

# Santander Alternatives SICAV RAIF

*Société anonyme - Société d'Investissement à Capital Variable - Fonds d'Investissement Alternatif Réserve  
Luxembourg*

**Umbrella Fund**

## **OFFERING DOCUMENT**

**which may be issued in multiple Sub-Fund supplements referencing segregated portfolios**

**14 March 2023**

This offering document (the “**Offering Document**”) is submitted to a limited number of prospective investors on a confidential basis. Each prospective investor undertakes that neither it nor any of its employees or advisers will use the information contained herein and in any other documents referred to herein for any purpose other than for evaluating its interest in Santander Alternatives SICAV RAIF (the “**Fund**”) or divulge such information to any other party. This Offering Document will not be photocopied, reproduced or distributed to others without the prior written consent of Waystone Management Company (Lux) S.A., acting as external alternative investment fund manager of Santander Alternatives SICAV RAIF (the “**AIFM**”).

The Fund is structured as an “umbrella fund” and it may from time to time create additional Sub-Funds, the assets and liabilities of which, are each segregated from one another in accordance with the laws of Luxembourg. Investors may invest in more than one segregated Sub-Fund. This Offering Document describes certain features that are common to the segregated Sub-Funds. Further details of each individual Sub-Fund are set out in the relevant Supplement for that Sub-Fund. For the purposes hereof, references to the Offering Document shall also include references to the Supplement with respect to any Sub-Fund.

The Fund is reserved for Well-Informed Investors only as described hereinafter. Investors incur the risk to lose all or part of their investment in the Fund. An investment in the Fund is not intended to be a complete investment program for any investor. Prospective Investors should carefully consider whether an investment in the Fund is suitable for them in the light of their own circumstances and financial resources (see section 4. “Risk Factors and Conflicts of Interest” below).

**IMPORTANT INFORMATION: SANTANDER ALTERNATIVES SICAV RAIF IS NOT SUBJECT TO SUPERVISION OF A LUXEMBOURG SUPERVISORY AUTHORITY.**

This Offering Document does not represent an offer or solicitation of an offer to purchase shares or any other securities to any person in any jurisdiction in which an offer or solicitation is not authorised. This is a confidential document that is not to be made available to third parties and in particular must not be made available to the public nor be made available in jurisdictions where this would be contrary to local laws and regulations.

Distribution of this Offering Document is not authorized unless it is accompanied by a copy of the latest available annual report of the Fund containing the audited balance sheet. The Offering Document and the Fund’s annual report may be obtained free of charge at the registered office of the Fund or the AIFM.

## IMPORTANT INFORMATION

This Offering Document comprises information relating to Santander Alternatives SICAV RAIF which is subject to the Luxembourg law of 23 July 2016 on reserved alternative investment funds, as amended from time to time, and is not subject to the supervision of the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF") or of any other Luxembourg supervisory authority. The Fund qualifies an externally managed alternative investment fund within the meaning of article 1 (39) of the Luxembourg law of 12 July 2013 on alternative investment fund managers.

The board of directors of the Fund (the "**Board of Directors**") is responsible for the information contained in the Offering Document. To the best of the knowledge and belief of the Board of Directors (who has taken all reasonable care to ensure that such is the case) the information contained in the Offering Document is at its date in accordance with the facts and does not omit anything likely to affect the import of such information. The Board of Directors accepts responsibility accordingly.

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

The most recent annual report of the Fund will be available, once published, at the registered office of the Fund and the AIFM and will be sent to the Investors upon request. Such report shall be deemed to form part of the Offering Document.

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

No person has been authorised to give any information or to make any representations in connection with the offering of Shares other than those contained in this Offering Document and the report referred to above, and, if given or made, such information or representations must not be relied on as having been authorised by the Fund. The delivery of this Offering Document (whether or not accompanied by any report) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Fund have not changed since the date hereof.

When marketing Shares in any territory of the European Economic Area (EEA) to professional investors that are domiciled or have a registered office in the EEA, the AIFM intends to utilise marketing passports made available under the provisions of the Directive 2011/61/EU on alternative investment fund managers (the "**AIFMD**"). Shares in the Fund may only be marketed pursuant to such passports to professional investors (as referred to in the Law) in those territories of the EEA in respect of which a passport has been obtained.

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

The Shares have not been registered under the U.S. Securities Act of 1933 (the "**1933 Act**"), and the Fund has not been registered under the U.S. Investment Company Act of 1940 (the "**1940 Act**"). The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States, its territories or possessions or to U.S. Persons (as defined below). Neither the Shares nor any interest therein may be beneficially owned by any other U.S. Person. The Articles permit the restriction of the sale and transfer of Shares to U.S. Persons and the Fund may repurchase Shares held by a U.S. Person or refuse to register any transfer to a U.S. Person as it deems appropriate to assure compliance with such Acts and such ownership limitations (see sub-section 6.1. "Issue of Shares" below).

In addition, neither the Shares nor any debt interest in the Fund may be offered, sold, transferred or delivered, directly or indirectly to any Non-qualifying FATCA Persons, other than Shares or debt interests in the Fund that are distributed by and held through a Participating FFI, as defined under FATCA. The Fund may repurchase Shares or refuse to register any transfer, in each case, as it deems appropriate to assure compliance with the foregoing restriction (see sub-section 6.1 "Issue of Shares" below and section 11 "Taxation" for additional information on FATCA).

The Fund will not knowingly offer or sell Shares to any Investor to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer or would result in the Fund being required to register under the 1940 Act. Shares may not be held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations. Each Investor must represent and warrant to the Fund that, amongst other things, he is able to acquire Shares without violating applicable laws. Power is reserved in the articles of incorporation of the Fund (the "**Articles**"), to compulsorily redeem any Shares held directly or beneficially in contravention of these prohibitions.

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

Investors must be aware that subscription for or acquisition of one or more Shares implies its complete and automatic adherence (i) to the content of the Offering Document and (ii) to the fact that any amendment conveyed to the Offering Document following an acceptable and validly implemented procedure described in Section 12.3 "Procedures for amending the Offering Document" shall bind and be deemed approved by all Investors.

Any information which the AIFM or the Fund is under a mandatory obligation (i) to make available to Investors before investing in the Fund, including any material change thereof and updates of this Offering Document's essential elements, or (ii) to disclose (periodically or on a regular basis) to Investors (each such information under (i) or (ii) being hereafter referred to as a "Mandatory Information") shall be validly made available or disclosed to Investors via and/or at any of the legally acceptable information means listed in the Articles (the "**Information Means**").

Investors are reminded that certain Information Means (each hereinafter an "**Electronic Information Means**") require an access to internet and/or to an electronic messaging system and that, by the sole fact of investing or soliciting an investment in the Fund, Investors acknowledge the possible use of Electronic Information Means and confirm having access to internet and to an electronic messaging system allowing them to access any Mandatory Information made available or disclosed via an Electronic Information Means.

In principle, this Offering Document mentions the specific relevant Information Means via and/or at which an Investor may access any Mandatory Information that is not available or disclosed in this Offering Document. If this were not the case, Investors acknowledge that the relevant Information Means is available or disclosed at the registered office of the Fund or of the AIFM. No Investor will be allowed to invoke or claim the unavailability or non-disclosure of any Mandatory Information if this Mandatory Information was contained in this Offering Document or was available or disclosed via and/or at the relevant Information Means available or disclosed at the registered office of the Fund or of the AIFM.

#### **Data protection**

Any and all information concerning the Investor as an individual or any other data subject, contained in the application form or further collected in the course of the business relationship with the Fund will be processed by the Fund as data controller (the "**Controller**") in compliance with: (i) Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the "**Data Protection Directive**") as transposed in applicable local laws; (ii) the Luxembourg law dated 1 August 2018 on the protection of natural persons as regards personal data processing; (iii) Regulation (EU) 2016/679 of 27 April 2016 ("**GDPR**"); as well as (iv) any applicable law or regulation relating to the protection of personal data (collectively the "**Data Protection Law**"). In accordance with the provisions of the Data Protection Law, Investors in the Fund are informed that the Fund as Controller, collects, stores and processes by electronic or other means the data supplied by the Investors at the time of their subscription, for the purpose of fulfilling the services required by the Investors and complying with their legal obligations and specifically in compliance with the provisions of GDPR. The data processed includes personal data of Investors, ultimate beneficial owners, directors, authorised representatives or contact persons of Investors (including, but not limited to, the name, address, email address, passport or identification card details, tax identification details, bank account details source of wealth and invested amount of each Investor) ("**Investor Data**").

The Investor Data is processed for the following purposes: (i) maintaining the register of Shareholders; (ii) processing subscriptions and redemptions of Shares and payments of distributions to Shareholders; and (iii) complying with applicable anti-money laundering rules and any regulatory requirements applicable to the Fund, and the Authorised Entities or any of their affiliates.

The Fund may delegate the processing of the Investor Data to one or several entities (the "**Processors**") located in the European Economic Area or in other countries in accordance with the provisions of the Data Protection Law. The Processors may also appoint sub-processors.

Investors Data will be processed as long as the contractual relationship between the parties is maintained. After the termination of this relationship, Investors Data will be kept, duly blocked, with the purpose of making such data available to the competent public administrations, Judges and Courts or the Public Prosecutor's Office during the limitation period applicable to the actions that may arise from the relationship maintained with the Investors and/or the legally established retention periods. Finally, physical deletion of the Investors Data will be conducted once these deadlines have passed.

Investors may exercise their rights such as the rights of access, rectification, objection, restriction of processing, data portability, and erasure in accordance with applicable data protection legislation and shall contact the Fund for this effect at its registered address. Investors are also informed about the possibility to lodge a complaint before the relevant data protection supervisory authority in regard to the exercise of their personal rights. Investors should consult the data privacy notice of the Fund available at <https://services.sungarddx.com>. Where Investor Data is not collected directly from the data subjects, the person providing the Investor Data shall ensure that data subjects are informed about their rights, how to exercise them and the information provided in the data privacy notice of the Fund.

## Confidentiality

The Fund and its Investors authorise and instruct J.P. MORGAN BANK LUXEMBOURG, S.A. as service provider to the Fund to hold, process and disclose confidential information and Investor Data to the Authorised Entities (as defined below), and to use communications, computing systems and gateways operated by the Authorised Entities for the Permitted Purposes (as defined below), including where such Authorised Entities are located outside Luxembourg or in jurisdictions where confidentiality and personal data protection laws might not exist or be of a lower standard than in the European Union.

Investors acknowledge that this authorisation and instruction is granted to permit the disclosure of Investor Data and the holding and processing of Investor Data by the Authorised Entities in the context of the Luxembourg statutory confidentiality obligations of J.P. MORGAN BANK LUXEMBOURG, S.A., as more fully described in the section "Processing of Information" of the application form. Investors hereby waive such confidentiality in respect of the Investor Data for the Permitted Purposes.

Investors acknowledge that authorities (including regulatory or governmental authorities) or courts in certain jurisdictions may obtain access to Investor Data which may be held or processed in such jurisdictions or access it through automatic reporting, information exchange or otherwise in accordance with the applicable laws. Investors acknowledge and authorise that J.P. MORGAN BANK LUXEMBOURG, S.A. and the Authorised Entities may disclose or make available Investor Data to such authorities or courts to the extent required by the applicable laws and regulations.

The purpose of the holding and processing of Investor Data by, and the disclosure to, the Authorised Entities is to enable the processing for the Permitted Purposes and Investors acknowledge and consent that such disclosure of Investor Data is in order for it to be held and/or processed by Authorised Entities. This processing is legitimated by the provision of the services and management of the financial products acquired by the Investor.

Subject to the foregoing, J.P. MORGAN BANK LUXEMBOURG, S.A. shall inform the Authorised Entities which hold or process Investor Data to do so only for the Permitted Purposes and that access to such Investor Data within an Authorised Entity shall limit to the persons who need to know the Investor Data for the Permitted Purposes, all in accordance with the applicable laws. This authorisation and instruction shall remain valid for so long as an Investor is invested in the Fund or until revoked by the Investor by giving written notice which has been received by J.P. MORGAN BANK LUXEMBOURG, S.A., provided that it has had reasonable opportunity to act upon it.

In this Offering Document:

**"Authorised Entities"** means any of: (a) J.P. Morgan Chase Bank, N.A.; (b) J.P. Morgan Bank (Ireland) plc; (c) J.P. Morgan Europe Limited; (d) J.P. Morgan Services India Private Limited; (e) the investment manager(s) (i.e. Santander Asset Management UK Limited) and/or the AIFM (i.e. Waystone Management Company (Lux) S.A.) of the Fund in respect of which J.P. MORGAN BANK LUXEMBOURG, S.A. acts as service provider; (f) any other member of the JPMorgan Chase Bank Group worldwide which may be contracted from time to time by J.P. MORGAN BANK LUXEMBOURG, S.A. to facilitate its provision of services to the Fund; (g) a firm in Luxembourg engaged in the business of providing client communication services to professionals of the financial sector; (h) a third party in the UK that is an experienced provider of transfer agency software and technology solutions and production services; (i) any of Santander Asset Management companies at any time, and in particular, Santander Asset Management Luxembourg S.A., Santander Pensiones SA EGFP, Santander Asset Management S.A., SGIIC and its branches, Santander Rio Asset Management Gerente de Fondos Comunes de Inversión SA, SAM Brasil Participacoes SA, Santander Brasil Asset Management Distribuidora de Títulos e Valores Mobiliarios SA, Santander Brasil Gestao de Recursos Ltda, SAM Asset Management SA de CV, Sociedad Operadora de Sociedades de Inversión, Santander Asset Management S.A. AGF, Santander Asset Management UK Ltd, Santander Asset Management UK Holdings Limited, SAM UK Investment Holdings Limited, SAM Investment Holdings Limited and its branches; (j) Banco Santander SA and any of its affiliates worldwide; (k) any entity or platform engaged in the offering or distribution of the Fund.

**"Permitted Purposes"** means any of the following purposes: (a) the opening of accounts, including the processing and maintenance of anti-money laundering/anti-terrorism financing/know-your-client records; (b) the processing of subscriptions, redemptions and switches made by or for Investors; (c) processing payments to or from Investors; (d) maintaining the account records of Investors and providing information to Investors in respect of the same; (e) providing and maintaining the register of the Fund; (f) printing and/or sending Investor statements; (g) the processing and reporting of Investors Data for tax purposes

in compliance with FATCA or CRS (as defined in the section Taxation); (h) other purposes necessary to J.P. MORGAN BANK LUXEMBOURG, S.A.'s provision of depositary, fund administration, transfer agency (as appropriate) and other related services to the Fund, and (i) global risk management within the J.P. Morgan Chase Bank N.A. group of companies (as appropriate), including as reasonably required to keep a proof of a transaction or related communications.

Investors further acknowledge that this mandate shall also apply in respect of any ancillary or related functions or activities which are required for the performance of the Permitted Purposes in compliance with applicable laws and regulations.

**Investment in the Fund should be regarded as a long-term investment. There can be no guarantee that the objective of the Fund will be achieved. It should be remembered that the price of Shares and the income from them can go down as well as up and that Investors may not receive, on redemption of their Shares or upon liquidation of a Sub-Fund, the amount that they invested. Shares should only be purchased by those persons who can afford the possible loss of their entire investment.**

**Your attention is drawn to the risks described in Section 4 "Risk Factors and Conflicts of Interest".**

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

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

## Table of contents

DIRECTORY .....	7
GLOSSARY OF TERMS.....	8
1 STRUCTURE OF THE FUND.....	12
2 INVESTMENT OBJECTIVES AND POLICIES .....	12
3 INVESTMENT RULES.....	13
3.1 Rules Applicable to Investments.....	13
3.2 Borrowings.....	13
3.3 Leverage and Exposure Calculation .....	14
4 RISK FACTORS AND CONFLICTS OF INTEREST.....	14
4.1 Risks related to the Management and Operations of the Fund.....	14
4.2 Other Specific Risk Factors of the Sub-Funds.....	17
5 SHARES .....	17
6 HOW TO DEAL.....	17
6.1 Issue of Shares .....	17
6.2 Redemption .....	20
6.3 Conversion .....	21
6.4 Transfer of Shares.....	22
6.5 Market timing and frequent trading .....	22
7 NET ASSET VALUE.....	23
7.1 Calculation of Net Asset Value.....	23
7.2 Suspension of the Calculation of the Net Asset Value.....	24
8 MANAGEMENT AND ADMINISTRATION OF THE FUND .....	25
8.1 Board of Directors.....	25
8.2 Alternative Investment Fund Manager.....	25
8.3 Depository .....	26
8.4 Central Administration Agent, Domiciliary Agent and Registrar and Transfer Agent.....	27
8.5 Auditor.....	27
8.6 Shareholders' Rights against Service Providers.....	27
9 FEES AND EXPENSES.....	27
9.1 AIFM .....	27
9.2 Operational Fee.....	27
9.3 Performance Fee.....	27
9.4 Depository and Administrative Fee .....	28
9.5 Expenses.....	28
9.6 Formation costs.....	29
10 DISTRIBUTION POLICY.....	29
11 TAXATION .....	29
12 GENERAL INFORMATION .....	33
12.1 Annual Report.....	33
12.2 Meetings of Shareholders.....	33
12.3 Procedures for amending the Offering Document.....	34
12.4 Liquidity risk management .....	35
12.5 Fair and preferential treatment .....	35
12.6 Historical performances.....	35
12.7 Liquidation of the Fund – Liquidation or Amalgamation of Sub-Funds .....	35
12.8 Material Contracts .....	37
12.9 Availability of Documents and Information.....	37
12.10 Applicable laws and jurisdiction .....	37

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## DIRECTORY

### Registered Office

6, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

### Alternative Investment Fund Manager

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

### Depositary

J.P. MORGAN BANK LUXEMBOURG S.A.  
6, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

### Central Administration Agent, Domiciliary agent, Registrar and Transfer Agent

J.P. MORGAN BANK LUXEMBOURG S.A.  
6, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

### Auditor

Deloitte Audit, *Société à responsabilité limitée*  
20, Boulevard de Kockelscheuer  
1821, Luxembourg  
Grand Duchy of Luxembourg

### Legal Adviser as to matters of Luxembourg law

Elvinger Hoss Prussen  
*Société anonyme*  
2, Place Winston Churchill  
L-2014 Luxembourg  
Grand Duchy of Luxembourg

## GLOSSARY OF TERMS

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

"1933 Act"	The U.S. Securities Act of 1933, as amended.
"1940 Act"	The U.S. Investment Company Act of 1940, as amended.
"Administrative Agent"	J.P. MORGAN BANK LUXEMBOURG S.A.
"AIFM"	Waystone Management Company (Lux) S.A. is the alternative investment fund manager appointed by the Fund pursuant to the AIFM Rules.
"AIFM Directive"	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, as such directive may be amended from time to time.
"AIFM Law"	The Luxembourg law of 12 July 2013 relating to alternative investment fund managers, as amended.
"AIFM Regulation"	The Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervisions.
"AIFM Rules"	Means the corpus of rules formed by the AIFM Directive, the AIFM Regulation and any binding guidelines or other delegated acts and regulations issued from time to time by the EU relevant authorities (including the CSSF) pursuant to the AIFM Directive and/or the AIFM Regulation, as well as by any national laws and regulations (such as the AIFM Law) which are taken in relation to (or transposing either of) the foregoing.
"Articles"	The articles of incorporation of the Fund as amended from time to time.
"Auditor"	Deloitte Audit, <i>Société à responsabilité limitée</i> .
"Base Currency"	For each Sub-Fund and Class, currency of denomination in which the Net Asset Value is calculated and the books are kept and the accounts published.
"Board of Directors"	The board of directors of the Fund.
"Business Day"	Any day which is not a Saturday or a Sunday or 24 December of each year or a day on which banks in Spain and Luxembourg are required or permitted to be closed for business, unless defined differently for a particular Sub-Fund in the relevant Supplement.
"Class"	Each class of Shares in issue or to be issued within the Fund.
"Commitment"	The aggregate amount committed by an Investor to subscribe for Shares of any Class of a Sub-Fund and as may be further detailed for each Sub-Fund in the Supplements.
"CRS"	Common Reporting Standard.
"CRS Law"	The law of 18 December 2015 on the CRS.
"CSSF"	The Luxembourg <i>Commission de Surveillance du Secteur Financier</i> .
"Depositary"	J.P. MORGAN BANK LUXEMBOURG S.A.
"Director"	A member of the Board of Directors.
"Distribution Fee"	The fee that will be paid by the Fund to the relevant distributors.



