relevant General Meeting at their addresses set out in the Register of Shareholders of the Company. Such notices will include the agenda and specify the time and place of the meeting and the conditions of admission and will refer to the requirements of Luxembourg Law with regard to the necessary quorum and majorities required for the meeting. If all Investors meet and declare having had notice of the General Meeting or waiving the notice, the General Meeting may be validly held despite the accomplishment of the afore set formalities. The requirements as to attendance, quorum and majorities at all General Meetings are those set in the Law of 1915 and the Articles.

Except as otherwise required by the Law of 1915 or as otherwise provided in the Articles, resolutions at a duly convened General Meeting will be passed by a simple majority of those present or represented and voting provided that no resolution of the General Meeting with a view to take a decision affecting the interests of the Company vis-à-vis third parties or to amend the Articles may be taken without the affirmative vote of the Company.

### **19. ACCOUNTING YEAR AND REPORTING**

The accounting year will begin on 1<sup>st</sup> July and terminate on 30<sup>th</sup> June of each year, except for the first Accounting Year which will begin on the day of incorporation of the Company and ends on 30<sup>th</sup> June 2020.

The Company shall publish annually a report on its activities, on its Investments and on the management of its Investments. The report shall include, inter alia, audited financial statements, a description of the assets of the Company, a report from the Auditor and a calculation of the value of the assets of the Company as per the financial year end.

The accounting standards for the Company will be the Generally Accepted Accounting Principles of Luxembourg (Lux GAAP) The Company will not establish consolidated accounts.

The annual report will be sent to all Investors and will be submitted to the annual General Meeting for approval within six months after the end of each Accounting Year.

Documents available for inspection by Shareholders free of charge, during usual business hours at the registered office of the Company in Luxembourg:

- (a) the Offering Memorandum;
- (b) the Articles;
- (c) the agreements entered into by the Company with the Service Providers described in this Offering Memorandum;
- (d) the latest audited annual accounts report (if available);

## **J. STERN & CO.**

- (e) the last Net Asset Value per Share of the Sub-Funds and, as the case may be, of the Classes;
- (f) the past performance of the Sub-Funds;
- (g) the description of the procedure put in place to ensure a fair/equal treatment of the Investors;
- (h) the description of the modalities and frequencies of the communications to Investors of information required by applicable laws and/or regulations;
- (i) the description of the procedures by which the Company may change the investment strategy and/or the investment policy of the Sub-Funds;
- (j) the jurisdictions in which each Sub-Fund has invested; and
- (k) the description of the liquidity management.

### **20. DIVIDENDS**

Where specified for specific Classes as disclosed under this Offering Memorandum, the Company may declare annual or other interim distributions from the investment income gains and realised capital gains, if any, and, if considered necessary to maintain a reasonable level of dividends, out of any other funds available for distribution.

Notwithstanding the above, no distribution may be made as a result of which the total net assets of the Company would fall below the equivalent in the Reference Currency of the Company of the minimum amount as required by Luxembourg law.

Dividends not claimed within five (5) years of the payment date will lapse and will revert to the relevant Class.

### **21. DISSOLUTION/LIQUIDATION**

The Company and each of the Sub-Funds have been established for an unlimited period of time. The Company and or any of the Sub-Funds may be terminated at any time by a resolution of the relevant General Meeting subject to the quorum and majority referred to in the Articles.

#### **21.1 LIQUIDATION OF THE COMPANY**

Whenever the share capital has decreased below two-thirds of the minimum capital indicated (or to an amount determined by the Company to be the minimum level for the Company to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation, the question of the dissolution of the Company shall be referred to the General Meeting by the Company. The General Meeting, for which no quorum shall be required, shall decide by simple majority of the votes of the shares represented at the meeting.

The question of the dissolution of the Company shall further be referred to the General Meeting whenever the share capital falls below one-fourth of the minimum capital set by the Articles; in such an event, the General Meeting shall be held without any quorum requirements and the dissolution may be decided by Shareholders holding one-fourth of the votes of the shares represented at the meeting.

The meeting must be convened so that it is held within a period of forty (40) calendar days from ascertainment that the net assets of the Company have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

## J. STERN & CO.

The liquidation shall be carried out by one or several liquidators, who may be physical persons or legal entities, appointed by the General Meeting which shall determine their powers and the compensation.

The event leading to dissolution of the Company must be announced by a notice published in the *Recueil Electronique des Sociétés et Associations*. In addition, the event leading to dissolution of the Company must be announced in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper. Such event may also be notified to the Shareholders in such other manner as may be deemed appropriate by the Company.

The liquidator will realise the assets of the Company in the best interest of the Shareholders thereof, and upon instructions given by the General Meeting, the Depository and paying agent will distribute the net proceeds from such liquidation, after deducting all liabilities, unamortised costs and liquidation expenses relating thereto, amongst the Shareholders in proportion to the number of Shares held by them. The liquidator may distribute the assets of the Company wholly or partly in kind to any Shareholder who agrees in compliance with the conditions set forth by the General Meeting (including, without limitation, delivery of independent valuation report issued by the auditors of the Company) and the principle of equal treatment of Shareholders. In that respect, distribution in kind of assets, including fractions of securities or assets attributable to each Shareholder, held by the Company may be performed by the issuance and distribution, to each Shareholder, of a certificate of entitlement issued by the Depository and paying agent and representing the assets and fractions herein.

At the close of liquidation of the Company, the proceeds thereof corresponding to Shares not claimed by the Investors will be deposited and kept in safe custody with the Luxembourg Caisse de Consignation until the prescription period has elapsed.

### 21.2 LIQUIDATION OF A CLASS OR SUB-FUND

In the event that for any reason whatsoever, the value of assets of a Class or Sub-Fund should fall to such an amount considered by the Company as the minimum level under which the Class or Sub-Fund may no longer operate in an economic efficient way, or in the event that a significant change in the economic or political situation impacting such Class or Sub-Fund should have negative consequences on the Investments of such Class or Sub-Fund or when the range of products offered to clients is rationalised, the Company may decide to conduct a compulsory redemption operation on all Shares of a Class or Sub-Fund, at the Net Asset Value per Share applicable on the Valuation Day, the date on which the decision shall come into effect (including actual prices and expenses incurred for the realisation of Investments, closing expenses, non-paid off setting up expenses, any non-paid off sales charges and any other liabilities). The Company shall send a notice to the Shareholders of the relevant Class or Sub-Fund, before the effective date of compulsory redemption. Such notice shall indicate the reasons for such redemption as well as the procedures to be enforced. Unless otherwise stated by the Company, Shareholders of such Class or Sub-Fund may not continue to apply for the redemption or the conversion of their Shares while waiting for the enforcement of the decision to liquidate. If the Company authorises the redemption or conversion of Shares, such redemption and conversion operations shall be carried out according with the clauses provided by the Company in the sales documents of Shares, free of charge (but including actual prices and expenses incurred for the realisation of Investments, closing expenses, non-paid off setting up expenses, any non-paid off sales charges and any other liabilities) until the effective date of the compulsory redemption.

Such compulsory redemption may be settled through a distribution of the assets of the relevant Class and/or Sub-Fund wholly or partly in kind, to any Shareholder, in compliance with the conditions set forth by the Law of 1915 (including, without limitation, delivery of independent valuation report issued by the Auditors of the Company) and the principle of equal treatment of Shareholders. In that respect, distribution in kind of assets, including fractions of securities or assets attributable to each Shareholder, held by the Company may be performed by the issuance and

## J. STERN & CO.

distribution, to each Shareholder, of a certificate of entitlement issued by the Depository and paying agent and representing the assets and fractions herein.