"Eligible Investors"	Investors who qualify as Well-Informed Investors.
"Entities"	The Fund, the AIFM, the Depositary, and the Administrative Agent and their affiliates.
"EU"	The European Union.
"EUR" or "Euro"	The legal currency of the European Monetary Union.
"FATCA"	Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, or any amended or successor provisions, any current or future regulations or official interpretations thereof, and any intergovernmental agreements with respect thereto, together with any law implementing such agreements (including the U.S.-Luxembourg intergovernmental agreement, as implemented into Luxembourg law by the FATCA Law).
"FATCA Law"	The Law of 24 July 2015 relating to FATCA.
"Fiscal Year"	Financial period of the Fund which starts on 1 January and ends on 31 December each year.
"Fund"	Santander Alternatives SICAV RAIF.
"Institutional Investor"	<p>Investors who qualify as institutional investors according to Luxembourg laws (and in particular the Law of 17 December 2010 relating to undertakings for collective investments, as amended, and the practice of the CSSF).</p> <p>Institutional Investors according to the Law of 17 December 2010 relating to undertakings for collective investments should comprise:</p> <ol style="list-style-type: none"> <li>a) institutional investors <i>stricto sensu</i>, such as banks and other professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, charitable institutions, industrial, commercial and financial group companies, all subscribing on their own behalf, and the structures which such institutional investors put into place for the management of their own assets;</li> <li>b) credit institutions and other professionals of the financial sector investing in their own name but on behalf of institutional investors as defined above;</li> <li>c) credit institutions and other professionals of the financial sector established in Luxembourg or abroad, which invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate;</li> <li>d) collective investment undertakings in Luxembourg or abroad;</li> <li>e) holding companies or similar entities, whether Luxembourg-based or not, whose shareholders are institutional investors as described in the foregoing;</li> <li>f) holding companies or similar entities, whether Luxembourg-based or not, whose shareholder(s)/beneficial owner(s) is (are) individual person(s) which is (are) extremely wealthy and may reasonably be regarded as sophisticated investor(s) and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family;</li> <li>g) holding company or similar entity, whether Luxembourg-based or not, which as a result of its structure and activity has a true substance and holds important financial interests/investments.</li> </ol>
"Investor"	An investor who desires to subscribe or has subscribed to Shares.
"Investment Manager"	The investment manager(s) of each Sub-Fund, as disclosed in the relevant Supplement.
"Investment Management Fee"	The fee that is payable by the Fund, either directly or via the AIFM, to the Investment Manager for provision of its services.

"Law"	The Luxembourg law of 23 July 2016 on reserved alternative investment funds, as amended from time to time.
"Net Asset Value" or "NAV"	The net asset value of the Fund, of a Sub-Fund, of a Class or of a Share as determined pursuant to section 7. "Net Asset Value".
"Nonqualifying FATCA Persons"	Specified U.S. Persons, Nonparticipating FFIs and Passive NFFEs with one or more Substantial U.S. Owners, in each case as defined under FATCA.
"OECD"	The Organisation for Economic Co-operation and Development.
"Offering Document"	This confidential private placement memorandum, as amended or supplemented from time to time.
"Operational Fee"	Means the Distribution Fee and the Investment Management Fee.
"Professional Investor"	A professional investor within the meaning of the AIFM Directive, i.e. a professional client or a person that may, on request, be treated as a professional client within the meaning of Directive 2014/65/EU of 15 May 2014 on markets in financial instruments.
"RESA"	the Luxembourg <i>Recueil électronique des sociétés et associations</i> .
"Shareholders"	All the shareholders of the Fund.
"Shares"	Any shares in the Fund from any Class within any Sub-Fund subscribed by any Shareholder.
"Sub-Fund"	A specific portfolio of assets and liabilities within the Fund having its own Net Asset Value and represented by a separate Class or Classes.
"Subscription Agreement"	The subscription agreement or subscription form (as the case may be) entered into by an Investor in respect of a given Sub-Fund and setting forth, amongst other, (i) the rights and obligations of such Investor in relation to its subscription for Shares and (ii) representations and warranties given by such Investor in favour of the Fund and the concerned Sub-Fund.
"Supplement"	means the relevant supplement to this Offering Document relating to the relevant Sub-Fund, as amended, supplemented or restated from time to time.
"UCI"	Undertaking for collective investment, i.e. regulated or unregulated undertaking the sole objective of which is the collective investment in securities, financial instruments and other assets.
"United States" or "U.S."	The United States of America, its territories or possessions, any state of the United States and the District of Columbia.
"U.S. Person"	Any citizen or resident of the United States (including any corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof) or any estate or trust, other than an estate or trust the income of which from sources outside the United States is not included in gross income for the purpose of computing United States federal income tax.
"Valuation Day"	As provided for each Sub Fund in the relevant Supplement.
"Well-Informed Investors"	Subject to Article 2 of the Law, means: (1) An Institutional Investor, a Professional Investor or any other investor who meets the following conditions: <ul style="list-style-type: none"><li>(a) he has stated in writing that he adheres to the status of well-informed investor, and</li><li>(b) (i) he invests a minimum of 125,000 EUR in the Fund, or</li></ul>

(ii) he has been the subject of an assessment made by a credit institution within the meaning of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, by an investment firm within the meaning of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or by a management company within the meaning of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) or by an authorised alternative investment fund manager within the meaning of the AIFM Directive certifying his expertise, his experience and his knowledge to adequately appraise an investment in the reserved alternative investment fund.

- (2) The conditions set forth above are not applicable to the Directors and other persons who intervene in the management of the Fund.

All references herein to time are to Central European Time (CET) unless otherwise indicated.

Words importing the singular shall, where the context permits, include the plural and vice versa. Likewise, words importing the feminine gender shall, where the context permits, include the masculine gender and vice versa.

## 1 STRUCTURE OF THE FUND

The Fund is an open-ended investment company (*société d'investissement à capital variable*) organised as a public limited company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and qualifies as a reserved alternative investment fund ("RAIF") within the meaning of the Law. The Fund qualifies as an alternative investment fund ("AIF") within the meaning of the AIFM Law. Waystone Management Company (Lux) S.A. has been appointed by the Fund as its external AIFM. The Fund is an umbrella fund and as such operates separate sub-funds (each, a Sub-Fund), each of which is represented by one or more classes of Shares (each, a Class). The Sub-Funds may be formed for a limited or unlimited term, and are distinguished by their specific investment policy and such other specific terms as provided in the relevant Supplement for such Sub-Fund.

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

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

The Board of Directors may at any time resolve to set up new Sub-Funds and/or create within each Sub-Fund one or more Classes (with a specific fee structure, reference currency, distribution policy or other specific terms as provided in respect of each Sub-Fund in the relevant Supplement) and an *ad hoc* dedicated Supplement for the new Sub-Fund will be created separately. The Board of Directors may also at any time resolve to close a Sub-Fund, or one or more Classes within a Sub-Fund, to further subscriptions.

The Fund was incorporated on 14 February 2019 for an unlimited period. The capital of the Fund shall be equal at all times to the Net Asset Value of the Fund. The minimum capital of the Fund, as prescribed by Law, is of Euro 1,250,000 (or its equivalent in another currency).

The Fund is registered with the *Registre de Commerce et des Sociétés*, Luxembourg under number B232216. The Articles are deposited with the *Registre de Commerce et des Sociétés, Luxembourg* and are published in the RESA.

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

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

### Cross Sub-Funds Investments

A Sub-Fund (the "**Investing Sub-Fund**") may subscribe, acquire and/or hold Shares to be issued or issued by one or more Sub-Funds (each, a "**Target Sub-Fund**") without the Fund being subject to the requirements of the law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition, however, that:

- (i) the Target Sub-Fund does not, in turn, invest in the Investing Sub-Fund invested in this Target Sub-Fund;
- (ii) voting rights, if any, attaching to the Shares of the Target Sub-Fund are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- (iii) for as long as these Shares are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law.

## 2 INVESTMENT OBJECTIVES AND POLICIES

The investment objective of the Fund (and the primary objective of each Sub-Fund) is to produce returns by investing the funds available to it in securities of any kind and other permitted assets with the purpose of spreading investments risks and affording the Shareholders the results of the management of its portfolio.

In accordance with the provisions of the Law, each Sub-Fund shall pursue a distinct investment policy and have distinct investment strategies and the investment restrictions may differ for each of them. The investment policy, investment strategies and specific investment restrictions are disclosed for each Sub-Fund in the relevant Supplement.

### 3 INVESTMENT RULES

The Fund is subject to and will conduct its investment operations in compliance with the following general investment rules.

#### 3.1 Rules Applicable to Investments.

The Fund is subject to and will conduct its investment operations in compliance with the following investment restrictions.

- (1) A Sub-Fund shall in principle not invest more than 30% of its net assets or commitments in securities of the same kind issued by the same issuer. For the application of the present restriction, each sub-fund of an underlying fund with an umbrella structure is to be considered as a separate issuer, provided that the principle of segregation of commitments of the different sub-funds of such underlying fund in relation to third parties is ensured.

This rule shall however not apply:

- a) to investment in securities issued or guaranteed by a Member State of the OECD, or by its local authorities or by supranational institutions and bodies of a European, regional or worldwide nature;
  - b) to investments in underlying funds which are subject to risk diversification requirements at least comparable to those provided for in relation to funds governed by the Law and that are subject in their home country to permanent supervision by a supervisory authority set up by law in order to ensure the protection of investors (i.e. regulated investment funds and collective investment schemes having their registered office in the European Union, the USA, Canada, Switzerland, Hong Kong and Japan).
- (2) Short sales may not have as a consequence that a Sub-Fund holds a short position on securities of the same kind issued by the same issuing body representing more than 30% of its assets;
  - (3) When making use of derivative instruments, the Fund must ensure for each Sub-Fund a comparable risk diversification through an appropriate risk diversification of underlying assets.

Unless provided otherwise for a particular Sub-Fund in the relevant Supplement each Sub-Fund shall comply with the diversification rules set forth in the CSSF circular 07/309 (or any other CSSF circular replacing it).

No Sub-Fund shall be permitted to use securities financing transactions or total return swaps as defined in Regulation (EU) 2015/2365 on transparency of securities financing transaction and of reuse and amending Regulation (EU) No 648/2012, unless provided otherwise in the relevant Supplement.

#### 3.2 Borrowings

Unless otherwise provided for in the relevant Supplement, the Fund may use financial leverage for direct and/or indirect investments on a Sub-Fund-by-Sub-Fund basis. The Fund shall furthermore be authorised to enter into short-term borrowing arrangements for the account of a specific Sub-Fund to *inter alia*:

- (a) temporarily finance direct and/or indirect investments, pending drawdown of Sub-Fund Capital Commitments (as defined in the relevant Supplement);
- (b) cover a proportionate part of expenses of the Fund and expenses related to the given Sub-Fund pending drawdown of Sub-Fund Capital Commitments; and
- (c) following the drawdown of the total Sub-Fund Capital Commitments to serve as a proportionate part of working capital for the Fund or as working capital for the respective Sub-Fund.

The Fund may, acting on behalf of and for the account of a Sub-Fund, secure the borrowings of the relevant Sub-Fund by *inter alia* pledging the relevant Sub-Fund's assets and/or Investor undrawn Sub-Fund Capital Commitments.

### 3.3 Leverage and Exposure Calculation

"Leverage" is determined by the AIFM Directive as being any method by which the AIFM increases the exposure of the Fund and each relevant Sub-Fund whether through borrowing of cash or securities, leverage embedded in derivative positions or by any other means. The exposure (if any) of the Fund and of each Sub-Fund is calculated by the AIFM in accordance with two cumulative methods: the "gross method" and the "commitment method":

- (a) The gross method takes into account the value of all positions of the Fund or the relevant Sub-Fund, converts derivative instruments into an equivalent position in the underlying asset of that derivative, calculates exposures created through the reinvestment of borrowings if these increase exposure and include other arrangements generating leverage, but disregards netting and hedging arrangements and excludes cash and cash equivalents held in the base currency of the Fund or the relevant Sub-Fund.
- (b) The commitment method takes into account exposures of all positions of the Fund or the relevant Sub-Fund, converts derivative instruments into an equivalent position in the underlying asset of that derivative, applies netting and hedging arrangements, calculates exposures created through the reinvestment of borrowings if these increase exposure and includes other arrangements generating leverage.

The "gross method" provides the overall exposure of the Fund or the Sub-Fund(s), whereas the "commitment method" gives insight in the hedging and netting techniques used by the AIFM.

As highlighted in Section 3.2 "Borrowings" above, it may not be excluded that Sub-Funds could be required to borrow funds in the few exceptional circumstances laid out in the relevant Supplement. Unless otherwise provided for in the relevant Supplement, borrowing is theoretical and would only be incurred in case it would not be possible or efficient to implement any of the other remedies described in the relevant Supplement. As of the date of this Offering Document, the maximum leverage permitted in respect of each Sub-Fund is set out in the relevant Supplement.

## 4 RISK FACTORS AND CONFLICTS OF INTEREST.

**The list of the risk factors detailed below does not in any way claim to be an exhaustive description of the risks involved in investing in the Fund's Shares. Before deciding to subscribe for or purchase Shares, potential Investors should read the whole of this Offering Document (and the relevant Supplement) carefully and contact their professional advisers to understand the fiscal and other consequences of such an investment based on their personal situation.**

### 4.1 Risks related to the Management and Operations of the Fund

The following are certain risk factors that relate to the management and operation of the Fund.

#### **General**

An investment in the Fund requires a long-term commitment and there can be no assurance that the Fund will achieve its investment objective or that the Investors will receive any return or the return of their invested capital. Moreover, Investors may lose some or all of their investment. The risks referred to below are not exhaustive. Potential investors should review this Offering Document carefully and in its entirety and consult with their professional advisers before making an application for Shares.

Prospective Investors should consider carefully the following risk factors applicable to the Fund and relating particularly to the opportunistic investment strategy of the Fund prior to making any commitment. Investment in the Fund should be considered only by sophisticated Investors and institutions who fall within the definition of Well-Informed Investor and are willing and able to assume the risk of loss and degree of illiquidity involved by the type of investment made by the Fund.

Before making any investment decision with respect to the Shares, any prospective Investors should consult their professional advisors and carefully review and consider such an investment decision in light of the risk factors included in this Offering Document (and the relevant Supplement). The following is a brief description of certain factors, which should be considered along with other matters discussed elsewhere in this Offering Document. The following does, however, not purport to be a comprehensive summary of all the risks associated with an investment in the Shares or the Fund generally. Rather, the following are only certain particular risks to which the Fund is subject and that the Fund wishes to encourage prospective Investors to discuss in detail with their professional advisors.

### ***Liquidity of Investments***

Although the Fund may, on occasion, acquire securities that trade publicly or that are issued by companies that have another class of securities that trade publicly, it is unlikely that there will be a public market for many of the investments held by the Fund. The types of investments held by the Fund may be such that they require a substantial length of time to liquidate.

### ***Reliance on Key Management of the Fund***

Shareholders will have no authority to make decisions or to exercise business discretion on behalf of the Fund. The authority for all such decisions belongs to the AIFM subject to any provisions of the Supplement. The departure of any of the key management can have an adverse effect on the profits of the Fund.

### ***Investment Approach***

There is no guarantee that the investment approach, techniques, or strategies utilized by the AIFM will be successful or profitable. All investments of the Fund risk the loss of capital. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments, also could be detrimental to profits.

### ***Valuation***

In some circumstances reliable market data may not be available to value the assets of a particular Sub-Fund, and much of the current information provided by certain UCIs or their managers is unaudited and/or based on estimates. In other cases, the AIFM must make estimates of value of the assets and liabilities of the Fund or adjust the value of any investment or asset and these estimates could be incorrect or based on information which is out of date.

### ***Market Risk***

The value of investments and the income derived therefrom may fall as well as rise and Investors may not recover the original amount invested in the Fund. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments, changes in government policies taxation, restrictions on the countries to which the Fund is exposed through its investment.

### ***Volatility***

The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

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

The Classes of Shares within each Sub-Fund are not separate legal entities. Thus, all of the assets of a Sub-Fund are available to meet all the liabilities of that Sub-Fund, regardless of the Class of that Sub-Fund to which such assets or liabilities are attributable. In practice, cross-class liability will only arise where any Class becomes insolvent and is unable to meet all its liabilities. In this case, all of the assets of the relevant Sub-Fund attributable to other Classes of that Sub-Fund may be applied to cover the liabilities of the insolvent Class.

### ***Leverage***

While the use of leverage may increase the return on the invested capital, it also creates greater potential for loss. There can be no assurance that the respective Sub-Fund, in incurring debt, will be able to meet its loan obligations.

### ***Default by Investors***

In the event that an Investor fails to fulfil its financial obligations towards the Fund or any of its Sub-Funds, including but not limited to failure to comply with a drawdown notice of the Board of Directors, it may be difficult for the Fund and its non-defaulting Investors to make up the shortfall from other sources. The inability of the Fund to enforce certain potential Investors' obligations to contribute capital to the Fund could impair the Fund's ability to take advantage of investment opportunities. In case an Investor fails to make a required capital contribution, the Fund may not be in the position to honour its own present or future payment obligations. Specific remedies will be foreseen on a Sub-Fund by Sub-Funds basis in order to mitigate the potential consequences of a default on a given Sub-Fund.

### ***Taxation***

An investment in the Fund involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Fund will have investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Fund to its Shareholders. No assurance can be given on the actual level of taxation suffered by the Fund. Shareholders should consult their own tax advisors on the tax implications for them of investing, holding and disposing of Shares and receiving distributions in respect of Shares in the Fund.

### ***Terrorist Action***

There is a risk of terrorist attacks on the United States, Europe and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity.

### ***Conflicts of Interests***

There may be inherent and potential conflicts of interest among the AIFM, its members and advisory clients, and the Fund.

The Investment Manager (if any) may cause the Fund to invest with investment funds affiliated with the Investment Manager or in investment funds for which the Investment Manager or an affiliate act as sponsor, investment manager or provide other services or which may pay fees to the Investment Manager or an affiliate. The Investment Manager may also use affiliates of the Investment Manager as broker for transactions on behalf of the Investment Manager or other investment funds in which it invests. Although the Investment Manager has agreed to use appropriate skill, care and diligence in managing the Fund's assets, the Investment Manager, its employees and its affiliates are not required to devote full time or any material proportion of their time to the Fund. The Investment Manager may also provide services similar to those provided to the Fund to other investment funds with similar objectives.

### ***Capital Erosion Risk***

Well-Informed Investors should note that as management and performance fees, inter alia, may be charged to the capital as well as to the income of the Sub-Funds, upon redemption of Shares investors may not receive back the full amount of their original investment. Well-Informed Investors should also note that the calculation of Net Asset Value per Share takes account of both realized and unrealized capital gains and losses.

### ***Regulatory and/or Political Risks***

The value of the Sub-Funds' assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

### ***Changes in Applicable Law***

The Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Fund, the legal requirements to which the Fund and its shareholders may be subject could differ materially from current requirements.

### ***The AIFM***

According to the AIFM Rules, the AIFM must take all reasonable steps to identify conflicts of interest that arise in the course of managing the Fund between the AIFM (including its managers, employees or any person directly or indirectly linked to the AIFM by control) and the Fund or its Shareholders, the Fund or its Shareholders and another client of the AIFM (including another alternative investment fund, an undertaking for collective investment in transferable securities or their investors), and two clients of the AIFM.



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

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

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

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

## **4.2 Other Specific Risk Factors of the Sub-Funds**

Please refer to the relevant Supplements for any specific risk factors applying to each of the Sub-Funds.

## **5 SHARES**

The Board of Directors may decide to create within each Sub-Fund different Classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the relevant Sub-Fund. A specific fee structure, Base Currency, hedging and distribution policies or other specific terms may apply to each Class. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.

In case of the creation of additional Classes, this Offering Document will be updated.

Shares will be issued in registered form only. Shareholders shall receive a confirmation of their shareholding. No Share certificates will be issued. The number of Shares issued will be rounded to the nearest one hundredth of a Share and any surplus money will be credited to the relevant Sub-Fund. No interest is payable on monies paid for subscriptions.

The Fund may issue fractional Shares (rounded to the nearest one hundredth of a Share). Such fractions of Shares shall not be entitled to vote but shall be entitled to participate in the net assets and any distributions attributable to the relevant Class on a pro rata basis.

Shares are of no nominal value and carry no preferential or pre-emptive rights. Shares must be entirely subscribed and fully paid-up. Each Share of the Fund, irrespective of its Sub-Fund or Class, if applicable, is entitled to one vote at any general meeting of Shareholders, in compliance with Luxembourg law and the Articles. All Shares of the same Class have equal rights and privileges. Each Share is, upon issue, entitled to participate equally in the assets of the relevant Class to which it relates on liquidation and in dividend and other distributions as declared for such Class.

## **6 HOW TO DEAL**

### **6.1 Issue of Shares**

#### **General**

Unless otherwise provided for in the relevant Supplement, the Board of Directors is authorised, without limitation, at any time and for any period, to issue an unlimited number of fully paid up Shares of no par value of any Class at a price and in accordance with the conditions and procedures provided for in the relevant Supplement, without granting to existing Shareholders a preferential right to subscribe for the Shares to be issued.

## Subscription Process

The subscription process applicable in respect of each Sub-Fund shall be set forth in the relevant Supplement. The Board of Directors may delegate the performance of all or part of the subscription process to the Administrative Agent.

By executing a Subscription Agreement and/or by acquiring Shares, each Investor fully adheres and accepts the Offering Document and the Articles which determine the contractual relationship between the Investors, the Fund and any other agents of the Fund, as well as amongst the Investors themselves.

## Recycling of Drawn Down Commitments

Where applicable and unless otherwise provided for in the relevant Supplement, the Board of Directors may decide to return drawn down Commitments to Shareholders where part or all of such drawn down Commitments have not been used as foreseen in the relevant Drawdown notice, if applicable or, where such amounts have been returned by the relevant Underlying Fund within a period of time determined for such repayment in the Underlying Fund's documentation. Any amounts so returned may increase the amount of undrawn Commitments of the relevant Shareholder and be available for Drawdown by the Board of Directors.

## Defaulting Shareholder

Where applicable, if an Investor does not meet a call on its subscription commitment at the time and in the amount required by the Board of Directors, it may be treated as being in default and be applied the remedies provided for in the relevant Supplement.

## Restrictions on Ownership

Shares are, in accordance with the requirements of the Law, exclusively reserved for Investors qualifying as Eligible Investors and which are not precluded from holding Shares in the Fund pursuant to the terms of this Offering Document and of the Articles.

The Board of Directors may, at any time at its discretion, temporarily discontinue, cease definitely or limit the issue of Shares to persons or corporate bodies resident or established in certain countries or territories. The Fund will not offer Shares to U.S. Persons. The Fund also will not offer Shares to Nonqualifying FATCA Persons (except to the extent the Shares are distributed by and held through a Participating FFI, as defined under FATCA). The Board of Directors may also prohibit certain persons or corporate bodies from acquiring Shares if such a measure is necessary for the protection of the Shareholders as a whole and/or for the protection of the Fund, or reserve the issue of certain Classes of Shares to those Investors approved by the Board of Directors.

Furthermore, the Board of Directors may:

- reject at its sole discretion any application for Shares, in whole or in part, without giving any reason for such rejection in which event any already paid subscription monies will, subject to applicable law, be returned without interest, expenses or compensation to the applicant by transfer to the applicant's designated account or by post at the applicant's cost and risk. For the avoidance of doubt, no interest will be payable on such amount before its return to the applicant; or
- at any time require any person whose name is entered in the Shareholders' register to furnish it with any information, supported by affidavit, which it may consider necessary for the purpose of determining whether or not beneficial ownership of that shareholder's share rests or will rest in a person who is precluded from holding Shares; or
- decline to accept the vote of any person who is precluded from holding Shares at any meeting of Shareholders; or
- repurchase or compulsory redeem at any time the Shares held by Shareholders who are excluded from purchasing or holding Shares according to the terms of the Articles or this Offering Document or applicable law; or
- cease to issue Shares of a particular Class.

The Fund is only offering Shares for sale to Eligible Investors, and the Fund may reject any subscription for Shares in whole or in part, for any reason including, without limitation, because the Investor is deemed a restricted person. A restricted person

means any person (including any U.S. Person) who does not meet the eligibility requirements set forth below, and in any case, any prospective Investor which is not an Eligible Investor.

The Fund will not issue Shares to persons or companies who may not be considered as Eligible Investors. Further, the Fund will not give effect to any transfer of Shares which would result in a non-Eligible Investor becoming a Shareholder in the Fund. The Fund will, at its discretion, refuse to issue Shares or to transfer Shares if there is not sufficient evidence that the person or company to which the Shares are sold or transferred is an Eligible Investor. The Fund may also compulsorily redeem at any time Shares held by Shareholders who are excluded from acquiring or holding such Shares.

In considering the qualification of a subscriber or a transferee as an Eligible Investor, the Fund will have due regard to the guidelines or recommendations of the competent supervisory authority.

Prospective Investors will be required to make or give certain representations, warranties, agreements, undertakings, and acknowledgments relating to their suitability to purchase Shares, the terms of the Shares and other matters relating to the offering of the Shares when completing the Subscription Agreement of the Fund. When assessing a prospective investor's suitability, the Board of Directors may require the relevant prospective investor to provide proof of its solvency and credit worthiness.

Any prospective Investor acting in any fiduciary capacity shall be required to (i) confirm that it qualifies as an Eligible Investor, (ii) certify the number and qualification of beneficial owners for whom Shares are being purchased, and (iii) evidence that the beneficial owner(s) of the Shares is/are (an) Eligible Investor(s). Furthermore, it is the responsibility of each Investor to verify that the purchase and payment for the Shares is in compliance with all relevant laws of the Investor's jurisdiction of residence.

The suitability requirements set forth herein represent the minimum suitability requirements for prospective Investors in the Fund and satisfaction of these requirements does not necessarily mean that an investment in the Fund is a suitable investment for a prospective Investor. In all cases, the Fund shall have the right, in its sole discretion, to refuse a subscription for Shares for any reason, including, but not limited to, its belief that the prospective Investor does not meet the applicable suitability requirements or that such an investment is otherwise unsuitable for that Investor.

**The Directors reserve and intend to exercise the right at their sole discretion to compulsorily redeem any Shares, *inter alia*, if the continued ownership of any Shares by any person could result in a risk of legal, regulatory, pecuniary, taxation or material administrative disadvantage to the Fund or its Shareholders as a whole.**

## **Anti-money Laundering and Fight Against Terrorism Financing Provisions**

Pursuant to international rules and Luxembourg laws and regulations (comprising but not limited to the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended (the "**Lux AML Law**")) the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 and any applicable CSSF Circular concerning the fight against money laundering and terrorist financing, and any respective amendments, supplements or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent the use of UCIs for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg UCI must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Administrative Agent may require subscribers to provide any document they deem necessary to effect such identification. In addition, the Administrative Agent, as delegate of the Fund, may require any other information that the Fund may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law (as defined above).

Where the Shares are subscribed through an intermediary acting on behalf of its customers, enhanced due diligence measures will be undertaken in accordance with Article 3 of CSSF Regulation 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing. In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Fund nor the Administrative Agent has any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

From time to time, Shareholders may be asked to supply additional or updated identification documents in accordance with clients' on-going due diligence obligations according to the relevant laws and regulations.

## **Register of Beneficial Owners**

The Luxembourg Law of 13 January 2019 creating a Register of Beneficial Owners (the "Law of 13 January 2019") entered into force on 1 March 2019. The Law of 13 January 2019 requires all companies registered with the Luxembourg Company Register, including the Fund, to obtain and hold information on their beneficial owners ("Beneficial Owners") at their registered

office. The Fund must register certain Beneficial Owner-related information with the Luxembourg Register of Beneficial Owners, which is established under the authority of the Luxembourg Ministry of Justice.

The Law of 13 January 2019 broadly defines a Beneficial Owner, in the case of corporate entities such as the Fund, as any natural person(s) who ultimately owns or controls the Fund through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in the Fund, including through bearer shareholders, or through control via other means, other than a company listed on a regulated market that is subject to disclosure requirements consistent with European Union law or subject to equivalent international standards which ensure adequate transparency of ownership information.

A shareholding or ownership interest of more than 25 % in the Fund held by a natural person shall be an indication of direct ownership. A shareholding or ownership interest of more than 25% in the Fund held by a corporate entity, which is under the control of a natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership.

In case the aforementioned Beneficial Owner criteria are fulfilled by an investor with regard to the Fund, this investor is obliged by law to inform the Fund in due course and to provide the required supporting documentation and information which is necessary for the Fund to fulfil its obligation under the Law of 13 January 2019. Failure by the Fund and the relevant Beneficial Owners to comply with their respective obligations deriving from the Law of 13 January 2019 will be subject to criminal fines. Should an investor be unable to verify whether they qualify as a Beneficial Owner, the investor may approach the Fund for clarification.

## **6.2 Redemption**

### **Redemption Procedure**

The Fund may redeem Shares upon the request of a Shareholder if provided for and subject to the terms set out in the relevant Supplement.

In addition, the Board of Directors may decide to redeem Shares for distribution purposes provided that no distribution may be made as a result of which the capital of the Fund would fall below the minimum capital amount required by the Law.

The redemption of Shares shall be subject to such further terms and conditions, including but not limited to any redemption charges, as set forth in the relevant Supplement.

### **Redemptions in kind**

With the consent of or upon request of the Shareholder(s) concerned, the Board of Directors may (subject to the principle of equal treatment of Shareholders) satisfy redemption requests in whole or in part in kind by allocating to the redeeming Shareholders investments from the portfolio in value equal to the Net Asset Value attributable to the Shares to be redeemed. Such redemption will, if required by Luxembourg laws or regulations, be subject to a special audit report by the Auditor confirming the number, the denomination and the value of the assets which the Board of Directors will have determined to be contributed in counterpart of the redeemed Shares.

The costs for such redemptions in kind, in particular the costs of the special audit report, will be borne by the Shareholder requesting the redemption in kind or by a third party, unless the Board of Directors considers the redemption in kind to be in the interest of the Fund or made to protect the interest of the Shareholders. The nature and type of assets to be transferred in such case shall be determined on a fair and reasonable basis and without prejudicing the interests of the other holders of Shares in the relevant Class.

## Compulsory Redemption of Shares

If the Board of Directors becomes aware that a Shareholder is holding Shares for the account of a person who does not meet the Shareholder eligibility requirements specified in this Offering Document and the Articles, or is holding Shares in breach of any law or regulation or otherwise in circumstances having, or which may have, adverse regulatory, tax or fiscal consequences for the Fund or a Sub-Fund or a majority of the Shareholders, or otherwise be detrimental to the interests of the Fund, or is otherwise precluded from holding Shares in the Fund pursuant to the terms of the Offering Document or Articles, the Board of Directors may compulsorily redeem such Shares in accordance with the provisions of the Articles.

Shareholders are required to notify the Fund and the Administrative Agent immediately if they cease to meet the Shareholder eligibility requirements specified in this Offering Document, or hold Shares for the account or benefit of any person who does not or has ceased to meet such requirements, or hold Shares in breach of any law or regulation or otherwise in circumstances having, or which may either have adverse regulatory, tax or fiscal consequences for the Fund or be detrimental to the interests of the Fund, or are otherwise precluded from holding Shares in the Fund pursuant to the terms of the Offering Document or Articles.

If the Board of Directors becomes aware that a Shareholder has failed to provide any information or declaration required by the Fund within ten (10) days of being requested to do so, the Board of Directors may compulsorily redeem the relevant Shares in accordance with the provisions of the Articles.

The Board of Directors is also entitled to compulsorily redeem all Shares held by a Shareholder where:

- a Shareholder has transferred or attempted to transfer any portion of its Shares in violation of the Offering Document and/or of the Articles; or
- any of the representations or warranties made by a Shareholder in connection with the acquisition of Shares was not true when made or has ceased to be true or the Shareholder has otherwise breached an agreement with the Fund; or
- in any other circumstances in which the Board of Directors determines in its sole and absolute discretion that such compulsory redemption would avoid any legal, pecuniary, tax (including any tax liabilities that might result from a breach of the requirements imposed by FATCA), economic, proprietary, administrative consequences or other disadvantages for the Depositary or for the Fund.

## Suspension of Redemptions

Redemption of Shares of any Sub-Fund or Class will be suspended whenever the determination of the Net Asset Value of such Sub-Fund or Class is suspended.

## Deferral of Redemptions

The Board of Directors may decide to defer redemptions, to the extent set out for a Sub-Fund in the relevant Supplement.

## Revocability of Redemption Requests

In normal circumstances, applications for redemptions of Shares (if permitted) are irrevocable and may not be withdrawn by a Shareholder. In the event of suspension of the determination of the Net Asset Value of the relevant Sub-Fund or deferral of the right to redeem Shares of a given Class, if applicable, and/or Sub-Fund, the Shareholders of the relevant Sub-Fund and/or Class, if applicable, who have made an application for redemption of their Shares, may give written notice to the Fund that they wish to withdraw their application. Furthermore, the Board of Directors may, at its sole discretion and taking due account of the principle of equal treatment between Shareholders and the interest of the relevant Sub-Fund, decide to accept any withdrawal of an application for redemption.

### 6.3 Conversion

#### Possibility of Conversion

If not otherwise disclosed in the relevant Supplement, and subject to the approval of the Fund, Shareholders may ask to convert all or part of the Shares which they hold in a Class of a given Sub-Fund:

- into Shares, including into Accumulation or Distribution Shares, of another Class in the same Sub-Fund; or

- into Shares, including into Accumulation or Distribution Shares, of the same Class of another Sub-Fund.

### **Irrevocability of Conversion Requests**

Any request for conversions shall be irrevocable and may not be withdrawn by any Shareholder in any circumstances, except in the event of a suspension of the determination of the Net Asset Value of the relevant Sub-Fund. In the event of a suspension, the Fund will process the conversion requests with respect to the first applicable Valuation Day following the end of the period of suspension.

### **Conditions**

Acceptance of any application for conversion is contingent upon the satisfaction of any conditions (including any minimum redemption/subscription, prior notice and lock-up requirements) applicable to the Class from/into which the conversion is to be effected. If, as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than any minimum holding amount specified in the relevant Supplement, the Board of Directors may decide not to accept the conversion request. If, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the minimum holding amount specified in the relevant Supplement(s), the Board of Directors may decide that such Shareholder shall be deemed to have requested the conversion of all of his Shares.

## **6.4 Transfer of Shares**

Transfer of Shares may only be carried out if the transferee (and the beneficial owner, if different) qualifies as an Eligible Investor and is not precluded from holding Shares according to the terms of this Offering Document and of the Articles, and only with the prior consent of the Board of Directors (not to be unreasonably withheld) and by an instrument in writing signed by the transferor and the transferee and containing the name and address of the transferor and the transferee in the usual and common form or in any other form which the Directors may approve. Unless the Board of Directors otherwise determines, a Shareholder is not entitled to transfer Shares of any Class if as a result of such transfer the minimum holding of the Shareholder or the person to whom the Shares are to be transferred in a Class is less than the applicable minimum holding amount. Shareholders are not authorised to transfer Shares to any person who would not be entitled to subscribe for Shares (as further detailed in sub-section "Restrictions on Ownership" above).

If a Shareholder desires to sell, assign, pledge, exchange, hypothecate, transfer or otherwise dispose of his Shares in the Fund, such Shareholder may not make such transfer or disposition if such disposition or transfer would be to a U.S. Persons, Nonqualifying FATCA Person (except to the extent the Shares are distributed by and held through a Participating FFI, as defined under FATCA) and/or would require registration under U.S. federal or state securities laws or jeopardize the status of the Fund or its Shareholders for U.S. federal income tax purposes.

## **6.5 Market timing and frequent trading**

The Fund does not knowingly allow dealing activity which is associated with market timing or frequent trading practices, as such practices may adversely affect the interests of all Shareholders.

For the purposes of this section, market timing is held to mean subscriptions into, switches between or redemptions from the various Classes (whether such acts are performed singly or severally at any time by one or several persons) that seek or could reasonably be considered to appear to seek profits through arbitrage or market timing opportunities.

Frequent trading is held to mean subscriptions into, switches between or redemptions from the various Classes (whether such acts are performed singly or severally at any time by one or several persons) that by virtue of their frequency or size cause any Fund's operational expenses to increase to an extent that could reasonably be considered detrimental to the interests of the other Shareholders.

## 7 NET ASSET VALUE

### 7.1 Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund is determined as at each Valuation Day.

The Net Asset Value of each Sub-Fund will be determined and made available in its Base Currency.

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

In calculating the Net Asset Value, income and expenditure are treated as accruing from day-to-day.