### 22. TAXATION

The following is given from a general tax perspective and is based on the Company's understanding of, and advice received on, certain aspects of the law and practice currently in force in Luxembourg. It does not purport to be a complete analysis of all possible tax situations that may be relevant to an investment decision. This summary does not allow any conclusions to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based upon Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Offering Memorandum and is subject to any amendments in law (or in interpretation thereof) later introduced, whether or not on a retroactive basis. There can be no assurance that the U.S., European Union, Luxembourg or other relevant tax laws will not be changed adversely with respect to the Company and its Shareholders or that the Company's income tax status will not be successfully challenged by such authorities. The tax aspects of the Company are complex and prospective Investors should consult their own tax advisors. Investors should obtain advice from their own tax advisers regarding the tax implications for them when investing in, holding and disposing of the Shares and receiving distributions in respect of the Share held.

#### 22.1 LUXEMBOURG TREATMENT OF THE COMPANY

The Company is not subject to corporate income tax, municipal business tax and net wealth tax in Luxembourg. This means that any and all proceeds received by the Company will not be taxed to corporate income tax, municipal business tax and net wealth tax at the level of the Company.

The Company is subject to an annual subscription tax (of 0.01 per cent. assessed on its Net Asset Value (the *taxe d'abonnement*)). This tax is payable and calculated quarterly, based on the total Net Asset Value of the Company on the last day of every calendar quarter. This means that any and all proceeds received by the Company will in principle enter into the subscription tax basis, subject to certain exemptions in relation to some assets.

#### 22.2 LUXEMBOURG TAX CONSIDERATIONS FOR NON-LUXEMBOURG SHAREHOLDERS

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of Shares of the Company or the execution, performance or enforcement of its rights thereunder.

Proceeds received from by the Company will be distributed to the Shareholders by means of dividend distribution or redemption of Shares by the Company.

The foreign tax treatment of the income or gain realised by Shareholders and the timing of the tax will depend inter alia on their respective status/country of residence.

#### **Luxembourg withholding tax on dividend distributions**

No Luxembourg withholding tax will apply on dividend distributions by the Company to the Shareholders.

#### **Luxembourg tax treatment of sale or redemption of Shares by the Company**

Under current Luxembourg legislation, non-resident Shareholders are not subject to any capital gains or income taxes in Luxembourg with respect to their Shares in the Company, except if they have a permanent establishment or a permanent representative in Luxembourg through which/whom such Shares are held.

# J. STERN & CO.

## Net Wealth Tax

Luxembourg non-resident Shareholders having a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, unless the Shareholder is an individual taxpayer.

### 22.3 OTHER JURISDICTIONS

Interest, dividend and other income realised by the Company on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Company will pay since the amount of the assets to be invested in various countries and the ability of the Company to reduce such taxes is not known.

The information set out above is a summary of those tax issues which could arise in Luxembourg and does not purport to be a comprehensive analysis of the tax issues which could affect a prospective subscriber. It is expected that Investors may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Offering Memorandum to summarise the tax consequences for each prospective Investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in an Investor's country of citizenship, residence, domicile or incorporation and with his or her personal circumstances.

### 22.4 FATCA

FATCA is part of the U.S. Hiring Incentives to Restore Employment Act. It is designed to prevent U.S. tax payers from avoiding U.S. tax on their income by investing through foreign financial institutions and offshore funds.

FATCA applies to so called Foreign Financial Institutions (FFIs), which notably include certain investment vehicles, among which a Luxembourg SICAV-RAIF.

According to FATCA Rules, FFIs, unless they can rely under ad-hoc lighter or exempted regimes, need to register with the IRS and to report to the IRS certain holdings by/ and payments made to (a) certain U.S. investors (b) certain U.S. controlled foreign entity investors, (c) non U.S. financial institutional investors that do not comply with their obligations under FATCA and (d) clients that are not able to document clearly their FATCA status.

Moreover, any account that is not properly documented will have to suffer a 30% withholding tax (“**FATCA Withholding**”).

On March 28, 2014, the Luxembourg and U.S. governments entered into a Model I IGA which aims to coordinate and facilitate the reporting obligations under FATCA with other U.S. reporting obligations of Luxembourg financial institutions (“**US Luxembourg IGA**”). The US Luxembourg IGA has been transposed into Luxembourg law by the law of July 24, 2015 relating to FATCA (the “**FATCA Law**”).

According to the terms of the US Luxembourg IGA, Reporting Luxembourg FFIs will have to report to the Luxembourg tax authorities instead of directly to the IRS. Information will be communicated onward by the Luxembourg authorities to the IRS under the general information exchange provisions of the U.S. Luxembourg income tax treaty.

Additional intergovernmental agreements similar to the US Luxembourg IGA have been entered into or are under discussion by other jurisdictions with the U.S. Investors holding investments via distributors or custodians that are not in Luxembourg or in another IGA country should check with such distributors or custodians as to the distributor's or custodian's intention to comply with

## J. STERN & CO.

FATCA. Additional information may be required by the Company, custodians or distributors from certain Investors in order to comply with their obligations under FATCA or under an applicable IGA.

The Company intends to comply with the provisions of the FATCA Law and the US Luxembourg IGA to be deemed compliant with FATCA and will thus not be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. Investments of the Company.

Under the FATCA Law and the US Luxembourg IGA, the Company may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes (“**FATCA reportable accounts**”). Any such information on FATCA reportable accounts provided to the Company will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996.

The Company will continually assess the extent of the requirements that FATCA and notably the FATCA Law place upon it. To ensure the Company's compliance with FATCA, the FATCA Law and the US Luxembourg IGA in accordance with the foregoing, the Company may:

- (a) request information or documentation, including tax self-certifications, US IRS W-8 or W-9 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
- (b) report information concerning a Shareholder (and Controlling Persons of Shareholders that are Passive Non-Financial Foreign Entities) and their account holding in the Company to the Luxembourg tax authorities if such account is deemed a FATCA reportable account under the FATCA Law and the US Luxembourg IGA;
- (c) report information to the Luxembourg tax authorities (Administration des Contributions Directes) concerning payments to Shareholders with FATCA status of a non-participating foreign financial institution; and
- (d) deduct any applicable US withholding taxes from certain payments, such as Passthru Payment withholding taxes should these be implemented, made to a Shareholder by or on behalf of the Company in accordance with FATCA, the FATCA Law and the US Luxembourg IGA.

The Company shall communicate any information to the Shareholders according to which (i) the Company is responsible for the treatment of the Personal Data provided for in the FATCA Law; (ii) the Personal Data will only be used for the purposes of the FATCA Law; (iii) the Personal Data may be communicated to the Luxembourg tax authorities (Administration des Contributions Directes); (iv) responding to FATCA-related questions is mandatory and accordingly the potential consequences in case of no response; and (v) the Shareholder has a right of access to and rectification of the data communicated to the Luxembourg tax authorities (Administration des Contributions Directes). The Company reserves the right to refuse any application for Shares if the information provided by a potential Investor does not satisfy the requirements under FATCA, the FATCA Law and the IGA.