Assets will be valued as of each Valuation Day in accordance with the following principles:

- a) shares or units in 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 estimated net asset value as of such 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, 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;
- b) shares or units in investment vehicles the issue or redemption of which is restricted, and in respect of which a secondary market is maintained by dealers who, as principal market-makers, offer and publish prices in response to market conditions will be valued based on such prices by valuation principles as selected by the AIFM; if secondary market prices are not publicly available, shares or units of such investment vehicles will be valued at the net asset value published by the underlying investment vehicle, 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, the fair value of such shares or units;
- c) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the AIFM may consider appropriate in such case to reflect the true value thereof;
- d) securities (including a share or unit in a closed-ended investment vehicle) and/or financial derivative instruments which are listed on any official stock exchange or traded on any other organised market will be valued at the last available stock price. Where such securities or other assets are quoted or dealt in or on more than one stock exchange or other organised markets, the AIFM shall select the principal of such stock exchanges or markets for such purposes;
- e) in the event that any of the securities held in any Sub-Fund's portfolio on the relevant day are not listed on any stock exchange or traded on any organised market or if with respect to securities listed on any stock exchange or traded on any other organised market, the price as determined pursuant to sub paragraph d) is not, in the opinion of the AIFM, representative of the fair market value of the relevant securities, the value of such securities will be determined prudently and in good faith based on the reasonably foreseeable sales price or any other appropriate valuation principles;
- f) the financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will, where suitable, be valued according to generally accepted models based on the prices of the underlying asset;;
- g) swap contracts will be valued according to generally accepted valuation rules that can be verified by auditors. Asset based swap contracts will be valued by reference to the market value of the underlying assets. Cash flow based swap contracts will be valued by reference to the net present value of the underlying future cash flows; and
- h) any assets or liabilities in currencies other than the Base Currency of the relevant Sub-Fund will be converted using

the relevant spot rate quoted by a bank or other responsible financial institution.

The relevant Supplement may derogate in all or in part to the above rules in respect of a particular Sub-Fund.

The AIFM is responsible for carrying out the Fund's valuation. If any of the aforesaid valuation principles does not seem accurate for the purpose of determining the fair value of the Fund's assets, the AIFM and the Board of Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.

Additional information in relation to the AIFM's valuation procedure and of the pricing methodology for valuing the Fund's assets, including as the case may be the methods used in valuing hard-to-value assets and the appointment of external valuers in accordance with Article 19 of the AIFM Directive, is available at the registered office of the AIFM.

The Fund has delegated to the Administrative Agent the calculation of the Net Asset Value and the Net Asset Value per Share.

In calculating the Net Asset Value and the Net Asset Value per Share, the value of each investment will be done in accordance with the aforementioned valuation principles applying prices from identified independent pricing vendors defined on an established pricing hierarchy as set out for the Fund by the Administrative Agent and approved by the AIFM.

The Administrative Agent is responsible for applying the values from the pricing sources in accordance with the pricing hierarchy. The Administrative Agent may utilise alternate independent pricing vendors or valuation sources to those listed in the designated hierarchies in exceptional circumstances and subject to the approval of the AIFM.

For investments where the aforementioned valuation principles do not seem accurate for the purpose of determining the fair value of the Fund's assets, the Administrative Agent shall base its calculation on the pricing and valuations it receives from either independent third parties designated by the AIFM or the AIFM itself.

The latest net asset values and/or market prices of the Fund and/or the Shares, as the case may be, are available at the registered office of the AIFM and/or the Fund.

## **7.2 Suspension of the Calculation of the Net Asset Value**

The Fund may temporarily suspend the calculation of the Net Asset Value of one or more Sub-Funds or Classes and in consequence the issue, redemption and conversion of Shares of any Class in any of the following events:

- a) during any period when dealing in or valuation of the units/shares of any UCI in which a significant amount of the assets of a Sub-Fund may be invested is restricted or suspended;
- b) during the closing of the principal stock exchanges or other markets on which any substantial portion of a Sub-Fund's direct or indirect investments, in the opinion of the Fund and the AIFM, is quoted or dealt in (other than for ordinary holidays), or the restriction or suspension of dealings therein;
- c) during the existence of any state of affairs which, in the opinion of the Fund, constitutes an emergency as a result of which determination of the price, value or disposition of a Sub-Fund's direct or indirect investments would be impracticable or prejudicial to Shareholders;
- d) during which redemptions would, in the opinion of the Fund, result in a violation of applicable laws and regulations;
- e) during any breakdown in the means of communication or computation normally employed in determining the price or value of any Sub-Fund's investments or the current price or values on any market or stock exchange in respect of the assets of the Sub-Fund;
- f) during the occurrence of any period when the Fund is unable to withdraw sufficient funds from underlying investment vehicles or otherwise to meet redemption requests or in circumstances when the disposal of part or all of any Sub-Fund's assets to meet such redemption request would be prejudicial to Shareholders;
- g) during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Fund, be effected at advantageous rates of exchange;
- h) from the date on which the Board of Directors decides to wind up or merge a Class or a Sub-Fund, or following the date on which notice is given of the general meeting of shareholders at which a resolution to wind up or merge the Fund or a Sub-Fund is to be proposed;



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

The Fund may cease the issue, allocation and redemption of the Shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the Luxembourg supervisory authority.

Shareholders who have requested redemption of their Shares will be promptly notified in writing of any such suspension and of the termination thereof.

Any application for subscription, redemption or conversion of Shares is irrevocable except in case of suspension of the calculation of the Net Asset Value of the relevant Sub-Fund, in which case Shareholders may give written notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with on the first applicable Valuation Day following the end of the period of suspension.

## **8 MANAGEMENT AND ADMINISTRATION OF THE FUND**

### **8.1 Board of Directors**

The Board of Directors is responsible for the overall management and control of the Fund. The Board of Directors will receive periodic reports from the AIFM detailing the Fund's performance and analysing its investment portfolio. The AIFM will provide such other information as may from time to time be reasonably required by the Board of Directors.

The Board of Directors may appoint any delegates, agents or officers in relation to certain function(s) from time to time.

### **8.2 Alternative Investment Fund Manager**

The Board of Directors has appointed Waystone Management Company (Lux) S.A. as the external AIFM of the Fund within the meaning of the Law and this latter shall be responsible to ensure the compliance of the Fund with the Law, in accordance with the terms and conditions of an AIFM agreement between the Fund and the AIFM.

Waystone Management Company (Lux) S.A. is a public limited liability company (*société anonyme*), incorporated under the laws of Luxembourg on 23 October 2003 for an unlimited period of time. It is authorized by the CSSF as alternative investment fund manager in compliance with Article 5 of the Law and is registered on the official list of Luxembourg alternative investment fund managers and with the Luxembourg RCS under number B 96.744. Its articles of incorporation have been published in the *Mémorial C, recueil des sociétés et associations* on 26 November 2003. The last consolidated version of the articles of incorporation of the AIFM was filed with the Luxembourg RCS on 12 July 2017.

### **Description of duties**

The AIFM has been entrusted with the duties pertaining to the investment management functions of the Fund, namely (a) the portfolio management function and (b) the risk management function. The AIFM is moreover responsible for valuing the assets of the Fund within the meaning of Article 19 of the AIFM Directive.

The AIFM may carry out any activities connected directly or indirectly to, and/or deemed useful and/or necessary for, the accomplishment of its objectives, remaining, however, within the limitations set forth in, but to the furthest extent permitted by, the provisions of its governing laws and regulations.

The duties of the AIFM are more fully described in the AIFM agreement between the Fund and the AIFM, a copy of which is available at the registered office of the AIFM.

### **Professional liability**

In accordance with the requirements of Article 9.7 of the AIFM Directive, the AIFM has indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered. More information regarding this cover may be obtained at the AIFM's registered office.

### **Delegation**

The AIFM has been permitted by the Fund to appoint delegates in relation to its functions in accordance with the AIFM Rules. Details of the delegates (if any) shall be set out in the applicable Supplement. Information about conflicts of interests that may arise from these delegations is available at the registered office of the AIFM.

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 under certain circumstances.

Delegates are entitled to receive as remuneration for their services hereunder such fee payable as is set out in the relevant agreement or as may otherwise be agreed upon from time to time. Such fees are payable directly out of the assets of the relevant Sub-Funds or by the AIFM out of fees it receives for the Fund as described in this Offering Document.

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

### 8.3 Depositary

J.P. MORGAN BANK LUXEMBOURG S.A. has been appointed Depositary of the Fund under the terms of a written agreement between J.P. MORGAN BANK LUXEMBOURG S.A., the AIFM and the Fund (the "**Depositary Agreement**") to provide depositary, custodial, settlement and certain other associated services to the Fund.

The Depositary was incorporated in Luxembourg as a *société anonyme* and has its registered office at European Bank & Business Centre, 6C, route de Treves, L-2633 Senningerberg, Grand Duchy of Luxembourg. It has engaged in banking activities since its incorporation and is supervised by the CSSF.

The Depositary performs three types of functions, namely (i) the oversight duties (as defined in article 19(9) of the AIFM Law), (ii) the monitoring of the cash flows of the Fund (as set out in article 19(7) of the AIFM Law and (iii) the safekeeping of the Fund's assets (as set out in article 19(8) of the AIFM Law).

Under its oversight duties, the Depositary is required to:

- (1) ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Fund are carried out in accordance with the AIFM Law and with the Articles,
- (2) ensure that the value of Shares is calculated in accordance with the AIFM Law and the Articles,
- (3) carry out the instructions of the Fund or the AIFM acting on behalf of the Fund, unless they conflict with the AIFM Law or the Articles,
- (4) ensure that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits,
- (5) ensure that the Fund's revenues are allocated in accordance with the AIFM Law and its Articles.

The overriding objective of the Depositary is to protect the interests of the Shareholders of the Fund, which always prevail over any commercial interests.

In the event that conflicts of interest do arise, the Depositary will undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the Shareholders are fairly treated.

The Depositary may delegate to third parties the safe-keeping of the Fund's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the requirements of the AIFM Law, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

The Fund and the AIFM may release the Depositary from its duties with ninety (90) days written notice to the Depositary. Likewise, the Depositary may resign from its duties with ninety (90) days written notice to the Fund.

In that case, a new depositary must be designated to carry out the duties and assume the responsibilities of the Depositary, as defined in the agreement signed to this effect. The replacement of the Depositary shall happen within two months. Pending the appointment of a new depositary, the Depositary shall take all necessary steps to ensure good preservation of the interests of the Shareholders. After termination as aforesaid, the appointment of the Depositary shall continue thereafter for such period as may be necessary for the transfer of all assets of the Fund to the new depositary.

## 8.4 Central Administration Agent, Domiciliary Agent and Registrar and Transfer Agent

J.P. MORGAN BANK LUXEMBOURG S.A. has been appointed as Administrative Agent to provide services of central administration and registrar and transfer agent for the Fund pursuant to the Central Administration Services Agreement (the "**Administration Agreement**") entered into between the Fund, the AIFM and the Administrative Agent.

The Administration Agreement has an unlimited term and may be terminated by either party subject to a written notice of three months.

## 8.5 Auditor

Deloitte Audit Société à responsabilité limitée, has been appointed as approved statutory auditor of the Fund and will audit the Fund's annual financial statements.

The Auditor must carry out the duties provided by the Law and the AIFM Law. In this context, the main obligation of the Auditor is to audit the accounting information contained in the Fund's annual report.

The Auditor is also subject to certain reporting duties vis-à-vis the regulators as more fully described in the AIFM Rules and the Law.

## 8.6 Shareholders' Rights against Service Providers

It should be noted that Shareholders will only be able to exercise their rights directly against the Fund and will not have any direct contractual rights against the service providers acting in relation to the Fund appointed from time to time. The foregoing is without prejudice to other rights which Investors may have (i) under ordinary rules of law; (ii) in respect of a direct contractual relationship with such service providers; or (iii) pursuant to specific legislation (such as e.g. a right of access to and rectification of personal data).

# 9 FEES AND EXPENSES

## 9.1 AIFM

The AIFM is entitled to an AIFM fee out of the Sub-Fund asset as detailed in the relevant Supplement, calculated as at each Valuation Day by reference to the Net Asset Value of the relevant Sub-Fund and payable monthly in arrears, unless otherwise provided for in the relevant Supplement.

The AIFM is entitled to receive out of the assets of the Sub-Fund a variable fee of up to 0.04% per annum, subject to a minimum annual fee of 50,000 EUR and a maximum annual fee of 100,000 EUR in each case on a per sub-fund basis, and a maximum annual fee of 400,000 EUR at the Fund level, subject to a maximum of 4 sub-funds. This fee will be calculated quarterly at the month-end Net Asset Value of the previous quarter and shall be paid quarterly in arrears. An additional one-off onboarding fee of 5,000 EUR shall be applicable for each sub-fund.

The AIFM shall also be entitled to receive out of the assets of the Sub-Fund additional fees corresponding to the provision of additional services, as agreed from time to time, allowing the Fund to comply with any new regulatory requirements impacting the Fund.

In addition, where applicable, any value added tax ("**VAT**") associated with the above fees and reimbursements will be charged to the Sub-Fund.

## 9.2 Operational Fee

Classes of Shares in each Sub-Fund will be charged an Operational Fee which includes the Investment Management Fee and the Distribution Fee, in accordance with the relevant Appendix.

## 9.3 Performance Fee

The Investment Manager of the relevant Sub-Fund may, in addition to the Investment Management Fee, be entitled to a performance fee out of the Sub-Fund asset. Details of such performance fee (if applicable) are set out in the relevant Supplement.

#### 9.4 Depositary and Administrative Fee

The Depositary Bank shall be entitled to remuneration for the custody of assets belonging to each Sub-Fund, calculated on the Sub-Fund assets on the last Valuation Day of each month.

The Depositary is entitled to receive out of the assets of each Sub-Fund the greater of the following fees: 0,015% of the Net Asset Value of the relevant Sub-Fund or a minimum fee per Sub-Fund of 15,000 EUR.

The Administrative Agent is entitled to be paid directly out of the assets of each Sub-Fund. The Administrative Agent shall be paid a minimum fee of 75,000 EUR for the services provided to the Fund, which may be increased depending on the additional services provided by the Administrative Agent (number of share classes launched, transactions performed by each Sub-Fund, etc).

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

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

#### 9.5 Expenses

Unless otherwise set out in respect of a Sub-Fund in the relevant Supplement, the Fund shall pay out of the assets of the relevant Sub-Fund all expenses (directly or indirectly) incurred by it in connection with its operation and administration and that of its investments and divestments including, without limitation:

- fees (including, as the case may be, AIFM fees, depositary fees, central administration fees, investment advisory fees, performance fees or other performance related remuneration schemes) and reasonable expenses, costs and indemnification payable to the Directors and the service providers of the Fund;
- any fees, costs and expenses incurred in connection with making any filings with any government body or regulatory authority as well as statutory or regulatory fees, if any, levied against or in respect of the Fund together with the costs incurred in preparing any submission required by any tax, statutory or regulatory authority;
- fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country;
- any costs and expenses relating to Investor relation activity and marketing, including the drafting, printing and mailing of reports and information to Investors and the organisation of marketing events;
- any expenses incurred in connection with legal proceedings involving the Fund; costs and expenses disbursed in connection with the day-to-day management of the Fund and the operations of the Fund and its Sub-Funds' investments, including fees and expenses in connection with investments and disinvestments and travel expenses of Directors and officers of the Fund or any agent or external consultant in connection with the day to day operation and management of investments and fees paid to third party service providers;
- any expenses incurred in connection with obtaining legal, tax and accounting advice and the advice of other experts and consultants;
- any fees, costs and expenses (including, as the case may be, AIFM fees, valuation experts, subscription to pricing sources, providers fees or appraiser fees) incurred in connection with valuing assets where the valuation principles in section 7.1 a)-h) do not seem accurate for the purpose of determining the fair value of the Fund's assets. Such charges are subject to the approval of the Board;
- fees, costs and expenses in relation to consultation with professional advisers, including the legal fees and expenses for the negotiation, structuring, financing and documentation in relation to the acquisition, ownership and realisation of any investment;
- insurance premia incurred on behalf of the Fund;

- all third party costs and expenses incurred in connection with the performance of all due diligence investigations in relation to the acquisition, ownership or realisation of any investment or divestment (whether or not completed or realised), unless reimbursed by another person;
- the fees, costs and expenses required to be paid in connection with any credit or overdraft facility or other type of borrowing arrangement, including the legal fees, costs and expenses of the lawyers for the lender(s), the fees, costs and expenses of the Fund's counsel, lender's assumption or transfer fees and required reserves;
- expenses related to the compliance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 ("**SFDR**") and any other applicable legislation of regulations related to the EU Action Plan, including costs and expenses of collecting and calculating data and the preparation of policies, disclosures and reports in addition to other matters that relate solely to marketing and regulatory matters;
- audit expenses;
- any cost related to subsequent closings;
- bank charges and interest;
- taxes and other governmental charges;
- expenses related to currency and interest hedging; and
- costs of liquidating the Fund and/or any Sub-Fund.

Expenses specific to a Sub-Fund or Class will be borne by that Sub-Fund or Class. Charges that are not specifically attributable to a particular Sub-Fund or Class may be allocated among the relevant Sub-Funds or Shares Classes based on their respective NAV or any other reasonable basis given the nature of the charges as determined by the Board of Directors.

## 9.6 Formation costs

All costs and expenses incurred in connection with the establishment, organisation and incorporation of the Fund and the first Sub-Fund, including any costs and expenses incurred in connection with the preparation of this Offering Document (including fees, costs and expenses of legal and tax advisers), any subscription materials and any other agreements or documents relating to the establishment and offering of Shares, shall be borne by the Fund or by the relevant Sub-Fund at discretion of the Board of Directors. Such formation costs may be amortised over the first five years of the Fund's operation or such other period in such manner as the Directors, in their absolute discretion, deem fair.

Expenses incurred in connection with the creation of any additional Sub-Fund will be borne by the relevant Sub-Fund and will be written off over a period of five (5) years. Hence, the additional Sub-Funds will not bear a pro rata share of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Shares which have not already been written off at the time of the creation of the new Sub-Funds.

## 10 DISTRIBUTION POLICY

Shares may be issued as accumulation shares (i.e. no dividends or distribution are paid and all income attributable thereto is reinvested, (the "**Accumulation Shares**") or as distribution shares (the "**Distribution Shares**") at the discretion of the Board of Directors. A list of available Classes, if applicable, is disclosed in the relevant Supplement.

The Board of Directors shall declare and pay dividends on the Distribution Shares within the limits of the Law and at such frequency as it may determine.

Any distributions shall be based on the provisions set forth in the Supplement.

## 11 TAXATION

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

### Taxation of the Fund

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

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

The Fund is subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.01% per annum based on the net asset value of the Fund at the end of the relevant quarter, calculated and paid quarterly.

A subscription tax exemption applies to:

- the portion of any Sub-Fund's assets (*prorata*) invested in a Luxembourg investment fund or any of its sub-funds to the extent it is subject to the subscription tax (*taxe d'abonnement*);
- any Sub-Fund (i) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and (ii) whose weighted residual portfolio maturity does not exceed 90 days, and (iii) that have obtained the highest possible rating from a recognised rating agency. For the purpose of point (i) above money markets instruments are any debt securities and instruments, irrespective of whether they are transferable securities or not, including bonds, certificates of deposits, deposit receipts and all other similar instruments, provided that, at the time of their acquisition by the Sub-Fund, their initial or residual maturity does not exceed twelve months, taking into account the financial instruments connected therewith, or the terms and conditions governing those securities provide that the interest rate applicable thereto is adjusted at least annually on the basis of market conditions);
- any Sub-Fund or Class, the shares of which are reserved for
  - institutions for occupational retirement provisions, or similar investment vehicles, set up on one or more employers' initiative for the benefit of their employees; and
  - companies of one or more employers investing funds they hold, in order to provide retirement benefits to their employees;
- any Sub-Fund whose investment policy provides that at least 50% of their assets shall be invested in one or several microfinance institutions. Microfinance institutions within the meaning of this item means financial institutions of which half of the assets consist of investments in microfinance as well as undertakings for collective investment, specialised investment funds ("SIFs") and RAIFs whose investment policy provides that at least 50 per cent of their assets shall be invested in one or several microfinance institutions. Microfinance refers to any financial transaction other than customer loans whose objective is to assist poor populations excluded from the traditional financial system with the funding of small income-generating activities and whose value does not exceed EUR 5,000.

### Withholding tax

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

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

### Taxation of the Shareholders

#### Luxembourg resident individuals

Capital gains realised on the sale of the Shares by Luxembourg resident individuals Investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the Shares are sold within 6 months from their subscription or purchase; or
- (ii) if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, of more than 10% of the share capital of the Fund.

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

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

### **Luxembourg resident corporate**

Luxembourg resident corporate Investors will be subject to corporate taxation on capital gains realised upon disposal of Shares and on the distributions received from the Fund.

Luxembourg resident corporate Investors who benefit from a special tax regime, such as, for example, (i) UCIs subject to the law of 17 December 2010 relating to undertakings for collective investment, as amended, (ii) SIFs subject to the law of 13 February 2007 on specialised investment funds, as amended, (iii) RAIFs subject to the Law (to the extent they have not opted to be subject to general corporation taxes), or (iv) family wealth management companies subject to the law of 11 May 2007 related to family wealth management companies, as amended, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Investors except if the holder of the Shares is (i) an UCI subject to the law of 17 December 2010 relating to undertakings for collective investments, as amended, (ii) a vehicle subject to the law of 22 March 2004 on securitization, as amended, (iii) an investment company in risk capital subject to the law of 15 June 2004 on investment company in risk capital, as amended, (iv) a SIF subject to the law of 13 February 2007 on specialised investment funds, as amended, (v) a RAIF subject to the Law, or (vi) a family wealth management company subject to the law of 11 May 2007 related to family wealth management companies, as amended. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced rate of 0.05% is due for the portion of the net wealth exceeding EUR 500 million.

### **Non-Luxembourg resident Shareholders**

Non-resident individuals or collective entities who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realised upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax.

### **Automatic Exchange of Information**

#### CRS

OECD has developed a common reporting standard ("**CRS**") to achieve a comprehensive and multilateral automatic exchange of information ("**AEOI**") on a global basis.

On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**Euro-CRS Directive**") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "**CRS Law**").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement.

Accordingly, the Fund may require its Investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report

information regarding a shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*) which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis, if such account is deemed a CRS reportable account under the CRS Law.

Under the CRS Law, the exchange of information will be applied by 30 September of each year for information related to the preceding calendar year. Under the Euro-CRS Directive, the AEOI must be applied by 30 September of each year to the local tax authorities of the Member States for the data relating to the preceding calendar year.

In addition, on 29 October 2014, Luxembourg signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to exchange information automatically under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

Investors in the Fund may therefore be reported to the Luxembourg and other relevant tax authorities in accordance with applicable rules and regulations.

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

#### DAC 6

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

More specifically, the reporting obligation will apply to cross-border arrangements that, among others, meet one or more "hallmarks" provided for in the DAC6 Law that is coupled in certain cases, with the main benefit test ("**Reportable Arrangements**"). In the case of a Reportable Arrangement, the information that must be reported includes, inter alia, the name of all relevant taxpayers and intermediaries as well as an outline of the Reportable Arrangement, the value of the Reportable Arrangement and identification of any EU member states likely to be concerned by the Reportable Arrangement.

The reporting obligation in principle rests with the persons that design, market or organise the Reportable Arrangement or provide assistance or advice in relation thereto (the so-called "**intermediaries**"). However, in certain cases, the taxpayer itself can be subject to the reporting obligation.

Intermediaries (or as the case may be, the taxpayer) may be required to report a Reportable Arrangement as soon as 31 January 2021. The information reported will be automatically exchanged between the tax authorities of all EU member states. In light of the broad scope of the DAC6 Law, transactions carried out by the Trust may fall within the scope of the DAC6 Law and thus be reportable.

#### **FATCA**

The United States HIRE Act was adopted in March 2010. It includes provisions generally known as FATCA.

The intention of these is that details of Specified US Persons holding assets outside the US will be reported by financial institutions to the IRS as a safeguard against US tax evasion. As a result of the HIRE Act, and to discourage non-US Financial Institutions from staying outside this regime, all US securities held by a Financial Institution that does not enter and comply with the regime will in principle be subject to a US tax withholding of 30 per cent on gross sales proceeds as well as income.

On 28 March 2014, Luxembourg has signed an IGA with the United States, in order to facilitate compliance of Luxembourg Financial Institutions, such as the Fund, with FATCA and avoid the above-described US withholding tax. The Fund would hence have to comply with this Luxembourg IGA as implemented into Luxembourg law by the Law of 24 July 2015 relating to FATCA (the "**FATCA Law**") in order to comply with the provisions of FATCA rather than directly complying with the HIRE Act. Under the FATCA Law and the Luxembourg IGA, Luxembourg Financial Institutions will provide the Luxembourg tax authorities with information on the identity and the investments of and the income received by their investors that are Specified US Persons or, in case of a Non-US Entity being a Shareholder, on the status of any Controlling Person as a Specified US Person. The Luxembourg tax authorities will then automatically pass the information on to the IRS. Such reporting is, however, not required in case the Luxembourg Financial Institution can rely on a specific exemption or a deemed-compliant category contained in the IGA.

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



- a) request information or documentation, including W-8 tax forms, a Global Intermediary Identification Number, if applicable, or any other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain that shareholder's FATCA status;
- b) report information concerning a Shareholder and his account holding in the Fund to the Luxembourg tax authorities if such an account is deemed a FATCA reportable account under the FATCA Law and the 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;
- d) deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Fund in accordance with FATCA, the FATCA Law and the Luxembourg IGA; and
- e) divulge any such personal information to any immediate payor of certain U.S. source income as may be required for withholding and reporting to occur with respect to the payment of such income.

A Shareholder that fails to comply with such documentation requests may be charged with any taxes or penalties imposed on the Fund attributable to such Shareholder's non-compliance under the FATCA Law, Luxembourg IGA and FATCA, and the Fund may, in its sole discretion, redeem such Shares.

While the Fund will make all reasonable efforts to seek documentation from Shareholders to comply with these rules and to allocate any taxes or penalties imposed or required to be deducted under the FATCA Law, Luxembourg IGA and/or FATCA to Shareholders whose non-compliance caused the imposition or deduction of the tax or penalty, it cannot be excluded that other complying Shareholders in the Fund may be affected by the presence of such non-complying Shareholders.

**All prospective investors and Shareholders are advised to consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Fund.**

## 12 GENERAL INFORMATION

### 12.1 Annual Report

The Fiscal Year of the Fund starts on 1 January and ends on 31 December in each year.

An annual report (including audited financial statements for the Fund drawn up in EUR in accordance with Luxembourg GAAP) in respect of each financial year, drawn up according to the requirements of the AIFM Rules and the Law, will be made available to Shareholders at no direct cost to them at the registered office of the Fund within six months from the end of the financial year to which they relate.

A quarterly report (including unaudited financial statements for the Fund drawn up in EUR in accordance with Luxembourg GAAP) in respect of each financial quarter, drawn up according to the requirements of the AIFM Rules and the Law, will be made available to Shareholders at no direct cost to them at the registered office of the Fund within three months from the end of the financial quarter to which they relate.

### 12.2 Meetings of Shareholders

The annual general meeting of Shareholders of the Fund will be held at the registered office of the Fund in Luxembourg (or at such other place in Luxembourg as may be indicated in the relevant convening notice) on such date and at such time as specified in the convening notice, but no later than 6 months from the end of the previous financial year. Notices of all general meetings will be sent to Shareholders by post at their addresses in the register of Shareholders or by any other means of communication having been accepted by such Shareholder, and satisfying the conditions provided by the amended law of 10 August 1915 on commercial companies, including email, and/or published in the RESA in accordance with applicable law.

Other general meetings of Shareholders will be held at such time and place as are indicated in the notices of such meetings. At general meetings each Shareholder has the right to one vote for each whole Share of which he is the holder.

The Fund may register registered Shares jointly in the names of several holders should they so require. In such case the rights attaching to such a Share must be exercised jointly by all those parties in whose names it is registered unless they appoint in writing one or more persons to do so. The Fund may require that such single representative be appointed by all joint holders.

Notices of all general meetings, setting forth the agenda and specifying the time and place of the meeting and the conditions of admission thereto and referring to quorum and majority requirements, will be sent to the Shareholders in accordance with Luxembourg law.

Except as otherwise required by law or as otherwise provided in the Articles, resolutions at a meeting of Shareholders duly convened will be passed by a simple majority of the votes cast. Votes cast shall not include votes in relation to Shares represented at the meeting but in respect of which the Shareholders have not taken part in the vote, have abstained or have returned a blank or invalid vote. Votes cast shall not include votes in relation to shares represented at the meeting but in respect of which the Shareholders have not taken part in the vote, have abstained or have returned a blank or invalid vote.

Meetings of Shareholders of any given Sub-Fund or Class shall decide upon matters relating to that Sub-Fund or Class only in accordance with the Articles and Luxembourg law. The provisions of this section 12.2 shall apply mutatis mutandis to such meetings of Shareholders of any given Sub-Fund or Class. Examples of matters relating to Classes or Sub-Funds include:

- Sub-Fund/Class mergers or liquidations;
- All matters reserved by law or the Articles to a sub-fund or shareholders.

### **12.3 Procedures for amending the Offering Document.**

The Board of Directors may at any time change this Offering Document (including the investment strategy and/or policy of any Sub-Fund) in compliance with the requirements below. For the avoidance of doubt, in case of changes only affecting one Sub-Fund or one or more specific Class(es), the requirements detailed below will only apply to the relevant Sub-Fund and/or Class(es).

The Board of Directors is entitled to make non-material changes to this Offering Document at its entire discretion without requesting the consent of or informing the Shareholders concerned.

As a matter of example, this Offering Document may be amended by the Board of Directors without the consent of the Shareholders if such amendment is intended:

- (a) to reflect the change of name of the Fund;
- (b) to change the name of any Sub-Fund;
- (c) to acknowledge any change of the Management Company, the Investment Managers of the Sub-Funds, the Depository, the Administrative Agent, the Auditor, the composition of the Board of Directors;
- (d) to implement any amendment of the law and/or regulations applicable to the Fund, the Board of Directors and their respective affiliates;
- (e) as the Board of Directors determines in good faith to be advisable in connection with legal, tax, regulatory, accounting or other similar issues affecting one or more of the Shareholders, so long as such amendment does not materially and adversely affect the Shareholders, as determined by the Board of Directors in their sole discretion;
- (f) to correct any printing, typing or secretarial errors and any omissions, provided that such amendment does not adversely and significantly affect the interests of the Shareholders or update any factual information;
- (g) to make any other change which is in the interest of, or not materially adverse to the interests of the Shareholders of the Fund; and
- (h) to reflect the creation of additional Sub-Funds within the Fund; and
- (i) to reflect the creation of additional Class(es) within a Sub-Fund.

The Board of Directors or the Administrative Agent will notify Shareholders of any non-material changes made to this Offering Document on the following website <https://services.sungarddx.com>.

The Board of Directors may furthermore make material changes to the Offering Document subject to the consent of Shareholders whose Shares represent at least 51% of the relevant Sub-Fund's Net Asset Value or Aggregate Sub-Fund Capital Commitments at the last applicable Valuation Day unless provided otherwise in the relevant Supplement. Shareholders should however note that it will not be possible to offer Shareholders of closed-ended Sub-Funds the possibility to redeem their Shares free of charge in case they do not agree with the relevant material change.

Examples of material changes include:

- substantial changes to the Sub-Fund's investment policy;
- substantial changes to the Sub-Fund's fee structure.

In the event of a material change to the Offering Document, the Board of Directors shall send to each Shareholder concerned by such change a description of the relevant material change. The Board of Directors or the Administrative Agent will send notices to Shareholders regarding material changes made to this Offering Document through the following website <https://services.sungarddx.com>.

Shareholders will have thirty (30) Business Days from the date of the notice informing them of the material change to respond in writing to the Fund whether or not they consent to the material change. The deadline by when a response must have been received at the Fund's registered office will be indicated in the notice to shareholders. The Shares of any Shareholder who has not responded within the abovementioned time period will not be taken into account in the vote. In case the necessary majority has voted in favour, any material change will become effective on the first Business Day after the expiry of the thirty (30) Business Day period indicated in the notice (unless a different effective date is communicated by the Board of Directors) and will be binding on all Shareholders concerned.

Specific conditions relating to changes affecting a particular Sub-Fund or Class may be set out in the relevant Supplement.

## **12.4 Liquidity risk management**

The Fund shall benefit from a liquidity risk management system to the extent required by the AIFM Rules. In this context, procedures shall, to the extent required, be put in place to enable the monitoring of the liquidity risks of the Fund and to ensure that the liquidity profile of the Fund's investment portfolio is such that the Fund can normally meet its Share redemption obligations. Likewise, procedures may be adopted to address redemption rights in exceptional circumstances, including so-called special arrangements, which procedures are described in the Articles and this Offering Document. Additional information in this respect is also made available at the registered office of the AIFM.

Investors are further informed that the percentage of the assets of the Fund which are subject to special arrangements arising from their illiquid nature, any new arrangements for managing the liquidity of the Fund, as well as the current risk profile of any Sub-Fund and the risk management systems employed to manage those risks are or will be disclosed, to the extent required by applicable law, at the registered office of the AIFM. The frequency or timing of such disclosure is available at the registered office of the AIFM.

## **12.5 Fair and preferential treatment**

Shareholders are being given a fair treatment by ensuring that they are treated in accordance with the applicable requirements of the AIFM Law (and notably in adequately implementing the inducement and conflict of interest policies of the AIFM).

Notwithstanding the foregoing paragraph, it cannot be excluded that a Shareholder be given a Preferential Treatment in the meaning of, and to the widest extent allowed by, the Articles. Whenever a Shareholder obtains preferential treatment or the right to obtain 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 the Fund or the AIFM will be made available at the registered office of the AIFM within the limits required by the AIFM Directive.

## **12.6 Historical performances**

If any Sub-Fund's historical performance is produced by the Fund it will be made available at the registered office of the AIFM.

## **12.7 Liquidation of the Fund – Liquidation or Amalgamation of Sub-Funds**

### **Liquidation of the Fund**

The Fund has been established for an unlimited period. However, the Fund may, at any time, be liquidated by a resolution of the general meeting of Shareholders taken in the same conditions that are required by law to amend the Articles. The Board of Directors may propose at any time to the Shareholders to liquidate the Fund.

If at any time the value at their respective Net Asset Values of all outstanding Shares falls below two thirds of the minimum capital for the time being prescribed by the Law, the Board of Directors must submit the question of dissolution of the Fund to a general meeting of the Shareholders acting without minimum quorum requirements and a decision to dissolve the Fund may be taken by a simple majority of the votes cast at the meeting.

If at any time the value at their respective Net Asset Values of all outstanding Shares falls below one quarter of the minimum capital for the time being required by the Law, the Board of Directors must submit the question of dissolution of the Fund to a general meeting of the Shareholders acting without minimum quorum requirements and a decision to dissolve the Fund may be taken by the Shareholders owning one quarter of the votes cast at the meeting.

Any decision to liquidate the Fund will be published in the RESA.

As soon as the decision to liquidate the Fund is taken, the issue, redemption or conversion of Shares in all Sub-Funds is prohibited and shall be deemed void.

The liquidation of the Fund will be conducted by one or more liquidators, who may be individuals or legal entities and who will be appointed by a meeting of Shareholders. This meeting will determine their powers and compensation.

Any liquidation of the Fund shall be carried out in accordance with the provisions of the Law which specifies the steps to be taken to enable Shareholders to participate in the distribution of the liquidation proceeds and provides that upon finalisation of the liquidation any assets which could not be distributed be deposited in escrow with the *Caisse de Consignation* to be held for the benefit of the relevant Shareholders. Amounts not claimed from escrow within the relevant prescription period will be forfeited in accordance with the provisions of Luxembourg law.

## Liquidation or Amalgamation of Sub-Funds and Classes

The Sub-Funds may be established for a limited or unlimited period, as specified in the relevant Supplement.

If the net assets of any Sub-Fund or Class fall below or do not reach an amount determined by the Board of Directors to be the minimum level for such Sub-Fund or such Class to be operated in an economically efficient manner or if a change in the economic or political situation relating to the Sub-Fund or Class concerned justifies it, or because it is deemed to be in the best interest of the relevant Shareholders, the Board of Directors has the discretionary power to liquidate such Sub-Fund or Class by compulsory redemption of Shares of such Sub-Fund or Class at the Net Asset Value per Share determined as at the Valuation Day at which such a decision shall become effective (taking into account the anticipated realisation and liquidation costs for closing of the relevant Sub-Fund or Class). The decision to liquidate will be notified to the Shareholders concerned by the Fund prior to the effective date of the liquidation and this notice will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors decides otherwise in the interest of, or in order to ensure equal treatment of, the Shareholders, the Shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charges (but taking into account actual realisation prices of investments and realisation expenses).

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

Upon the circumstances provided for under the second paragraph of this section, the Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Fund or to another UCI, or to another sub-fund within such other UCI (the "new Sub-Fund") and to re-designate the Shares of the Sub-Fund concerned as Shares of the new Sub-Fund (following a split or consolidation, if necessary and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be notified to the Shareholders concerned (and, in addition, the notification will contain information in relation to the new Sub-Fund), one month before the date on which the amalgamation becomes effective in order to enable Shareholders to request redemption or conversion of their Shares, free of charge, during such period. After such period, the decision commits the entirety of Shareholders who have not used this possibility, provided however that, if the amalgamation is to be implemented with a Luxembourg undertaking for collective investment of the

contractual type ("*fonds commun de placement*") or a foreign based undertaking for collective investment, such decision shall be binding only on the Shareholders who are in favour of such amalgamation.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, a contribution of the assets and liabilities attributable to any Sub-Fund to another Sub-Fund of the Fund may be decided upon by a general meeting of the Shareholders, upon proposal from the Board of Directors, of the contributing Sub-Fund for which there shall be no quorum requirements and which shall decide upon such an amalgamation by resolution adopted by simple majority of those present or represented.

## 12.8 Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business of the Fund) have been entered into by the Fund and are, or may be, material:

- a) the AIFM Agreement between the Fund and the AIFM pursuant to which the AIFM has been appointed as the Fund's alternative investment fund manager;
- b) the Central Administration Services Agreement between the Fund, the AIFM and the Administrative Agent pursuant to which the Administrative Agent has been appointed to provide administrative, registrar and transfer agent services to the Fund; and
- c) the Depositary Agreement between the Fund, the AIFM and the Depositary pursuant to which the Depositary has been appointed to provide depositary bank and paying agent services to the Fund.

## 12.9 Availability of Documents and Information

Copies of the following documents are available free of charge for Eligible Investors for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Fund:

- a) the Articles;
- b) the most recent Offering Document;
- c) the latest audited annual report of the Fund (if available); and
- d) the above mentioned material contracts.

As required by the AIFM Directive, and to the extent not disclosed in this Offering Document, the following information shall be periodically provided to Shareholders in any of the Information Means, including by means of disclosure in the annual reports of the Fund or, if the materiality so justifies, notified to Shareholders:

- a) (i) the maximum level of leverage, (ii) any changes to the maximum level of leverage which the AIFM may employ on behalf of the Fund, (iii) the circumstances in which the Fund may use leverage and any restrictions on the use of leverage, (iv) the types and sources of leverage permitted and associated risks, and (v) the total amount of leverage employed by the Fund; and
- b) any right of the reuse of collateral or any guarantee granted under any leveraging arrangement.