If a Shareholder causes the Company to suffer a withholding for or on account of FATCA (“**FATCA Deduction**”) or other financial penalty, cost, expense or liability, the Company may compulsorily redeem any Shares of such Shareholder and/or take any actions required to ensure

## **J. STERN & CO.**

that such FATCA Deduction or other financial penalty, cost, expense or liability is economically born by such Shareholder. It should also be noted that although the Company will make all reasonable efforts to comply with all FATCA obligations, and accordingly reduce the risk of a FATCA withholding on payments to the Company in respect of its assets, no assurance can be given in this regard. Shareholders and prospective Investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations. Taxation law and practice, and the levels of tax relating to the Company and to Shareholders, may change from time to time.

The foregoing is only a summary of the implications of FATCA, is based on the current interpretation thereof and does not purport to be complete in all respects.

### **22.5 OECD COMMON REPORTING STANDARD (CRS)**

Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) provides for the implementation of the regime known as the Common Reporting Standard (CRS) proposed by the OECD as a new global standard for the automatic exchange of information between tax authorities in participating jurisdictions. A group of over 40 countries, including Luxembourg, have committed to the early adoption of the CRS from January 1, 2016 with the first data exchanges taking place in September 2017.

In Luxembourg, the CRS was enacted by the law of December 18, 2015 on the automatic exchange of financial account information in the field of taxation (the CRS Law) and is applicable as from January 1, 2016. Automatic exchange of financial account information in the field of taxation is introduced between Luxembourg and all other EU member states, as well as other jurisdictions (including, to date, 49 states and territories that are not EU member states).

The Company intends to be CRS compliant. Under the CRS Law, the Company might be required to disclose certain data on Shareholders to the Luxembourg tax authorities, which in turn will disclose such information to the competent foreign authorities.

In conformity with the CRS Law and the Luxembourg law of August 2, 2002, as amended, concerning the protection of persons with respect to the processing of Personal Data, the Company may collect and process for the purposes of the CRS Law the necessary information with respect to each Shareholder. Such collected data may be forwarded to the Luxembourg tax authorities, where required, and, indirectly, to the competent authorities of the relevant reportable country.

Each Shareholder is compelled by law to provide the necessary information to the Company. If such information is not provided, the Company will take the necessary action against the defaulting Shareholder, including compulsory redemption of the Shareholder's Shares and/or taking any actions required to ensure that any financial penalty, cost, expense or liability is economically born by such Shareholder.

Each Shareholder has a right of access to the data forwarded to the Luxembourg tax authorities and to rectify the data if it is incorrect.

Shareholders should contact their own tax advisors regarding the application of CRS to their particular circumstances.

### **22.6 FUTURE CHANGES IN APPLICABLE LAWS**

The foregoing description of Luxembourg tax consequences of an Investment in, and about the operations of, the Company is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Company to income taxes or subject Investors to increased income taxes.

## **J. STERN & CO.**

**The tax and other matters described in this offering memorandum do not constitute, and should not be considered as, legal or tax advice to prospective subscribers. prospective subscribers should consult their own counsel regarding tax laws and regulations of any other jurisdiction which may be applicable to them.**

### **23. INDEMNITY**

Pursuant to the AIFM Agreement, the Company will indemnify and hold harmless the AIFM, its governing body members, officers and employee of and from all costs, expenses, losses, damages, liabilities, demands, charges and claims of any kind or nature whatsoever (including, without limitation, any reasonable legal expenses and costs and expenses relating to investigating or defending any demands, charges and claims) that may be incurred directly or indirectly by it or made against it either (i) as a consequence of any breach by the Company of this Agreement or (ii) arising out of any action properly taken or omitted by the AIFM in accordance with the AIFM Agreement and/or in accordance with proper instructions where required, or (iii) as a result of the non-payment by the Company of any amount falling due under the AIFM Agreement, or (iv) in relation to any act or fact or the omission thereof that has or should have occurred in the course of the business of the Company prior to the effective date of the AIFM Agreement or (v) as a direct consequence of any negligent act or omission or wilful misconduct of the Company under the AIFM Agreement or (vi) as a direct consequence of any negligent act or omission or wilful misconduct of any third-party Central Administrator agent of the Company or any third party retained by the Company.

Each of the Service Providers and their directors, officers, agents and employees may also benefit from an indemnification from the Company, subject to the terms and provisions of the relevant Service Agreement.

### **24. CONFLICT OF INTERESTS**

Any kind of conflict of interest is to be fully disclosed to the Company, the AIFM, the Portfolio Manager, the Depository and the Central Administrator. The Company will enter into all transactions on an arm's length basis. The Company will at all times have regard in such event to its obligations to act in the best interest of the Shareholders as far as practicable, while having regard to its obligations to its other clients. When undertaking any Investments where conflicts of interest may arise, each will endeavour to resolve such conflicts in a manner that is fair to the Company.

A conflict of interest shall arise where the Company is presented with (i) an investment proposal involving an Investor owned (in whole or in part), directly or indirectly, by the Company, the AIFM, the Portfolio Manager, the Depository or the Central Administrator or an Investor of the relevant Class, or (ii) any disposition of assets to the Company or an Investor of such Class.

The Portfolio Manager, the AIFM, the Depository and the Central Administrator will devote as much of their time to the activities of the Company as they deem necessary and appropriate. The Portfolio Manager, the AIFM, the Depository and the Central Administrator are not restricted from forming additional investment funds, from entering into other investment advisory/management relationships, or from engaging in other business activities. These activities will not qualify as creating a conflict of interest.

### **25. EXPENSES**

Expenses payable out of the Company's own assets include but are not be limited to:

- (a) fees payable to and reasonable disbursements and out-of-pocket expenses incurred by the Company, included the remuneration of the Depository, Central Administrator and Portfolio Manager and of other Service Providers, as applicable;

## J. STERN & CO.

- (b) costs relating to the Company's establishment and operation;
- (c) costs relating to the use of software incurred by the Company;
- (d) costs relating to the annual audit of the Company;
- (e) costs relating to management and administration services rendered by the Company for the management and administration of the Company;
- (f) all taxes which may be due on the assets and the income of the Company (in particular, the *taxe d'abonnement* and any stamp duties payable);
- (g) usual banking fees due on transactions involving securities held in the Company;
- (h) director fees, legal or consulting expenses incurred by the Company, the Depository and paying agent, the Central Administrator and other Service Providers while acting in the interests of the Shareholders;
- (i) any fees, costs and expenses (including, as the case may be, AIFM fees, valuation experts or appraiser fees) incurred in connection with valuing assets where the valuation principles in Section 15. Calculation of the Net Asset Value of Part I. General Section, does not seem accurate for the purpose of determining the fair value of the Company's assets;
- (j) the cost of any liability insurance or fidelity bonds covering any costs, expenses or losses arising out of any liability of, or claim for damage or other relief asserted against the Company, the AIFM and any person or company with whom they are affiliated or by whom they are employed and/or other agents of the Company for violation of any law or failure to comply with their respective obligations under the Articles or otherwise with respect to the Company;
- (k) the costs and expenses of the preparation and printing of written confirmations of Shares; the costs and expenses of preparing and/or filing and printing of the Company and all other documents concerning the Company, including registration statements and Offering Memorandum and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Company or the offering of Shares of the Company; the costs and expenses of preparing, in such languages as are necessary for the benefit of the Shareholders, including the beneficial holders of the Shares, and distributing annual and semi-annual reports and such other reports or documents as may be required under the applicable laws or regulations of the above-cited authorities; the cost of accounting, bookkeeping and calculating the Net Asset Value from the Central Administrator; the cost of preparing and distributing public notices to the Shareholders; lawyers' and auditor's fees; and all similar administrative charges, including all advertising expenses, promoting of the Company and other expenses directly incurred in offering or distributing the Shares;
- (l) the cost and expenses and costs relating to the transactions themselves (the “**Transaction Expenses**”) shall be borne, by the Company. It includes all expenses and costs invoiced by third parties (including all registration expenses, professional fees, collateral management fees and transaction support fees) incurred in connection with the identification, evaluation, negotiation of Investments opportunities (even in case they are finally abandoned), as well as with the acquisition, holding and disposal of Investments, including but not limited to: finders' fees and other similar origination fees, legal, tax and accounting fees, auditors' and valuers' fees, external consultants' fees, tax duties, including registration charges, litigation costs, listing fees, underwriting/syndication fees, evaluation, due diligence and negotiation costs;

## J. STERN & CO.

- (m) all recurring charges will be charged first against income, then against capital gains and then against assets.
- (n) other expenses incurred by the Company.