Any disclosures required by SFDR on sustainability-related disclosures in the financial sector, to the extent not contained in this Offering Document, shall be made in any of the Information Means.

## 12.10 Applicable laws and jurisdiction

The Fund is governed by the laws of the Grand Duchy of Luxembourg.

By entering into a Subscription Agreement, the relevant Investor will enter into a contractual relationship governed by the Subscription Agreement, the Articles, the Offering Document and applicable laws and regulations.

The Subscription Agreement will be subject to the exclusive jurisdiction of the courts of Luxembourg to settle any dispute or claim arising out of or in connection with an Investor's investment in the Fund or any related manner.

According to EU regulation 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters, a judgement given in a Member State of the EU shall, if enforceable in that Member State, in principle (a few exceptions are provided for in EU Regulation 1215/2012) be recognised in the other Member State of the EU without any special procedure being required and shall be enforceable in the other Member States of the EU when, on the application of any interested party, it has been declared enforceable there.

**TRADE FINANCE REAL ECONOMY FUND I**

**a sub-fund of**

**SANTANDER ALTERNATIVES SICAV RAIF**

Supplement to the Offering Document

**INFORMATION CONTAINED IN THIS SUPPLEMENT SHOULD BE READ IN  
CONJUNCTION WITH THE FULL TEXT OF THE OFFERING DOCUMENT DATED 14  
MARCH 2023**

## IMPORTANT NOTICE

Unless otherwise defined in this Supplement, capitalised words in this supplement (the "**Supplement**") to the confidential offering document (the "**Offering Document**") of Santander Alternatives SICAV RAIF (the "**Fund**") have the meaning given in the "Glossary of Terms" of the Offering Document, unless the context requires otherwise. Except as otherwise expressly stated in this Supplement, the terms of the Offering Document shall apply to, and govern, the offer of the Shares. In the event of a conflict between the terms of this Supplement and that of the Offering Document, the former shall prevail. References to € herein shall be construed to mean Euro (EUR). All information contained herein is correct as at the date of the Supplement.

### **IMPORTANT INFORMATION: SANTANDER ALTERNATIVES SICAV RAIF IS NOT SUBJECT TO SUPERVISION OF A LUXEMBOURG SUPERVISORY AUTHORITY OR ANY OTHER SUPERVISORY AUTHORITY.**

This Supplement is being issued by the Fund for the Trade Finance Real Economy Fund I sub-fund (the "**Sub-Fund**") and provided on a confidential basis to Well-Informed Investors (subject to applicable marketing restrictions in each relevant jurisdiction) for the sole purpose of such investors evaluating an investment in the Shares.

This Supplement includes specific information relating to the Sub-Fund and its investment program, whereas the Offering Document of the Fund describes the terms common to the Fund and each Sub-Fund. Prospective investors in the Fund should review carefully the contents of both this Supplement and the Offering Document. The terms of the Sub-Fund are set out in this Supplement and shall take effect from the date of this Supplement.

The distribution of this Supplement is not authorised unless it is accompanied by a copy of the Offering Document and the latest published financial report, if any. This Supplement and the Offering Document together form the offering for the issue of the Shares by the Fund in connection with the Sub-Fund.

Any losses in the Sub-Fund will be borne solely by Investors in the Sub-Fund and not by Santander Asset Management S.A., SGIIC or its affiliates (together "**Santander**"). Therefore, Santander's losses in the Sub-Fund will be limited to losses attributable to any ownership interests held in the Sub-Fund in their capacity as Investors in the Sub-Fund or as beneficiary of any restricted profit interest.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable laws pursuant to registration or exemption therefrom.

The Shares are suitable only for Eligible Investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are able to bear the loss of their investment in the Fund. The Fund's investment program, by its nature, may be considered to involve a substantial degree of risk. Subscribers for Shares in the Sub-Fund must represent that they are acquiring the Shares for investment.

Offering materials for the offering of the Shares have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

Relevant risks are described under the heading "risk factors" herein, and a prospective investor should consider the important factors listed therein as such prospective investor reads this Supplement and considers an investment in the Sub-Fund.



## EXECUTIVE SUMMARY

The Trade Finance Real Economy Fund I is a sub-fund (the "**Sub-Fund**") of the Santander Alternatives SICAV RAIF (the "**Fund**"). The Fund is an open-ended investment company (*société d'investissement à capital variable*) organised as a public limited company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg qualifying as a reserved alternative investment fund (the "**RAIF**").

The Sub-Fund's investment manager is Santander Asset Management S.A., SGIIC (the "**Investment Manager**" or "**SAM**"), a company incorporated under the laws of the Kingdom of Spain and regulated by the Spanish securities and financial markets regulator – the Comisión Nacional del Mercado de Valores (the "**CNMV**"). SAM is part of a global asset management group with a strong local footprint across Europe and Latin America. As at 30 December 2022, the SAM group had approximately €188 billion assets under management<sup>1</sup>. Spanning 10 countries with offices located in, among others, London, Madrid, Frankfurt, Mexico City, Santiago and São Paulo, the SAM group is a leading regulated asset manager focused on regional portfolio management and investment advisory matters. The SAM group covers a wide range of asset classes including global and regional equities, fixed income, money market, pensions, multi-assets, client solutions, structured products and alternative strategies such as leasing and private debt fund of funds.

SAM is seeking to provide Eligible Investors with an opportunity to invest in the Sub-Fund to capitalise on the attractive opportunity in trade finance asset remuneration in comparison to equivalent risk assets. The Sub-Fund is seeking to generate attractive returns (net of asset management fees), as defined below in the Summary of Terms Specific to the Sub-Fund ("Target Net Return"). No assurance is however, given that targeted returns will be met. The Sub-Fund furthermore enables Eligible Investors to gain exposure to a highly diversified portfolio of trade finance assets.

Investing in trade finance assets provides an opportunity for Investors to spread risk due to its low correlation with other traditional equity and fixed income asset classes, which are more impacted by economic cyclicality and market sentiment. Furthermore, investments in trade finance assets provide Eligible Investors with access to an asset class with short-dated underlying assets that provide a significant yield pick-up for an equivalent risk to traditional equity and fixed income asset classes.

The Sub-Fund will be constructed to have exposure to Investment Instruments (as defined below) that have been originated by leading trade finance institutions with global corporates, that have an investment grade rating provided by either a third-party credit rating agency or are determined by the regulated trade finance institution. By selecting assets that have been originated with investment grade rated global corporates, the Sub-Fund can capitalise on the high illiquidity premium on 'BBB-' or Standard & Poor's equivalent rated products over liquid corporate debt. Such assets represent attractive investment opportunities due to the stability associated with an investment grade rating, whilst also benefitting from the high illiquidity premium versus returns available in comparably rated corporate bonds.

## SUMMARY OF TERMS SPECIFIC TO THE SUB-FUND

*The following is a summary of the principal terms of the Sub-Fund effective from the date of this Supplement. It is qualified in its entirety by reference to the Subscription Form relating to the purchase of Shares in the Sub-Fund, which will be distributed to prospective Eligible Investors prior to each subscription and should be reviewed carefully prior to making an investment decision. To the extent there is any inconsistency between this summary and the Subscription Form, then the provisions of the Subscription Form will prevail.*

<b>Fund</b>	Santander Alternatives SICAV RAIF
<b>Sub-Fund</b>	The Trade Finance Real Economy Fund I
<b>Investment Objective</b>	<p>The Sub-Fund is an open-ended fund, which seeks attractive risk-adjusted returns comparable to traditional fixed income investments. Returns are generated from investments that have exposure to a diversified portfolio of trade finance related opportunities.</p> <p>The Investment Manager intends to manage the Sub-Fund's investment portfolio with a view towards generating current income, managing liquidity and maintaining a high investment level. Accordingly, the Investment Manager may make investments based,</p>

<sup>1</sup> The total AUM figure does not include master feeder structures.

in part, on anticipated future payments from investments. The Investment Manager also intends to take other anticipated cash flows into account, such as those relating to new subscriptions, redemption of Shares by Shareholders and any distributions made to Shareholders.

The Investment Manager intends to use a range of techniques to reduce the risk associated with the Sub-Fund's investment strategy. These techniques may include, without limitation:

- Diversifying investments across geographies, industries, sectors, corporate credit and maturity profiles;
- Actively managing cash and liquid assets; and
- Establishing a credit line to provide liquidity for investments, to satisfy redemption requests.

The Sub-Fund's investments will not be limited by geographic restrictions nor by a focus on any particular industry, but may be subject to concentration limits or other discretionary limits specified by the Investment Manager. There can be no assurance that the investment objective of the Sub-Fund will be achieved.

**Target Net Return**

25 basis points over the Relevant Reference Rate, net of Management Fees. The “**Relevant Reference Rate**” is the interpolated EURIBOR of the underlying portfolio of assets (which, if negative, benefits from a zero floor), or any such rate as determined by the successor to EURIBOR or any reference rate which has replaced the EURIBOR market standard benchmark for target returns. The interpolated rate is calculated from the weighted average tenor of the portfolio (that will be provided with the regular update to Investors) and the public base rate curves.

There can be no assurance that targeted returns will be met. There is no guarantee that the Sub-Fund will achieve its investment objective and Investors may lose all or part of their invested capital.

**Currency**

The Sub-Fund is denominated in Euro.

**Target Size**

The Sub-Fund is seeking total subscriptions in excess of €600 million.

**Term**

Open-ended with an unlimited term.

**Key terms for each Share Class**

The following Share Classes are available for subscription by Eligible Investors:

Share Class	Currency	Minimum Investment	Maximum Investment	Maximum Operational Fee (per annum)
<b>D</b>	EUR	30,000,000	No limit	0.25%
<b>E</b>	EUR	500,000	29,999,000	0.80%

Prior to the date of this Supplement, the Sub-Fund issued Class A Shares, Class B Shares and Class C Shares. Following the date of this Supplement subscriptions from new Investors in the aforementioned Classes are closed and will not be accepted. Any further subscriptions in these Classes will be limited exclusively to existing Investors in such Classes on the terms as set out in the section entitled "Principal Terms" below.

The Sub-Fund may also issue Class F Shares which are reserved for employees of the Investment Manager or those directly or indirectly connected to the Investment Manager. The Minimum Investment for Class F Shares shall be EUR 10,000. There is no Maximum Investment for Class F Shares. No Operational Fee shall be payable in respect of Class F Shares.

Further information is provided in the section entitled "Principal Terms" below.

<b>Investment Manager</b>	Santander Asset Management S.A., SGIIC.
<b>Investment Team</b>	<p>The investment team is comprised of investment professionals of the Investment Manager with substantial experience in trade finance.</p> <p>The Investment Team performs an in-depth assessment of specific investment opportunities that meet pre-defined eligibility criteria previously agreed by the Investment Committee and formally presents and escalates, through any of its members, any material amendment to the pre-defined eligibility criteria or investment strategy to the Investment Committee for approval. The composition of the Investment Team may change throughout the tenor of the Sub-Fund.</p>
<b>Investment Committee</b>	<p>The Investment Committee will be composed of three SAM members and two independent members.</p> <p>The composition of the Investment Committee may change.</p>

## TRADE FINANCE – AN ATTRACTIVE INVESTMENT OPPORTUNITY

The Sub-Fund was initially launched by SAM at a historic time. Against the backdrop of the COVID-19 pandemic many governments accelerated the rollout of vaccines partially resolving supply chain issues impacted by national and regional lockdowns. Whilst significant efforts were made by governments to ensure that credit continued to flow, supporting real economic activity, and taking steps to protect SME businesses that drive economic growth in most countries, global supply chain issues continued to subsist, whether due to zero COVID policies adopted by China or the outbreak of the Russo-Ukrainian war in February 2022. Raw material costs and rising energy prices have increased having a global inflationary impact that in turn has prompted many central banks to tighten monetary policy by increasing interest rates. Nonetheless, against this backdrop import export volumes have remained robust, in what is a challenging environment, having increased, pushing the value of G20 merchandise trade to new highs in Q1 2022 following six quarters of sustained growth<sup>1</sup>. Furthermore, trade finance revenues for the world's top transactions banks increased in 2021 surpassing pre-pandemic levels<sup>2</sup> with the value of global trade reaching a record level of \$28.5 trillion in 2021<sup>3</sup>.

The Sub-Fund seeks to capitalise on forecasted growth<sup>4</sup> in the trade finance sector, whilst helping, in small measure, to address the yawning US\$1.7 trillion annual trade finance gap to a sector that is predominantly financed by banks, which are themselves constrained in their financing activities by regulation. As an asset class in and of itself, exposure to diversified and high-quality trade finance cashflows and credits has often been the preserve of the privileged few. The Sub-Fund aims to democratise this private asset class by providing Eligible Investors with the opportunity to benefit from stable returns and low volatility in a climate of market and geopolitical uncertainty.

Investing in the Sub-Fund offers a number of benefits to Eligible Investors. These include:

1. **Low default rates and high recovery rates** – Trade finance continues to exhibit low credit risk characteristics. This is evidenced by strong historic credit performance with high recovery rates and low default rates according to recent studies by the International Chamber of Commerce<sup>5</sup>. This is coupled with a shorter time to recovery for trade finance assets. Working capital solutions still remain in high demand and continue to be the lifeblood for many SMEs in the real economy.
2. **Returns** – The Sub-Fund benefits from an attractive illiquidity premium versus similarly rated Euro investment grade corporate bonds. Trade finance is generally classified an 'illiquid asset class' due to the lack of a developed trading market. In return for investments that are short-term in nature, Investors should expect extra compensation – the so-called 'illiquidity premium'. The trade finance market has provided consistent performance throughout the economic cycles for counterparties of implied investment grade credit ratings depending on sector, country, risk, and the structure of the transaction. Trade finance has also historically performed better than equivalent corporate SME financing as a result of the quality of the underlying credit profile and the short-term nature of the credits.

<sup>1</sup> OECD International Trade Statistics: trends in first quarter 2022.

<sup>2</sup> Coalition Greenwich data.

<sup>3</sup> S&P Global Market Intelligence.

<sup>4</sup> 2020 ICC Global Survey on Trade Finance.

<sup>5</sup> ICC Trade Default Register, 2003-2018 report by the International Chamber of Commerce including default information from +20 international banks active in Trade Finance.

3. **Diversification** – The Sub-Fund provides Eligible Investors with an opportunity to spread risk due to low correlation with other similar asset classes. Furthermore, investing in the Sub-Fund provides important diversification benefits within the trade finance asset class itself, as there is little correlation of risk within a diversified trade finance portfolio of assets that is purposefully constructed by the Investment Manager. Risk correlation with other asset classes is low due to the very different economic drivers impacting other more economically cyclical investments, and therefore provide an opportunity for diversification to improve the risk/return spread across Eligible Investors’ portfolios. The investment mandate of the Sub-Fund is to invest across a broad range of geographies, bringing exposure to a number of different countries, and regulatory/political regimes.

## PRINCIPAL TERMS

### 1. NAME OF THE SUB-FUND

Santander Alternatives SICAV RAIF - Trade Finance Real Economy Fund I (the "**Sub-Fund**").

### 2. INVESTMENT MANAGER OF THE SUB-FUND

Santander Asset Management S.A., SGIIC, a company incorporated under the laws of Spain with identification number A-28269983 registered with the Commercial Registry of Madrid under volume 4040, page 23, section 8 sheet M-67304, entry 6, and with the Registro Administrativo de entidades gestoras de Instituciones de Inversión Colectiva with reference 12, whose registered office is at Paseo de la Castellana 24, 28046 Madrid, Spain and is authorised and regulated by the CNMV.

### 3. DEFINITIONS

Unless defined elsewhere in this Supplement or unless the context indicates otherwise, capitalised words and expressions in this Supplement have the meaning as described in the main part of the Offering Document.

### 4. INVESTMENT OBJECTIVE AND POLICY

#### **Investment Objective**

The Sub-Fund is an open-ended fund, which seeks to provide Eligible Investors with steady and uncorrelated returns primarily through investments in notes (the "**Notes**") issued by a special purpose vehicle referencing trade finance assets in accordance with the features described in the Investment Policy below.

Trade finance assets include working capital facilities in the form of Supply Chain Finance Programmes (buyer-confirmed invoices), Receivables Purchase Programmes (account receivables, together described as "**Receivables**") and other Trade Finance Solutions, as further described in the Investment Policy below.

The Sub-Fund’s investments will not be limited by geographic restrictions nor by a focus on any particular industry, but may be subject to concentration limits or other discretionary limits specified by the Investment Manager.

#### **Investment Policy**

##### **(A) Investments**

The Sub-Fund will primarily but not exclusively, hold Notes issued by one or more special purpose vehicles (each of them a "**Note Issuer**"). These Notes shall reference cash flows generated by commercial invoices from commercial businesses located worldwide (including emerging markets) that relate to the supply of goods and/or services ("**Investment Instruments**").

Each Note relates to one or more asset originator’s relationship counterparties (typically a global corporate and always a client of the asset originator group ("**Relationship Counterparty**")).

In support of the Note Issuer’s obligation under the Notes, the programme manager or other relevant entity for the Note Issuer will facilitate the Sub-Fund’s exposure to commercial invoices that align with the eligibility criteria determined by the Investment Manager.

The Investment Manager seeks to have Notes representing the primary investment format held by the Sub-Fund with a view to achieving its investment objective and policy, although no commitment is given in this regard should other investment formats be suitable for the asset originator. The Sub-Fund intends to spread, at all times, its investment exposure over several Relationship Counterparties and across various sectors. The Sub-Fund shall invest in assets that have a global investment focus.

The Sub-Fund may, in appropriate circumstances, invest up to 100% of its net assets in cash or cash instruments. Such circumstances may include, without limitation, insufficient availability of Investment Instruments, adverse market conditions or in order to meet redemption requests by Eligible Investors in the Sub-Fund.

The Sub-Fund may hold Notes and cash or cash instruments in any tradable currency.

**(B) *Origination of assets***

Following the first year of launching the Sub-Fund all or at least most of the Investment Instruments were originated by Santander Corporate and Investment Banking ("**Santander CIB**"). Santander CIB is the Corporate and Investment Banking division of the Santander banking group - a global banking leader with over 150 years of experience as a trade finance bank. The Santander CIB trade finance team has the global reach and deep local knowledge to help manage trade flows, optimise working capital and strengthen key relationships.

Nonetheless, targeted trade finance investment opportunities can be sourced through several origination channels, through the extensive network of origination contacts sourced by the Investment Manager. In the event that assets are originated from financial institutions other than Santander CIB, these will in the main be sourced by the Investment Manager from top tier globally recognised trade finance entities.

The Notes provide exposure to Investment Instruments, which may be, without limitation, in the form of Supply Chain Finance Programmes (buyer-confirmed invoices), Receivables Purchase Programmes and other Trade Finance Solutions as described below:

- (A) *Supply Chain Finance Programmes* - Notes supported by the cash flows in relation to supply chain finance programmes relate to account receivables payable by a buyer (of goods or services) in relation to which the buyer irrevocably and unconditionally confirms the buyer's undertaking to pay the full amount of the invoice on its due date.
- (B) *Receivables Purchase Programmes* - Notes backed by receivables purchase programmes relate to account receivables owed to sellers (of goods or services) by its customers (the buyer). These receivables benefit from a commercial obligation of the buyer to pay the full amount of the receivable on its due date.
- (C) *Other Trade Finance Solutions* - Notes backed by other trade finance solutions such as, without limitation, letters of credit, milestone payment receivables, promissory notes, bills of exchange, or trade loan programmes or arrangements related to the commercial activity of the Relationship Counterparty. For example,
  - (i) *Letters of Credit*: These are the most common form of payment in international trade finance. A letter of credit is a contract under which a bank agrees to pay the seller, in connection with the supply or export of specific goods, against the presentation of specified documents relating to those goods. It is normally issued at the request of the buyer (the applicant for the credit) in favour of the seller (the beneficiary of the credit).
  - (ii) *Milestone Payments*: These involve a defined payment amount associated with the completion of a particular deliverable or set of deliverables.
  - (iii) *Promissory Notes*: These are negotiable instruments (freely transferable) that are invariably issued in connection with an underlying transaction but itself represents an independent obligation to pay a certain amount at a certain point in time in the future. Promissory notes are often encountered in forfaiting and other trade finance transactions.
  - (iv) *Bills of Exchange*: These are unconditional orders in writing and negotiable instruments, addressed and signed by the drawer requiring the drawee to pay on demand or at a certain time in the future a certain amount to, or to the order of, a specific person (payee) or to the bearer of the instrument.

- (v) *Trade Loans*: Trade loans are facilities used by importers, exporters and domestic traders. They are short term in nature and involve a borrower and lender. Each loan will be for a specific transaction and these facilities are usually used for product purchase and sales.
- (vi) *Overdue payments from public institutions*: These represent invoices payable by public institutions that may be overdue and provide working capital to suppliers who are penalised by public institutions that historically have longer payment terms and that may in many cases, be delayed.
- (vii) *Other forms of short-term lending*: These are forms of short-term lending that in the reasonable opinion of the Investment Manager exhibit qualities akin to trade finance and which are cohesive with the investment policy of the Sub-Fund.

Receivables Purchase Programmes that are originated by Santander CIB may in certain cases benefit from a 25 per cent first loss credit default insurance cover provided by a regulated trade credit insurer having as at the date hereof, a minimum or equivalent credit rating 'A-' by Standard and Poor's credit rating agency.

For Receivables Purchase Programmes originated by other trade finance institutions, or Santander programmes that do not meet the criteria described in the preceding paragraph, these Investment Instruments may either benefit from a minimum 85 per cent trade credit insurance cover (provided by a renowned trade credit insurer) on buyer default with direct exposure to the remaining uninsured portion to the underlying obligors; or, with respect to programmes that do not benefit from trade credit insurance cover, take direct exposure on receivables payable by an Investment Grade rated (as hereinafter defined) corporate entity.

The exposure of the Sub-Fund to the underlying Investment Instruments is continually monitored by the Investment Manager, with the Relationship Counterparty having at the time of investment a minimum rating of 'BBB-' by Standard and Poor's (or an equivalent rating from another recognised credit rating agency or internal credit risk rating provided by a regulated financial institution) (each an "**Investment Grade**" rating) or, which exhibit similar credit quality in the reasonable opinion of the Investment Manager.

Where the relevant Relationship Counterparty for an Investment Instrument currently referenced by the Notes is downgraded below the requisite minimum Investment Grade rating, the Sub-Fund will cease to participate in any additional Investment Instruments related to that counterparty but will continue to maintain residual exposure to that obligor until the maturity date of the relevant Investment Instrument. The Sub-Fund is therefore exposed to the credit risk of every obligor, which can be either an Investment Grade obligor or a non-Investment Grade obligor. As mentioned above, Investment Instruments in the form of Receivables Purchase Programmes will either benefit from trade credit insurance against non-payment and/or default, and if in the case of uninsured programmes, have an Investment Grade rating, while Investment Instruments in the form of Supply Chain Finance Programme benefit from an irrevocable payment undertaking from an Investment Grade rated entity for the duration of the Investment Instrument notwithstanding a credit downgrade event, as indicated above. For other trade finance instruments and structures, the Investment Instruments will either benefit from trade credit insurance against non-payment and/or default, and in the case of uninsured programmes, have an Investment Grade rating.

**(C) *Seed capital***

The Sub-Fund may include capital provided by a member of the Santander group as an initial investment, otherwise known as 'seed capital'. This seed capital allows the Investment Manager to support the operations of the Sub-Fund in its early existence prior to material external investment. As the size of the relevant Sub-Fund increases, the relevant entity of the Santander group will have the ability to withdraw all seed capital but will manage any withdrawal with the best interests of the remaining Eligible Investors in such Sub-Fund in mind.

**(D) *Portfolio management***

The Investment Manager intends to manage the Sub-Fund's portfolio with a view towards managing liquidity and maintaining a high investment level. Accordingly, the Investment Manager may make investments based, in part, on anticipated future distributions from Investment Instruments. The

Investment Manager also takes other anticipated cash flows into account, such as those relating to new subscriptions and any redemptions made to Shareholders.

The Investment Manager will apply its discretion in the management of the underlying portfolio of Investment Instruments. Furthermore, the Investment Manager intends to use a range of techniques to reduce the risk associated with the Sub-Fund's investment strategy. These techniques may include, without limitation:

- Diversifying investments across geographies, industries, sectors, corporate credits and maturity profiles; and
- Actively managing cash and liquid assets.

The Sub-Fund is expected to hold liquid assets to the extent required for purposes of liquidity management. To enhance the Sub-Fund's liquidity, particularly in times of possible net outflows through the redemption of Shares by Shareholders, the Investment Manager may sell certain of the Sub-Fund's assets on the Sub-Fund's behalf.

There can be no assurance that the objectives of the Sub-Fund with respect to liquidity management will be achieved or that the Sub-Fund's portfolio design and risk management strategies will be successful. Prospective investors should refer to the discussion of the risks associated with the investment policy and structure of the Sub-Fund.

**(E) Temporary and defensive strategies**

The Sub-Fund may, in the Investment Manager's sole discretion, hold cash, cash equivalents, other short-term securities or investments in money market funds pending investment, in order to fund anticipated redemptions, expenses of the Sub-Fund or other operational needs, or otherwise in the sole discretion of the Investment Manager.

**5. LEVERAGE AND BORROWING POLICY**

The Sub-Fund shall, as a main rule, not use leverage and borrowings for investment purposes. However, the Sub-Fund may borrow money for a limited duration to:

- pay expense disbursements when liquid funds are not readily available, and
- bridge finance investments.

Such temporary borrowing shall not exceed one hundred percent (100%) of the Sub-Fund's net assets.

In accordance with AIFM Directive, the maximum leverage permitted for this Sub-Fund is 200% of its NAV, calculated according to the gross method and 200% calculated according to the commitment method.

In addition, such temporary borrowing shall not remain outstanding for more than twelve (12) months.

**6. CURRENCY OF THE SUB-FUND**

The Sub-Fund is denominated in EUR.

**7. DURATION OF THE SUB-FUND**

The Sub-Fund is open-ended and established for an unlimited duration.

**8. CLASSES OF SHARES OF THE SUB-FUND**

The following Classes of Shares are available for subscription by Eligible Investors who from the date of this Supplement subscribe for the amounts specified in the table below:

Share Class	Currency	Minimum Subscription Amount	Maximum Subscription Amount
D	EUR	30,000,000	No limit

<b>E</b>	EUR	500,000	29,999,000
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Class D Shares may only be acquired by Eligible Investors subscribing for a minimum amount of EUR 30,000,000. There is no maximum subscription amount for Class D Shares.

Class E Shares may only be acquired by Eligible Investors subscribing for a minimum amount of EUR 500,000 and a maximum amount of EUR 29,999,000.

The following Classes of Shares are reserved for certain Investors (as further described below) and are not for general subscription.

<b>Share Class</b>	<b>Currency</b>	<b>Minimum Subscription Amount</b>	<b>Maximum Subscription Amount</b>
<b>A</b>	EUR	20,000,000	29,999,000
<b>B</b>	EUR	5,000,000	19,999,000
<b>C</b>	EUR	500,000	4,999,000
<b>F</b>	EUR	10,000	No limit

Class A Shares, Class B Shares and Class C Shares are exclusively available for subscription by existing Eligible Investors who have already subscribed in such Class prior to the date of this Supplement. These Classes of Shares are closed for subscription from new Investors and will no longer be accepted by the Sub-Fund following the date of this Supplement.

Class F Shares may only be acquired by employees of the Investment Manager or those directly or indirectly connected to the Investment Manager subscribing for a minimum amount of EUR 10,000. There is no maximum subscription amount for Class F Shares.

The Principals reserve the right to reject any offer from Investors for any reason, accept subscriptions in lesser amounts subject to the requirements of the Law or to waive or modify the application or grant of certain rights with respect to any Share Class.

## **9. SUBSCRIPTION PROCESS**

Eligible Investors that agree to subscribe for Shares in the Sub-Fund shall do so in accordance with the terms and conditions set forth in the Offering Document, this Supplement and the Articles.

The Principals can without limitation, at any time and for any period, issue an unlimited number of fully paid-up Shares of the Sub-Fund of no-par value of any Class at a price and in accordance with the conditions and procedures provided for in this Supplement, without granting to existing Shareholders a preferential right to subscribe for the Shares to be issued.

Shares in the Sub-Fund shall be issued fully paid.

The Sub-Fund will have an open-ended subscription period.

The subscription price for all Share Classes will be based on the Net Asset Value per Share determined on the following Valuation Day (as defined in section 12 below), provided that subscription requests are received prior to 17.00 CET (the "**Cut-off Time**") on the third (3) calendar day prior to such Valuation Day (the "**Cut-off Date**").

The issuance of Shares is subject to the receipt of payment by the Depositary on behalf of the Sub-Fund for the benefit of the relevant Shares in cleared funds within a delay of no more than four (4) Business Days.

For the purposes of this Sub-Fund only, "**Business Day**" shall mean any day which is not a Saturday or a Sunday or 24 December of each year or a day on which banks in Luxembourg are required or permitted to be closed for business.

## **10. TRANSFER**



A Shareholder that wishes to transfer, exchange, or assign any interest in the Shares issued by the Sub-Fund must notify the Principals of the number of Shares it wishes to transfer, exchange or assign, the identity of the proposed transferee and the relationship, if any, between the transferor and the transferee.

The transfer of Shares will be permitted subject to the prior written consent of the Principals, which shall not be unreasonably withheld if the transfer complies with the following conditions: (i) it will be made in accordance with applicable anti-money laundering rules, (ii) it will be subject to the transferee or assignee thereof fully and completely assuming in writing, prior to the effectiveness of the transfer, any outstanding obligations of the transferor, (iii) that the transferee or assignee is an Eligible Investor, and (iv) that the Principals establishes the creditworthiness of the transferee or assignee, which at least shall be equivalent to that of the transferor / seller.

The transfer, exchange or assignment of Shares, or any interest in either of the Shares to a person or an entity, is subject to the terms of the Offering Document, this Supplement and the Articles and to the prior approval of the Principals which shall not be unreasonably withheld.

## **11. REDEMPTION**

Each Shareholder may request that the Sub-Fund redeem some or all of its Shares by providing the Administrative Agent with a completed Dealing / Redemption Request form setting forth the number of Shares it desires to redeem at the latest by the Cut-off Time on the Cut-Off Date. Any redemption request submitted after the Cut-off Time on the Cut-off Date will automatically be placed on the following Valuation Day.

For all Share Classes except Class D Shares, redemption requests will generally be satisfied within two (2) Business Days following the applicable Valuation Day. With respect to Class D Shares, redemption requests will be satisfied following ninety (90) calendar days elapsing from the applicable Valuation Day.

Redemptions will operate as follows:

- In order to meet redemption requests, the Sub-Fund may hold up to 100% of its net assets in liquid instruments. Liquid instruments include cash, short-term deposits, and other money market funds.
- If, for any reason, as of a Valuation Day, the available cash in the eligible currency is lower than the relevant redemption request, the Principals will have the right to defer the payment of all or part of the redemption requests in excess of the available cash or cash equivalents to the following Valuation Day.
- Additional liquidity will be generated to meet any redemption request by maturing Investment Instruments.
- If insufficient liquidity is available in order to meet all redemption requests received, the redemption requests in excess of the relevant liquidity will be deferred to the following Valuation Day.
- Such deferral shall be made on a pro rata basis. Each redeeming Shareholder shall, with respect to a given Valuation Day, be treated equally, regardless of the point in time at which the redemption request has been submitted.
- Redemption requests that have been affected by such total or partial deferral will be dealt in priority to redemption requests received in relation to a subsequent Valuation Day.
- If a portion or all of the redemption requests cannot be satisfied at the next Valuation Day, the Principals may defer such outstanding redemption requests to the next subsequent Valuation Day. Such process shall continue until such redemption requests have been satisfied.
- A queuing system shall be operated in respect of subsequent outstanding redemption requests and, in accordance with the above procedure.
- The redemption price applicable to deferred redemption requests will be determined as at the Valuation Day on which the deferred redemption request has been effectively taken into account.

In all cases, redemptions shall be subject to the availability of cash held in the eligible currency accounts of the Sub-Fund. Redemptions will be funded by available cash held in the eligible currency accounts of the Sub-Fund deriving from the Investments.

The redemption price will be equal to the Net Asset Value per Share determined as at the applicable Valuation Day (the "**Redemption Price**"). The redeemed Shares shall be cancelled in the Sub-Fund's register.

The Principals may furthermore at their discretion either cause the redemption or the transfer of the Shares held by any Shareholder who is no longer authorised to hold Shares, according to the terms of the Offering Document and of the Articles.

## 12. VALUATION CALCULATION AND POLICY

The NAV of the Share Classes of the Sub-Fund will be determined every Friday or the immediately succeeding Business Day, if Friday is not a Business Day (the "**Valuation Day**").

The NAV is calculated as of each Valuation Day by applying a discount factor to the trade finance asset in question and deducting liabilities of the Sub-Fund on an accrued basis.

The principle behind the valuation of the different investments is to reflect the net present value of the Investment Instruments.

## 13. CONVERSIONS

Conversion of Shares of one Class into Shares of another Sub-Fund are not permitted. Conversions of Shares of one Class into Shares of another Class of this Sub-Fund are permitted, provided that the Shareholder complies with the eligibility requirements of this Share Class and such conversion is approved by the Principals.

## 14. DISTRIBUTIONS

The Principals do not intend to carry out income distributions but may decide to do so at a future date.

## 15. AIFM FEE AND OPERATIONAL FEE

The AIFM is entitled to receive out of the assets of the Sub-Fund a fee in accordance with the provisions of section 9.1 of the general part of the Offering Document.

The Operational Fee, calculated daily on the total investment amount and paid monthly in arrear will be charged as follows to Shareholders in their respective Share Classes:

Share Class	Maximum Operational Fee p.a. (expressed as a percentage of the NAV per Share)
A	0.20%
B	0.40%
C	0.80%
D	0.25%
E	0.80%

Such Operational Fee includes the Investment Management Fee and the Distribution Fee. As at the date of this Supplement no Distribution Fee is applicable to this Sub-Fund. For Class F Shares no Operational Fee shall be payable.

The Operational Fee may be waived or reduced at the discretion of the Principals.

## 16. PREFERENTIAL TREATMENT

The Board of Directors, and in certain cases the Investment Manager, will have the discretion to waive or modify the application of, or grant special or more favourable rights with respect to, any provision of the Supplement or the Offering Document to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favourable rights, the Board of Directors may create additional series or designations of Shares for certain Eligible Investors that provide for, additional and/or different rights (including, without limitation, with respect to the Operational Fees, minimum and additional subscription amounts, informational rights, capacity rights and other rights). Certain grants of special rights may also be made by the Board of Directors, and, in certain cases, the Investment Manager, through letter agreements ("Other Agreements"). The Sub-Fund or in certain cases the Investment Manager may enter into Other Agreements to the extent permitted by applicable law with certain Eligible Investors.

## INVESTMENT MANAGER

The Investment Team is part of SAM which acts as the Investment Manager of the Sub-Fund and is authorised and regulated in the conduct of its business by the CNMV.

SAM was incorporated in the Kingdom of Spain as a limited liability company in 1985 with identification number A-28269983 registered with the Commercial Registry of Madrid under volume 4040, page 23, section 8 sheet M-67304, entry 6, and with the Registro Administrativo de entidades gestoras de Instituciones de Inversión Colectiva of the CNMV with reference 12. Its registered office is at Paseo de la Castellana 24, 28046 Madrid, Spain.

Santander Asset Management's global investment process is based on a bottom-up approach, supported by both a local experienced team and a rigorous risk control. The investment model comprises 5 key elements:

1. Homogenous investment processes and well organised team structures.
2. A combination of global and local macro-economic and asset allocation expertise.
3. A process which strengthens local products tailored to individual countries requirements.
4. The presence of both global and local fixed income and equity research teams.
5. Regional mandates which enable to reinforce market knowledge and management capabilities.

## INVESTMENT PROCESS

### *Portfolio planning*

The investment process begins with portfolio planning, which is designed to provide a framework for the Sub-Fund's long-term diversification across various dimensions of the global private trade finance market, such as corporates, industry and business sectors, geographic markets, types of trade finance exposure and credit profiles. The portfolio plan also provides for diversification of corporates, sectors and maturity dates and with respect to individual Investment Instruments. It is expected that through such diversification, the Sub-Fund may be able to achieve more consistent returns and lower volatility than would generally be expected if its portfolio were more concentrated.

### *Relative value analysis*

The next step of the investment process is to analyse changing market conditions and their effect on the relative attractiveness of different segments within the overall private trade finance market. This relative value analysis is based on general and macro-economic developments, such as business cycles, credit spreads, interest rates, structural and regulatory changes, event driven impacts to markets, sectors and supply chains, digital innovation, government stimulus efforts and changes in tax or law as it relates to trade finance. In addition, variables specific to particular industry sectors and the overall private trade finance market are typically evaluated. Based on the outcome of this review, the Investment Manager will attempt to identify the market segments that it believes offer the most attractive investment opportunities at the relevant time leveraging a number of origination channels to target investment exposure to.

The Investment Manager's relative value analysis is intended to serve as a guide for tactical and strategic investment allocation decisions within the framework of the portfolio plan. Due to the illiquidity of private trade finance investments, it is generally not practical to dramatically re-allocate a portfolio over a short period of time. Accordingly, the actual allocation of the Investment Instruments may deviate significantly from the general relative value views of the Investment Team at a particular point in time.

## ***Investment Instrument selection***

In the final step of the investment process, the Investment Manager seeks to invest the Sub-Fund's capital allocated to each segment in the highest quality Investment Instruments available to it at the relevant time. The targeted investment opportunities are sourced by the Investment Manager through a number of origination channels, namely through its network of origination contacts amongst leading trade finance originators as well as through a strategic partnership with Santander CIB, as described in the section headed "Investment Policy". The investment opportunities are then individually evaluated by the Investment Manager and its Investment Team using a structured selection process. As investment opportunities are analysed, the Investment Team shall seek to evaluate them in relation to current information from the Investment Manager's and its affiliates' existing private trade finance portfolios, and against each other. This comparative analysis can provide insight into the specific investments that offer the greatest value at different points in time in the various segments of the private trade finance market.

The Investment Team at SAM consists of experienced individuals who have been in the trade finance industry market for combined time spans of more than 30 years. The Investment Team's deal sourcing network has been built during the 30 combined years of experience of the Investment Team's work within the financial services industry.