Each Sub-Fund and Class of Shares shall bear its own costs and expenses. In addition, each Sub-Fund and Class of Shares shall bear its share of the Company's cost and expenses as determined in good faith, on equitable basis and in the best interest of the Shareholders by the Board of Directors on a pro rata basis, taking into consideration in particular the Net Asset Value of each Sub-Fund and of Shares Class. Such costs and expenses of a Sub-Fund and of a Class of Shares include a respective share in the costs and expenses of the formation of the Company determined on equitable basis, as further explained below.

### 25.2 FORMATION AND LAUNCHING EXPENSES OF THE COMPANY

The costs and expenses of the formation of the Company and the initial issue of its Shares will be borne by the Company and amortised over a period not exceeding five (5) years from the formation of the Company in each year as determined by the Company on an equitable basis.

### 26. AMENDMENTS TO THE OFFERING MEMORANDUM

Any proposal to amend the present Offering Memorandum will be taken at the initiative of the Company.

The Board of Directors may amend the provisions of this Offering Memorandum. In case such amendment would require a prior change of the Articles, the latter would have to be done first. Amendments to the Offering Memorandum would require a prior notice to Shareholders as described hereafter, except if such amendments would be limited to updates, clarifications or the correction of typographical errors in which case no notice would be required.

In case no prior change of the Articles would be required:

- (a) where the amendment is determined by the Board of Directors, at its sole discretion, not to be material, and subject to what is indicated above, a prior notice of such amendment shall be sent to the Shareholders in advance of the change becoming effective; or
- (b) where the amendment is determined by the Board of Directors, at its sole discretion, to be material, a prior notice of such amendment shall be sent to the Shareholders at least one month in advance of the change becoming effective. Investors will have the right to request the redemption of their Shares prior to such change becoming effective.

Non-material changes include the following:

- (a) change the name of the Company or change the name of the Company following a resolution passed at an extraordinary meeting of the Shareholders;
- (b) incorporate any amendment of the law and/or regulations applicable to the Company which do not require an amendment to the Company's Articles;
- (c) rectify any ambiguity, correct or complete any of its provisions which may be incomplete or incompatible with any of its other provisions, or correct any printing, stenographic or clerical error or omissions, provided that such amendment does not require an amendment to the Company's Articles and does not adversely affect the interests of the Shareholders in any material respect.

Material changes include the following:

## J. STERN & CO.

- (a) changes to the present section of the Offering Memorandum;
- (b) changes to the investment strategy or investment policy of the Company or any of its Sub-Funds;
- (c) an increase in fees charged to the Company or to the Shareholders by the Company;
- (d) a change of Portfolio Manager.

### 27. INFORMATION

As required by Article 21 of the Law of 2013, and if applicable, the following information will be periodically provided to Shareholders by means of disclosure in the annual and half-yearly reports of the Company or, if the materiality so justifies, notified to Shareholders separately:

- (a) the percentage of the Sub-Funds' assets which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangements for managing liquidity of the Sub-Funds, whether or not these are special arrangements, including any changes to the liquidity management systems and procedures;
- (c) the current risk profile of the Sub-Funds and the risk management system employed by the AIFM to manage those risks;
- (d) any changes to the maximum level of leverage which the AIFM may employ on behalf of the Sub-Funds as well as any right of the reuse of collateral or any guarantee granted under any leveraging arrangement;
- (e) the total amount of leverage employed by the Sub-Funds.

Should the Company activate any gates, side pockets or similar special arrangements or where the Company decides to suspend redemptions, the Company shall immediately notify affected Shareholders. Any change to the liability arrangements agreed with the Depository for any discharge of liability shall also be notified without delay to the Shareholders to the extent required by, and in accordance with, applicable laws and regulations.

The AIFM will make available upon request at its registered office all information to be provided to Investors under the Law of 2013, including: (i) conflicts of interest policy (ii) the risk profile of each Sub-Fund and (iii) the way the AIFM covers the potential professional liability risks resulting from its activities in accordance with article 8 (7) of the Law of 2013. The list of the sub-custodians used by the Depository will be made available upon request at the registered office of the Depository.

Pursuant to the AIFM Directive, the AIFM must also disclose the maximum level of leverage that can be used by each leveraged Sub-Fund. For the purposes of this disclosure and in accordance with the AIFM Directive, leverage is any method by which a Sub-Fund's exposure is increased, whether through borrowing of cash or securities, or, where relevant, leverage embedded in derivative positions, or by any other means.

The Company may employ leverage as further described in this Offering Memorandum as follows:

- (a) for investment purposes in respect of a specific Sub-Fund;

## J. STERN & CO.

- (b) short-term borrowing arrangements for the account of a specific Sub-Fund for the purpose of bridging the period between the closing of new Investment opportunities and the maturation of existing Investments;
- (c) short-term borrowing arrangements for the account of a specific Sub-Fund for the purpose of satisfying Redemption Requests;
- (d) investment in derivatives in respect of a specific Sub-Fund; and
- (e) using of hedging and netting techniques in respect of a specific Sub-Fund.

The AIFM Directive requires that the leverage ratio be expressed as the ratio between a Sub-Fund's exposure and its Net Asset Value and requires two prescribed methodologies to be used for calculating such exposure: the gross methodology and the commitment methodology (both set out in detail in the AIFM Directive). Both methods can result in high measures of leverage which may not otherwise be generally used in the industry to measure the borrowing, leverage or exposure of an investment fund.

The maximum level of leverage for each leveraged Sub-Fund will be set out in the relevant Sub-Fund Appendix.

The Portfolio Manager may decide to exceed the disclosed levels of leverage when it considers it appropriate to do so in light of the investment opportunities. In such case, the Portfolio Manager will inform the Investors to the extent such leverage limits are exceeded in accordance with the AIFM Directive.

The Company and the AIFM may decide to calculate the global exposure also according to other methodologies (such as 'Value at Risk') in addition to determining leverage under the commitment and gross methodology as may further be described in the Sub-Fund Appendix.

# **J. STERN & CO.**

## **PART II - APPENDICES**

Each Appendix must be read in conjunction with the General Section of the Offering Memorandum

# J. STERN & CO.

## APPENDIX 1

### THE STAR MULTI-ASSET INCOME FUND

Appendix 1 must be read in conjunction with the General Section of the Offering Memorandum. This Appendix refers only to The Star Multi-Asset Income Fund (“**The Star Multi-Asset Fund**”). To the extent that this Appendix differs from the General Section of the Offering Memorandum.

**Investment Objective** The Star Multi-Asset Fund’s investment objective is to generate an attractive income return on its Portfolio with lower volatility and the opportunity for capital growth.

**Investment Strategy** The Star Multi-Asset Fund seeks to achieve its investment objective by investing in three asset classes, equities, credit and non-correlated assets.

The Star Multi-Asset Fund seeks to generate an annual total return of 6-8% across those three asset classes of which 5% per annum before charges and expenses, generated by income.

**Distribution Policy** For those Share Classes that distribute income, the target is that a distribution of 1% would be paid quarterly, with a slightly higher amount in the first quarter of each financial year (the third quarter of each calendar year).

**Investment Policy** The Portfolio Manager will determine the allocation between each of these asset classes from time to time. On launch of The Star Multi-Asset Fund, it is expected to be approximately 30% in equities, 45% in credit and 25% in non-correlated assets.

The Portfolio Manager analyses investments using a traditional financial analysis and a separate environmental, social and governance framework (the “**ESG Framework**”).

#### *Equities*

For Equities, The Star Multi-Asset Fund invests in a concentrated selection of shares in leading global companies with enduring competitive advantages and a long runway of growth.

The Portfolio Manager selects companies based on its own fundamental research, taking a long-term horizon and always seeking to invest in quality and value. The Portfolio Manager believes that for quality companies to have a sustainable competitive advantage, they must operate in a sustainable way.

Quality means companies that are global leaders, have strong competitive market positions and pricing power in structurally attractive and growing markets, have management teams with strong records of value creation and have robust balance sheets.

Value means buying those companies at prices that allow for the prospect of significant capital growth over 5-10 years or more.

## J. STERN & CO.

The Star Multi-Asset Fund may make its investment in Equities directly or in another fund managed by the Portfolio Manager, the World Stars Global Equity Fund, a sub-fund of Alpha UCITS SICAV (the “**World Stars Fund**”). The World Stars Fund follows this same equity investment strategy.

The class of shares in the World Stars Fund will not carry any management fee or performance fee.

### *Credit*

For Credit, The Star Multi-Asset Fund intends to achieve this by investing either directly or indirectly in a concentrated basket of investment grade and high yield bonds in developed and emerging markets of primarily corporate issuers.

The Portfolio Manager will select such bonds based upon its own fundamental research, with the objective of having a generous yield to maturity from issuers with robust cash flow generation, relative to their credit rating. As the Portfolio Manager intends to hold bonds to maturity, the Portfolio Manager focuses on assessing an issuer’s ability to repay its debt at maturity by refinancing, a new issue or even an asset sale. The Portfolio Manager believes further assurance of an issuer’s ability to repay its debt can be obtained if the issuer operates in a sustainable way.

The Star Multi-Asset Fund may make its investment in Credit directly or through another fund managed by the Portfolio Manager that follows the same credit investment strategy. The class of shares in that other fund would not carry any management or performance fee.

### *Non-Correlated Assets*

For Non-Correlated Assets, The Star Multi-Asset Fund primarily invests in a limited number of internally analysed and selected funds managed by third party fund managers with the intention of reducing volatility of the Portfolio as a whole while still generating an attractive total return. The Portfolio Manager will seek to invest in funds that bear minimal correlation to traditional asset classes.

The Portfolio Manager believes that sustainability remains important for non-correlated assets, as it supports the possibility that returns remain consistent over the mid to long term. Therefore, the Portfolio Manager expects managers of funds invested in to be aware of sustainability, but does not exclude their funds if they do not have a separate sustainability analysis or fail to exclude investments solely on sustainability grounds. The Portfolio manager approaches direct assets in an equivalent manner.

The Star Multi-Asset Fund may also invest directly in non-correlated assets should the Portfolio Manager consider it

## J. STERN & CO.

appropriate to do so, particularly where there is limited capacity in the funds managed by third party fund managers.

The Star Multi-Asset Fund may make its investment in Non-Correlated Assets through investing in another fund managed by the Portfolio Manager (the “**Star Non-Correlated Fund**”) which follows the same non correlated asset investment strategy. The Star Non-Correlated Fund may be a separate sub-fund of the Company.

The class of shares in the Star Non-Correlated Fund will not carry any management fee or performance fee.

### *Cash*

For the portion of the portfolio that is in cash, particularly when pending investment in such companies, the Investment Manager may place on deposit, including term deposits, with the Depositary or invest it in government debt.

### Securities financing transactions and total return swaps

The Star Multi-Asset Fund does not currently enter into any securities financing transaction as defined in the SFTR or total return swaps or other financial derivative instruments with similar characteristics. Should the Star Multi-Asset Fund decide to enter into this type of operations in the future, the Offering Memorandum would be updated in accordance with the relevant regulations and CSSF Circulars in force.

### Sustainability, ESG Framework and Stewardship

The Portfolio Manager’s ESG Framework is an independent part of its investment philosophy and security selection process and looks at a variety of Sustainability Factors.

This Framework focuses on the five broad sustainability dimensions of the Sustainability Accounting Standards Board (the “**SASB**”), Environment, Social Capital, Human Capital, Business Model & Innovation and Leadership & Governance, which are applied or disappplied to different business sectors. The analysis also covers a sixth dimension, focusing on corporate governance, regardless of sector, and further incorporates a qualitative assessment of alignment with the United Nations’ 17 Sustainable Development Goals and compliance with other global sustainability norms, like the UN Global Compact, and reporting standards (both regulatory and voluntary). More information, including assessment of sustainability risks and principal adverse impacts and, from 2023, any required periodic reporting can be found at [www.jsternco.com/sustainability](http://www.jsternco.com/sustainability).

The Portfolio Manager considers itself a steward of its clients’ capital. Stewardship serves as a powerful philosophy focusing on generating long term returns based on quality, value and sustainability. Direct engagement with company managements is a core part of the ESG Framework and the Investment Manager may raise ESG issues with management and vote accordingly; more information can be found in their

## J. STERN & CO.

Stewardship and Engagement Policy at [www.jsternco.com/stewardship](http://www.jsternco.com/stewardship).

The Portfolio Manager is a signatory to the UN Principles of Responsible Investments, a member of the Sustainability Accounting Standards Board Alliance and a Tier 1 signatory to the UK Stewardship Code.

The Portfolio Manager integrates sustainability risks into its investment decisions within the meaning of Article 6 of the SFDR (the EU's Sustainable Finance Disclosure Regulation).

For the purposes of Regulation 2020/852 on the establishment of a framework to facilitate sustainable investment, it should be noted that the investments underlying the Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

### **Portfolio Diversification**

In order to comply with the risk diversification principle set forth by the RAIF Law, portfolio diversification of the Star Multi-Asset Fund will also be ensured on an on-going basis by the rules of the CSSF's Circular 07/309 of August 3, 2007 on risk spreading in the context of specialised investment funds according to which a specialised investment fund may not invest more than 30% of its assets or commitments in securities of the same type issued by the same issuer.

### **No Benchmark**

The Star Multi-Asset Fund does not track a particular benchmark and is out of scope of the Benchmark Regulation.

### **Geographies**

Investments may be based and listed in both developed and emerging markets, provided that the principles for selecting the investment are met.

### **Restriction on Illiquid Investments**

The Star Multi-Asset Fund expects to invest in assets, particularly within the Non-Correlated Assets class, that may not be able to be sold within the notice periods specified below to satisfy redemption requests. In particular, but not limited to, such assets are expected to include other investment funds that are offer greater notice periods for redemption and/or longer periods for redemption proceeds are paid.

As a result, the Star Multi-Asset Fund may not invest more than one third of its assets, at the time of making an investment, in investment funds that cannot be sold within 2 months (the longest notice period for redemption of shares in the Star Multi-Asset Fund).

In addition, The Star Multi-Asset Fund may not invest more than 10% of its assets, at the time of making an investment, in direct, illiquid non-correlated assets (excluding investment funds).

To the extent that the Star Multi-Asset Fund invests into Non-Correlated Assets through the Star Non-Correlated Asset Fund, these restrictions will be applied on a look through basis, as it is

## J. STERN & CO.

expected that the redemption notice periods and terms in the Star Non-Correlated Fund Asset Fund will be comparable to those of the Star Multi-Asset Fund.

The attention of investors is drawn to the ability of the Company to defer the payment of at redemption proceeds as set out in Section 9.5 “*Significant Redemptions*” of the Offering Memorandum should there be such redemptions on any Valuation Day of more than 5% of the NAV of a the Star Multi-Asset Fund and should such deferral be as a result of less liquid assets, the Company will seek to defer payment of such proportion of the redeeming Investors’ redemption proceeds that corresponds to such less liquid assets but still make payment of the proportion that represents liquid assets within the normal timescales.

<b>Term</b>	Infinite
<b>Launch Date</b>	1st October 2019
<b>Initial Offering Period</b>	The Initial Offering Period of The Star Multi-Asset Fund will be from incorporation of the Company until the 1 <sup>st</sup> October 2019, with the first technical NAV being calculated for value the 1st October 2019. Subscriptions for value the Launch Date shall be paid in during the Initial Offering Period. The Initial Subscription Price per Share will be EUR 1,000, USD 1,000 or GBP 1,000. The Initial Offering Period and Launch Date may be amended and set to such later dates as decided by the Board.
<b>Initial nominal subscription value per share</b>	USD 1000
<b>Reference Currency</b>	USD
<b>Leverage &amp; Derivatives</b>	The Star Multi-Asset Fund will not use leverage or derivatives for investment purposes.
<b>Hedging</b>	<p>The Star Multi-Asset Fund will not hedge markets.</p> <p>The Star Multi-Asset Fund may hedge exposure of assets denominated in a currency other than its Reference Currency to mitigate the risk of currency movements.</p> <p>Certain Share Classes may be hedged back to The Star Multi-Asset Fund’s reference currency, USD, as indicated in the Share Class table below.</p>
<b>Valuation Day</b>	The last Business Day of every month.
<b>Subscription Process</b>	<p>A Subscription Form received on a day other than a Business Day shall be treated on the next Business Day.</p> <p>Subscription requests must be sent by swift, by fax or by post and must be received by the Central Administrator no later than 17:00. (Luxembourg time) (<b>Subscription Cut-Off</b>) at least one</p>

## J. STERN & CO.

week (five (5) Business Days) before the relevant Valuation Day. Any applications for subscriptions received after the Subscription Cut-Off Time will be valid for the following Valuation Day, unless otherwise approved by the Board of Directors or their delegates.

Direct subscriptions may be made only by investors who are not Restricted Persons by delivering to the account of the Registrar and Transfer agent cash account cleared funds for the full amount of the subscription price (plus any Subscription Fee if applicable) of the Shares being subscribed for pursuant to the subscription request, (i) with respect to subscriptions from Institutional Investors, within three (3) Business Days following the relevant Valuation Day, (ii) with respect to subscriptions through Distributor(s), sub-distributor(s) or a nominee, within three (3) Business Days following the relevant Valuation Day and (iii) with respect to subscriptions directly to the Company without going through Distributor(s), sub-distributor(s) or a nominee from investors other than Institutional Investors, one day prior to the Valuation Day prior to the relevant Subscription Cut-Off Time.

### Redemption Fee and Short Notice Charge

The Star Multi-Asset Fund has a charge applied on redemptions which have shorter notice periods than 2 months. This **Short Notice Charge** is designed to give an Investor who wishes to redeem access to their funds quickly, while protecting continuing Investors. The Short Notice Charge is therefore paid to The Star Multi-Asset Fund.

There is no Short Notice Charge if an Investor provides at least 2 months' notice of Redemption.

If an Investor provides at least 1 month's notice of Redemption, then a Short Notice Charge will be applied of 0.5% of the proceeds of the Redemption.

If an Investor provides at least 1 week's notice of Redemption then a Short Notice Charge will be applied of 1% of the proceeds of the Redemption.

There is no other Redemption Fee.

### Redemption Process

Redemptions take place on every Valuation Day and must specify which Valuation Day the Investor wishes their Shares to be redeemed.

Redemption requests must be sent by swift, by fax or by post. The cut-off time for any Redemption Request (and for determining any Short Notice Charge) is 17.00 (Luxembourg time) on every Business Day.

A Redemption Request received on a day other than a Business Day shall be treated (and any consequential notice period be applied from) on the next Business Day. Therefore if 1 week (five (5) Business Days), 1 month (twenty (20) Business Days) or 2 months (forty (40) Business Days, before a Valuation Day

## J. STERN & CO.

is not a Business Day, the relevant Redemption Form must be received on the Business Day preceding 1 week, 1 month or 2 months before the Valuation Day.

Should a Redemption Request be received after that time, it will be treated as being received on the following Business Day and there may be a Short Notice Charge as a result.

Payment of the redemption proceeds shall normally be made up to fourteen (14) Business Days following the relevant Valuation Day. Please see the section headed “*Restrictions on Illiquid Investments*” above however on potential deferral of payment of redemption proceeds in respect of such proportion of the NAV that reflects less liquid assets in the case of redemptions of more than 5% of the NAV of the Sub-Fund.

The Board of Directors may specify such other dates for the redemption of Shares that they in their discretion might determine. The Board of Directors may also decide to waive the Short Notice Charge in such circumstances as they determine.

### **Portfolio Management Fee**

For those Classes that are subject to a Portfolio Management Fee, the Portfolio Manager will be entitled to be paid a Portfolio Management Fee with respect to each Class of Shares of The Star Multi-Asset Fund which shall be calculated and accrued for each Class on each Luxembourg Business Day by applying the relevant Portfolio Management Fee rate to the Net Asset Value of The Star Multi-Asset Fund attributable to such Class as of the close of the preceding Luxembourg Business Day, and dividing the sum so computed by the number of Luxembourg Business Day in the fiscal year.

The Portfolio Management Fee shall be paid on a monthly basis within seven (7) Business Days after the end of the month. In the case of Shares redeemed during a month the Portfolio Management Fee in respect of those Shares will be calculated and charged on a pro-rata basis.

### **Subscription tax**

0.01% of the NAV per annum.

### **Dilution Levy**

Up to 2% for subscriptions, redemptions and conversions.

### **Global exposure**

The exposure of The Star Multi-Asset Fund calculated in accordance with the gross method as defined in article 7 of the AIFM Regulation is not expected to exceed 100% of its Net Asset Value while the exposure of the Sub-Fund calculated in accordance with the commitment method as defined in the article 8 of the AIFM Regulation is not expected to exceed 100% of its Net Asset Value, even if higher levels might be possible from time to time, in particular due to market conditions.

### **Performance Fee (where applicable)**

For those share classes that are subject to a Performance Fee, the Investment Manager will also be entitled to be paid a Performance Fee with respect to The Star Multi-Asset Fund calculated on a Share-by-Share basis so that each Share is

## J. STERN & CO.

charged a Performance Fee which equates to that Share's performance.

For each Calculation Period (as defined below), the Performance Fee in respect of each relevant Class will be equal to a percentage (as defined in the Share Class table under "Performance Fee") of any appreciation in the Net Asset Value per Share (prior to reduction of any accrued Performance Fee) of such Class during that Calculation Period above the High Water Mark (as defined below) of that Class, as measured at the end of the Calculation Period (the Net Profit). The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee.

The Performance Fee is normally payable to the Investment Manager in arrears at the end of each Calculation Period within seven Business Days after the end of such Calculation Period. However, in the case of Shares redeemed during a Calculation Period, the Performance Fee in respect of those Shares will be calculated as if the date of redemption of such Shares were the end of the Calculation Period and will become payable immediately after the relevant Valuation Day.

If the Star Multi-Asset Fund is terminated before the end of a Calculation Period, the Performance Fee in respect of the Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

Transfers of Shares will be treated as redemption and subscription for Performance Fee calculation purposes. Such treatment will result in the crystallization of any Performance Fee due to holding at such time, in relation to the transferred Shares.

The Performance Fee in relation to Share Classes distributed in Germany will be limited to 5% of the Net Asset Value (excluding any performance fee variation) at the end of the relevant Calculation Period. In the case of redemptions during the Calculation period, this cap on Performance Fees will apply to the Net Asset Value (excluding any performance fee variation) of the redemptions.

### **Calculation Period (where applicable)**

Each 12 months period starting on the first Business Day of a calendar year and ending as of the last Business Day of such calendar year is a Calculation Period.

In case of a launch during a calendar year, the initial Calculation Period in respect of any Class will commence on the Launch Date or the Class Launch Date and end on the last Business Day of the calendar year in which such Launch Date or Class Launch Date occurs.

### **High Water Mark (where applicable)**

In respect of each Class of Shares the greater of (i) the Net Asset Value per Share of the relevant Class as of Launch Date or Class Launch Date and (ii) the highest Net Asset Value per Share of

## J. STERN & CO.

the relevant Class in respect of which a Performance Fee has been paid at the end of any previous Calculation Period (if any).

### **Additional Risk factor regarding Sustainability Risks**

While the Portfolio Manager seeks to take into account Sustainability Factors using its ESG Framework, the degree and weight it applies to Sustainability Factors and Sustainability Risks in its analysis involves significant subjectivity and unquantifiable assessments and will vary between investments as their application depends on what the company invested in actually does. Some Sustainability Factors may not be covered by the ESG Framework at all. The likely impacts of Sustainability Risks on financial returns may therefore vary substantially between investments and as a result of Sustainability Factors which are not taken into account through the ESG Framework. In addition, the ESG Framework of itself does not operate so as to exclude any particular type of investment. Therefore, there is no assurance that an investment decision will take into account all Sustainability Factors, consider all Sustainability Risks or that all investments of the World Stars Fund will meet all ESG criteria that an investor may choose to be important.

## J. STERN & CO.

### THE STAR MULTI-ASSET INCOME FUND - UNHEDGED SHARE CLASSES

All available share classes are outlined below, however upon launch of The Star Multi-Asset Fund on 16 September 2019 only the unhedged A1 USD and C1 USD are open to investors. Should Investors wish to invest in an unopened share class, please notify the Portfolio Manager.

Class	A1 USD (Unhedged)	A1 EUR (Unhedged)	A1 GBP (Unhedged)	A1 CHF (Unhedged)	A2 USD (Unhedged)	A2 EUR (Unhedged)	A2 GBP (Unhedged)	A2 CHF (Unhedged)
ISIN Code	LU1956191156		LU2035146039					
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.90% p.a. of the Net Asset Value							
Performance Fee	Nil.							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

Class	A3 USD (Unhedged)	A3 EUR (Unhedged)	A3 GBP (Unhedged)	A3 CHF (Unhedged)	A4 USD (Unhedged)	A4 EUR (Unhedged)	A4 GBP (Unhedged)	A4 CHF (Unhedged)
ISIN Code								
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	USD 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.45% p.a. of the Net Asset Value							
Performance Fee	10% of the Net Profit above the High Water Mark							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

Class A5 and A6 are reserved to companies incorporated and trusts set up as Charities.

Class	A5 USD (Unhedged)	A5 GBP (Unhedged)	A6 USD (Unhedged)	A6 GBP (Unhedged)
ISIN Code				
Reference Currency	USD	GBP	USD	GBP
Minimum Subscription	USD 1,000,000	GBP 1,000,000	USD 1,000,000	GBP 1,000,000
Minimum Subsequent Subscription	USD 10,000	GBP 10,000	USD 10,000	GBP 10,000
Minimum Holding	USD 1,000,000	GBP 1,000,000	USD 1,000,000	GBP 1,000,000
Minimum Redemption	USD 10,000	GBP 10,000	USD 10,000	GBP 10,000
Portfolio Management Fee	0.65% p.a. of the Net Asset Value			
Performance Fee	Nil			
Distribution Policy	Accumulation		Distribution	
Eligibility	Only Charities are eligible for these Share Classes			

## J. STERN & CO.

Class	B1 USD (Unhedged)	B1 EUR (Unhedged)	B1 GBP (Unhedged)	B1 CHF (Unhedged)	B2 USD (Unhedged)	B2 EUR (Unhedged)	B2 GBP (Unhedged)	B2 CHF (Unhedged)
ISIN Code	LU238689066 4							
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	EUR 125,000 in currency of Share Class							
Subscription Fee	Up to 5% of the amount of the Subscription.							
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 125,000	EUR 125,000	GBP 125,000	CHF 125,000	USD 125,000	EUR 125,000	GBP 125,000	CHF 125,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	1.20% p.a. of the Net Asset Value							
Performance Fee	Nil.							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

Class	B3 USD (Unhedged)	B3 EUR (Unhedged)	B3 GBP (Unhedged)	B3 CHF (Unhedged)	B4 USD (Unhedged)	B4 EUR (Unhedged)	B4 GBP (Unhedged)	B4 CHF (Unhedged)
ISIN Code								
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	EUR 125,000 in currency of Share Class							
Subscription Fee	Up to 5% of the amount of the Subscription.							
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 125,000	EUR 125,000	GBP 125,000	CHF 125,000	USD 125,000	EUR 125,000	GBP 125,000	CHF 125,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.60% p.a. of the Net Asset Value							
Performance Fee	10% of the Net Profit above the High Water Mark							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

C Class Shares are only available to the Portfolio Manager and portfolios managed or advised by the Portfolio Manager, the directors and staff of the Portfolio Manager and its affiliates or to any other Investors at the discretion of the Board of Directors.

Class	C1 USD (Unhedged)	C1 EUR (Unhedged)	C1 GBP (Unhedged)	C1 CHF (Unhedged)	C2 USD (Unhedged)	C2 EUR (Unhedged)	C2 GBP (Unhedged)	C2 CHF (Unhedged)
ISIN Code	LU2035145577							
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	EUR 125,000 in currency of Share Class							
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 125,000 in currency of Share Class							
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	Nil							
Performance Fee	Nil.							
Distribution Policy	Accumulation				Distribution			
Eligibility	Portfolio Manager, clients and affiliates only as set out above.							

## J. STERN & CO.

Class	D1 USD (Unhedged)	D1 EUR (Unhedged)	D1 GBP (Unhedged)	D1 CHF (Unhedged)	D2 USD (Unhedged)	D2 EUR (Unhedged)	D2 GBP (Unhedged)	D2 CHF (Unhedged)
ISIN Code								
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.80% p.a. of the Net Asset Value							
Performance Fee	Nil.							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

Class	D3 USD (Unhedged)	D3 EUR (Unhedged)	D3 GBP (Unhedged)	D3 CHF (Unhedged)	D4 USD (Unhedged)	D4 EUR (Unhedged)	D4 GBP (Unhedged)	D4 CHF (Unhedged)
ISIN Code								
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	USD 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.40% p.a. of the Net Asset Value							
Performance Fee	10% of the Net Profit above the High Water Mark							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

Class	L1 USD (Unhedged)	L1 EUR (Unhedged)	L1 GBP (Unhedged)	L1 CHF (Unhedged)	L2 USD (Unhedged)	L2 EUR (Unhedged)	L2 GBP (Unhedged)	L2 CHF (Unhedged)
ISIN Code								
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.75% p.a. of the Net Asset Value							
Performance Fee	Nil.							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

Class	L3 USD (Unhedged)	L3 EUR (Unhedged)	L3 GBP (Unhedged)	L3 CHF (Unhedged)	L4 USD (Unhedged)	L4 EUR (Unhedged)	L4 GBP (Unhedged)	L4 CHF (Unhedged)
ISIN Code								
Reference Currency	USD	EUR	GBP	CHF	USD	EUR	GBP	CHF
Minimum Subscription	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Subsequent Subscription	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	USD 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Redemption	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000	USD 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.35% p.a. of the Net Asset Value							
Performance Fee	10% of the Net Profit above the High Water Mark							
Distribution Policy	Accumulation				Distribution			
Eligibility	No Additional Restrictions							

## J. STERN & CO.

### THE STAR MULTI-ASSET INCOME FUND - HEDGED SHARE CLASSES

There are no hedged share classes available at present. Should Investors wish to invest in an unopened share class, please notify the Portfolio Manager.

Class	A1 EUR (Hedged)	A1 GBP (Hedged)	A1 CHF (Hedged)	A2 EUR (Hedged)	A2 GBP (Hedged)	A2 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Subsequent Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.90% p.a. of the Net Asset Value					
Performance Fee	Nil.					
Distribution Policy	Accumulation			Distribution		
Eligibility	No Additional Restrictions					

## J. STERN & CO.

Class	A3 EUR (Hedged)	A3 GBP (Hedged)	A3 CHF (Hedged)	A4 EUR (Hedged)	A4 GBP (Hedged)	A4 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Subsequent Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000	EUR 1,000,000	GBP 1,000,000	CHF 1,000,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.45% p.a. of the Net Asset Value					
Performance Fee	10% of the Net Profit above the High Water Mark					
Distribution Policy	Accumulation			Distribution		
Eligibility	No Additional Restrictions					

## J. STERN & CO.

Class A5 and A6 are reserved to companies incorporated and trusts set up as Charities.

Class	A5 GBP (Hedged)	A6 GBP (Hedged)
ISIN Code		
Reference Currency	GBP	GBP
Minimum Subscription	GBP 1,000,000	GBP 1,000,000
Minimum Subsequent Subscription	GBP 10,000	GBP 10,000
Minimum Holding	GBP 1,000,000	GBP 1,000,000
Minimum Redemption	GBP 10,000	GBP 10,000
Portfolio Management Fee	0.65% p.a. of the Net Asset Value	
Performance Fee	Nil	
Distribution Policy	Accumulation	Distribution
Eligibility	Only Charities are eligible for these Share Classes	

## J. STERN & CO.

Class	B1 EUR (Hedged)	B1 GBP (Hedged)	B1 CHF (Hedged)	B2 EUR (Hedged)	B2 GBP (Hedged)	B2 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 125,000 in currency of Share Class					
Subscription Fee	Up to 5% of the amount of the Subscription.					
Minimum Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Subsequent Subscription						
Minimum Holding	EUR 125,000	GBP 125,000	CHF 125,000	EUR 125,000	GBP 125,000	CHF 125,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	1.20% p.a. of the Net Asset Value					
Performance Fee	Nil.					
Distribution Policy	Accumulation			Distribution		
Eligibility	No Additional Restrictions					

## J. STERN & CO.

Class	B3 EUR (Hedged)	B3 GBP (Hedged)	B3 CHF (Hedged)	B4 EUR (Hedged)	B4 GBP (Hedged)	B4 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 125,000 in currency of Share Class					
Subscription Fee	Up to 5% of the amount of the Subscription.					
Minimum Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Subsequent Subscription						
Minimum Holding	EUR 125,000	GBP 125,000	CHF 125,000	EUR 125,000	GBP 125,000	CHF 125,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.60% p.a. of the Net Asset Value					
Performance Fee	10% of the Net Profit above the High Water Mark					
Distribution Policy	Accumulation			Distribution		

## J. STERN & CO.

C Class Shares are only available to the Portfolio Manager and portfolios managed or advised by the Portfolio Manager, the directors and staff of the Portfolio Manager and its affiliates or to any other Investors at the discretion of the Board of Directors.

Class	C1 EUR (Hedged)	C1 GBP (Hedged)	C1 CHF (Hedged)	C2 EUR (Hedged)	C2 GBP (Hedged)	C2 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 125,000 in currency of Share Class					
Minimum Subsequent Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 125,000 in currency of Share Class					
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	Nil					
Performance Fee	Nil.					
Distribution Policy	Accumulation			Distribution		
Eligibility	Portfolio Manager, clients and affiliates only as set out above.					

## J. STERN & CO.

Class	D1 EUR (Hedged)	D1 GBP (Hedged)	D1 CHF (Hedged)	D2 EUR (Hedged)	D2 GBP (Hedged)	D2 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Subsequent Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.80% p.a. of the Net Asset Value					
Performance Fee	Nil.					
Distribution Policy	Accumulation			Distribution		
Eligibility	No Additional Restrictions					

## J. STERN & CO.

Class	D3 EUR (Hedged)	D3 GBP (Hedged)	D3 CHF (Hedged)	D4 EUR (Hedged)	D4 GBP (Hedged)	D4 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Subsequent Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000	EUR 10,000,000	GBP 10,000,000	CHF 10,000,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.40% p.a. of the Net Asset Value					
Performance Fee	10% of the Net Profit above the High Water Mark					
Distribution Policy	Accumulation			Distribution		
Eligibility	No Additional Restrictions					

## J. STERN & CO.

Class	L1 EUR (Hedged)	L1 GBP (Hedged)	L1 CHF (Hedged)	L2 EUR (Hedged)	L2 GBP (Hedged)	L2 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Subsequent Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.75% p.a. of the Net Asset Value					
Performance Fee	Nil.					
Distribution Policy	Accumulation			Distribution		
Eligibility	No Additional Restrictions					

## J. STERN & CO.

Class	L3 EUR (Hedged)	L3 GBP (Hedged)	L3 CHF (Hedged)	L4 EUR (Hedged)	L4 GBP (Hedged)	L4 CHF (Hedged)
ISIN Code						
Reference Currency	EUR	GBP	CHF	EUR	GBP	CHF
Minimum Subscription	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Subsequent Subscription	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Minimum Holding	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000	EUR 25,000,000	GBP 25,000,000	CHF 25,000,000
Minimum Redemption	EUR 10,000	GBP 10,000	CHF 10,000	EUR 10,000	GBP 10,000	CHF 10,000
Portfolio Management Fee	0.35% p.a. of the Net Asset Value					
Performance Fee	10% of the Net Profit above the High Water Mark					
Distribution Policy	Accumulation			Distribution		
Eligibility	No Additional Restrictions					

**J. STERN & Co.**