Once an investment opportunity is identified, the Investment Team, together with the relevant support teams, performs a two-step process:

1. ***Transaction Due Diligence*** - Once the portfolio of underlying assets has been identified in accordance with the relevant eligibility criteria, the underlying documents and characteristics will be reviewed to obtain comfort before presenting to the Investment Committee:
  - Structure of the underlying transaction as per documentation
  - Composition of assets within proposed transaction
  - Historical performance of the underlying assets, if available or applicable
  - Due diligence on the asset originator
  - Credit Risk Valuation of Transaction (Risk and Compliance Area)
  - Anti-money laundering and counter terrorist financing ("AML/CTF") and regulatory assessment (Risk and Compliance Area)
2. ***Submission to the Investment Committee*** - Once the portfolio has obtained sign off from the Investment Team as per point 1 above and from a regulatory point of view from Risk and Compliance area, the portfolio will be proposed at the Investment Committee for a decision to be taken. The final outcome is on a unanimous vote by Committee members attending the committee.

The Investment Committee will exercise discretionary management powers in relation to the inclusion and removal of Relationship Counterparty's programs within the Sub-Fund portfolio. The portfolio composition will be reviewed at a minimum on a quarterly basis and with more frequency should the Investment Team deem necessary and will review additional aspects such as sector and geographical exposure.

## **INVESTMENT MANAGER - INVESTMENT COMMITTEE**

The constitution of the Investment Manager's Investment Committee is comprised of five (5) members – three (3) SAM representatives and two (2) independent investment committee members. The Committee is a deciding body, not an advisory one. The Committee is in charge of making final decisions with regard to the formalization of the investments and its form.

The Committee convenes at least once a year, typically on a quarterly basis and, occasionally out of that quarterly schedule, if and when required. Its main responsibilities are detailed below:

1. Assessing and approving/rejecting the proposed Investment Instruments.
2. Governance of the management process for the Sub-Fund:
  - Reviewing the performance of the underlying portfolio of Investment Instruments presented by the Investment Team.

- Defining the need to increase, reduce or, amend the current portfolio composition of Investment Instruments.
- Approving the economic terms for assets to be part of the portfolio; including financing conditions with the different stakeholders: (i) asset originators, (ii) the special purpose entity; and, (iii) the Investor.
- Approving the economic rationale for each investment's financing structure to be offered to Eligible Investors.
- Approving any expenses related to the analysis and execution relative to the asset acquisition activities and, operational aspects of the different investments.
- Checking investments have AML/CTF and regulatory approvals (Risk and Compliance Area).

Any significant deviation from any initial proposal presented to the Investment Committee will be subject to a new submission for its approval.

3. Governance of the recovery process including:

- Reviewing and assessing the recovery plan presented by the Investment Team and the asset originator.
- Monitoring any expenses related to the recovery plan affecting a portfolio's default.

## INVESTMENT MANAGEMENT

### Internal credit assessment and portfolio review

The performance of the Sub-Fund will be periodically reviewed by the Investment Team, who shall maintain responsibility for analysis of the trade asset portfolios on a transaction-by-transaction basis. The Investment Team produces both individualised and portfolio reports for internal consideration by the Investment Committee.

### Step by step process for ongoing and extraordinary review of the assets

1. Assets managed by the Investment Team will be reviewed on a regular basis. Not all reviews will require an Investment Committee approval.
2. For assets that have suffered a Performance Deterioration (as defined below) since the date of the last review by the Investment Committee, the Investment Team will have the ability to unilaterally cease investment or re-investment in such Investment Instruments. These decisions will be reviewed at the next Investment Committee.
3. The Investment Committee will generally meet quarterly to review all assets under management in the Sub-Fund's investment portfolio. A short form review will be undertaken for each asset indicating if any material changes to the asset's performance, any rating changes have occurred, or any structural changes to the asset contractual structure.
4. Furthermore, annual portfolio reviews will incorporate a market view covering market pricing evolution, asset pipeline evolution and competition evolution.
5. Assets which have experienced Performance Deterioration, exposing the Sub-Fund to a risk of loss, are on the "Watch List". **"Performance Deterioration"** can be defined as:
  - Dilution of the underlying assets, rising above 10 per cent. of the relevant programme;
  - Delinquency rising by more than 5 per cent. within the relevant programme;
  - Credit deterioration but still within the Investment Grade or equivalent scale;
  - General disruptions in a sector which may affect the performance of underlying counterparty or obligors (an **"Underlying Counterparty"**). For example, the aviation sector during the COVID-19 pandemic; and/or
  - Risk profile of investments having changed due applicable AML/CTF policies and/or prevailing regulations.

### Asset disposal process

Once an asset is identified for divestment, the Investment Team will cease to participate in the asset and consequently arrange for the Sub-Fund to stop making further participations, with the exposure being live for the maximum tenor of the underlying facility (average tenor of 60-70 days). The Investment Team will present its

divestment strategy to the Investment Committee. The Final Investment Committee will provide its final decision on the asset disposal.

### **Process in the event of default within the underlying programmes**

Upon the occurrence of an event of default, howsoever described under the relevant trade finance documentation in place with the affected Underlying Counterparty, the asset originator (as servicer) under the relevant programme, shall ordinarily lead the claims process on behalf of the Note Issuer, with the seller of the asset, any applicable trade credit insurance company, and or the Underlying Counterparty(s) of the programme. No assurance can be given on the success or timeliness of the recovery process which shall vary upon the circumstances.

Under specific circumstances, the Investment Manager may lead the recovery process described above.

## **RISK FACTORS**

*For the purposes of this Supplement trade finance transactions shall be identified as Receivables Finance, Supply Chain Finance and other Trade Finance Solutions.*

*The underlying assets have non-payment, late-payment and default of payment obligations associated risks, which if materialised may jeopardize the returns for the Investors in the Sub-Fund. Moreover, Eligible Investors may lose some or all of their investment. The risks referred to below are not exhaustive. Potential investors are recommended to review the Offering Document carefully and in its entirety, and consult with their professional advisers before making an application for Shares in the Sub-Fund.*

### **Receivables Finance**

#### ***Buyer default***

Receivables finance transactions arise from commercial transactions between buyers and sellers, which involve short-term commercial invoices that are payable by buyers.

For Investment Instruments originated by trade finance institutions, these may benefit from trade credit insurance cover on buyer default, where provided by the relevant asset originator, or have default risk on buyers at the time of investment by the Sub-Fund.

#### ***Buyer late payment***

Buyers may be late on their payment obligations to the seller, which may impact the Sub-Fund's ability to generate the corresponding cash to meet any redemption requests.

#### ***Seller default***

Sellers of receivables finance transactions may default. The payment obligation is from the buyer, however receivables finance transactions tend to be undisclosed to the buyers, meaning that the asset originator has to enforce the power of attorney provided by the seller at the point of assigning or selling the economic interest to the underlying invoices, and may have to be claimed from the liquidator of the defaulted seller, and evidenced by the underlying facility documentation.

#### ***Seller fraud***

Sellers may forge documents to illicitly obtain financing with such documents as security.

#### ***Insurer default***

The trade credit insurance provider may default and be unable to meet its payment obligations under a claim submitted and pertaining to a receivables finance programme

### **Supply Chain Finance**

#### ***Buyer default***

Supply chain finance transactions arise from commercial transactions between buyers and suppliers, which involve short-term commercial invoices that are payable by buyers. Buyers issue the purchaser of the asset

(asset originator as described in this document) an irrevocable payment undertaking to pay the amounts payable on the relevant due date but may default on its obligations if it enters into financial distress.

## **Trade Loans**

### ***Borrower default***

Trade loan transactions arise from commercial transactions between buyers and suppliers, which are issued to support commercial activity either being the borrower an importer or an exporter of goods or services. The borrower has an obligation to repay these instruments on the due date as dictated by the terms of each loan. These loans are generally drawn against the presentation of other trade instruments such as invoices, bills of lading, bills of exchange, promissory notes, letters of credit, and other forms of trade finance instruments.

### **Other trade finance instruments**

#### ***Buyer default***

Trade finance transactions arise from commercial transactions between buyers and sellers, which involve short-term commercial instruments that are payable by buyers and/or by the guarantors or other financial counterparties.

For Investment Instruments originated by trade finance institutions, these may benefit from trade credit insurance cover on buyer default, where provided by the relevant asset originator, or have default risk on buyers at the time of investment by the Sub-Fund.

#### ***Buyer late payment***

Buyers may be late on their payment obligations to the seller, which may impact the Sub-Fund's ability to generate the corresponding cash to meet any redemption requests.

#### ***Seller default***

Sellers of trade finance transactions may default. The payment obligation is from the buyer, however transactions tend to be undisclosed to the buyers, meaning that the asset originator has to enforce the rights and/or the guarantees provided by the seller and/or other related entities (e.g. letter of credit of the issuing bank) at the point of assigning or selling the economic interest to the underlying interests, and may have to be claimed from the liquidator of the defaulted seller and evidenced by the underlying facility documentation.

#### ***Seller fraud***

Sellers may forge documents to illicitly obtain financing with such documents as security.

#### ***Insurer default***

The trade credit insurance provider may default and be unable to meet its payment obligations under a claim submitted and pertaining to a trade finance programme.

## **RISKS ARISING FROM TRADE FINANCE**

### ***Limited provision of information about Relationship Counterparties***

Eligible Investors shall not have any right to inspect the records of an originator or any affiliate thereof. Furthermore, Eligible Investors shall not have any right to know the identities of any Underlying Counterparty nor receive any information regarding any obligation of any Underlying Counterparty. The Investment Manager will have no obligation to keep Eligible Investors informed as to matters arising in relation to any specific Underlying Counterparty or any Investment Instrument.

The Relationship Counterparties, any Underlying Counterparty and the related Investment Instruments referenced by or provides economic exposure through the Notes held the Sub-Fund will vary from time to time.

### ***Trade Finance exposures***

Selection of trade finance assets by the Investment Manager for inclusion within the Sub-Fund shall be subject to an eligibility criteria. Nonetheless, each asset originator shall have regard to its own interests and not those of any other person when making available investment opportunities in trade finance assets. The characteristics and composition of the Sub-Fund may change over time. The only limitations on the characteristics of each Investment

Instrument referenced within the Notes purchased by the Sub-Fund will be the eligibility criteria devised by the Investment Manager.

### ***Industry sector concentration of the Relationship Counterparties and Underlying Counterparties***

Although Relationship Counterparties and Underlying Counterparties are involved in a range of different industry sectors, there may be either a higher concentration of Underlying Counterparties in a particular industry or correlation between the creditworthiness of Underlying Counterparties in different but related industry sectors. Deterioration in the economic conditions in any such industry sector or sectors may adversely affect the ability of the Underlying Counterparties to pay under the Investment Instruments and, therefore, could increase the risk of defaults occurring in relation to the related Investment Instruments. A greater concentration of Underlying Counterparties in particular industry sectors may, therefore, result in a greater risk of loss than if such concentration had not been present.

Investors in the Sub-Fund should be aware that, although the eligibility criteria include limits on the concentration of Investment Instrument in particular industry groups, the relative size of the Sub-Fund as compared with the concentration limits may mean that Eligible Investors may still have significant exposure to particular industry groups.

### ***Geographical concentration of the Relationship Counterparties and Underlying Counterparties***

The Relationship Counterparties and Underlying Counterparties may be located in, or may have material affiliates with a principal place of business in any jurisdiction. They include thresholds on the proportion (expressed as a percentage) of the nominal balance of Investment Instruments that can continue to be referenced by the Notes purchased by the Sub-Fund.

Any deterioration in the economic conditions in the countries in which the Relationship Counterparties and Underlying Counterparties are located that causes an adverse effect on the ability of the Relationship Counterparties and Underlying Counterparties to repay their obligations could increase the risk of losses on the Investment Instruments. A concentration of Relationship Counterparties and Underlying Counterparties in a country may therefore result in a greater risk of loss than if such concentration had not been present. Investors in the Sub-Fund should be aware that, although the eligibility criteria include limits on the concentration of Investment Instruments in particular countries, the relative size of the Sub-Fund as compared with the concentration limits may mean that Investors may still have significant exposure to particular countries by virtue of the availability of assets sourced from originators.

### ***Specific risks associated with emerging markets***

There may be Relationship Counterparties and or Underlying Counterparties in the Sub-Fund located in emerging market countries. There may be a high degree of uncertainty and volatility associated with emerging market countries and the performance of and payments under the Sub-Fund may be directly impacted by certain political, economic and legal events and conditions.

Relationship Counterparties and or Underlying Counterparties from emerging markets countries may be affected by special risks related to regional economic conditions and sovereign risks which are not normally associated with Relationship Counterparties and or Underlying Counterparties located in developed countries, including: (a) risks associated with political, economic and social uncertainty, including the risks of nationalisation or expropriation of assets, diplomatic developments, war and revolution; (b) fluctuations of currency exchange rates (i.e., the cost of converting foreign currency into EUR); (c) lower levels of disclosure and regulation in foreign securities markets than in similar markets in developed countries; (d) confiscatory taxation, taxation of income earned in foreign nations or other taxes or restrictions imposed with respect to investment in foreign nations; (e) economic and political risks, including potential foreign exchange controls, interest rate controls and other protectionist measures; and (f) uncertainties as to the status, interpretation, application and enforcement of laws, including insolvency and bankruptcy laws. In addition, there is often less publicly available information about Underlying Counterparties from emerging market countries which may, among other things, have an effect on the assessment of the credit risks associated with a particular Underlying Counterparties. Underlying Counterparties in emerging market countries may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to Underlying Counterparties located in developed countries.

The economies of individual emerging market countries may differ favourably or unfavourably from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments of many emerging markets countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many



companies, including some of the largest in the country. Accordingly, government actions could have a significant effect on economic conditions in an emerging market country and on market conditions generally.

It may also be difficult to obtain and enforce a judgment relating to emerging markets debt in the jurisdiction in which the majority of the assets of an Underlying Counterparty is located. As a result, it may be difficult and time consuming to take control of or liquidate the collateral securing Investment Instruments.

### ***Market for trade finance obligations***

Pursuant to its holding of Notes issued by the Note Issuer, Shareholders in the Sub-Fund will be indirectly subject to exposure associated with defaults in relation to trade financing obligations and claims. Purchasers of trade financing obligations and claims currently include commercial banks, investment funds and investment banks. There can be no assurance that future levels of supply and demand in the secondary market for trade finance obligations will provide an adequate degree of liquidity or that the current level of liquidity will continue. Trade financing obligations are not purchased or sold as easily as publicly traded securities are purchased or sold because, inter alia, holders of such trade financing obligations may be provided with confidential information relating to the Underlying Counterparty and due to the customised nature of certain of the trade financing obligation agreements. In addition, trading volumes in trade finance obligations are small relative to certain other debt markets. There can be no assurance in this regard that it will be possible, at any time following service of an enforcement notice, for the Sub-Fund to dispose of the Notes referencing underlying trade finance exposures.

### ***Set-off***

To the extent that an Underlying Counterparty is owed an amount by, or has funds standing to the credit of an account with, the relevant seller or originator, an Underlying Counterparty may have rights to require such funds to be set off against amounts then due under the Investment Instruments owed by it so that the amount so set off is deducted from the amount then due under the Investment Instruments which are funded or secured by a tranche of Notes. In such an event, the relevant seller or originator has agreed to pay to the Note Issuer the amount so set off. There can be no assurance that the relevant seller or originator will have sufficient financial resources at the relevant time to effect any such payment following such set-off and a failure on the part of the relevant originator to make such a payment may adversely affect the Note Issuer's ability to make payments in respect of a tranche of Notes it has issued and, in turn, the Note Issuer's ability to make payments of interest and principal on the Notes when due. In the event of an insolvency of a seller or the originator, Underlying Counterparties may exercise their rights of set-off to a significant degree and enforcement of the covenants to pay sums to the relevant seller or originator would be subject to the insolvency of the seller or originator, as the case maybe. This could adversely affect the ability of the Note Issuer to make distributions of interest and principal in respect of a tranche of Notes it has issued and, ultimately, the Note Issuer's ability to make payments of interest and principal on the Notes.

### ***Dealings with respect to Trade Finance exposures***

Each asset originator and their respective affiliates may:

- (a) themselves directly or indirectly take investment exposure to each Investment Instrument;
- (b) accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Relationship Counterparty, any affiliate of any Relationship Counterparty, or any other person or entity having obligations relating to any Relationship Counterparty; and
- (c) act with respect to transactions described in the preceding paragraphs in the same manner as if the Sub-Fund did not exist regardless of whether any such action might have an adverse effect on any Relationship Counterparty or the Sub-Fund or otherwise.

Such parties may accordingly derive revenues and profits from such activities without any duty to account to any person therefor.

### ***Amendments to Investment Instruments***

While the Note Issuers will ordinarily have beneficial title to the Investment Instruments, the asset originators may continue to own legal title to the Investment Instruments. Legal title to assignable Investment Instruments may be transferred to the applicable Note Issuer (or a nominee) following a contractually prescribed event. As the legal owner of the Investment Instruments, the asset originator may retain the right to change the terms of the Investment Instruments subject to restrictions in the underlying contractual documentation. Any change in the terms of an Investment Instrument may result in reduced, delayed or accelerated payments on the Notes.

### ***No further information***

The Investment Manager may acquire information with respect to an Investment Instrument, the Relationship Counterparty and/or the Underlying Counterparty, or with respect to any other transaction party that may be material in the context of the Investment Instrument and may or may not be publicly available or known. The Investment Manager shall not be under any obligation to make such information available to Eligible Investors.

### ***Origination guidelines and servicing guidelines***

Asset originators will operate within the parameters of their respective origination guidelines and the servicers will operate within the parameters of their respective servicing guidelines. In formulating and acting in accordance with such origination guidelines and servicing guidelines, the originators and the servicers have acted, and will continue to act, as a prudent lender.

With respect to origination of Investment Instruments by Santander CIB, the applicable Santander entity, has internal policies and procedures in relation to the fundamental credit principles, disciplines and standards for business origination and the global management of credit risks within the Santander group. The policies and procedures of the applicable Santander entity in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits;
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures;
- (c) adequate diversification of credit portfolios given the overall credit strategy; and
- (d) policies and procedures in relation to risk mitigation techniques.

### ***Amendments to origination guidelines and servicing guidelines***

The originators may amend the terms and conditions of their standard form customer agreements or change their policies and procedures and usual practices for their general trade finance business (insofar as any originator is permitted to do so by relevant legislation, regulation and guidance).

The servicers will be permitted to make changes to the servicing guidelines and to adopt additional and/or alternative policies or procedures from time to time. Any changes, additions and/or alternatives adopted may only be made in accordance with the servicer standard of care.

Any change in the origination guidelines or the servicing guidelines which has an adverse impact on the credit quality of or the amount recoverable from the Investment Instruments will adversely affect the Note Issuer's ability to make payments in respect of any Notes it has issued. This may adversely affect the Note Issuer's ability to make payments of any interest and principal due under the Notes.

### ***Administration and collection policies***

The servicers, where applicable, will carry out the administration, collection and enforcement of the trade finance exposures under the Investment Instruments in accordance with their respective servicing guidelines.

Accordingly, Shareholders are relying on the business judgment and practices of the servicers and any other agent in administering the Investment Instruments subject to investment exposure by the Sub-Fund and enforcing claims against the applicable Underlying Counterparty in connection with such Investment Instruments (including enforcement of any security granted in respect thereto).

### ***Reliance on servicers***

The servicers are responsible for collecting and depositing all funds received in connection with Investment Instruments and for reporting the amounts of such funds received. The failure by the servicers to deposit these funds on a timely basis could result in insufficient cash being available to cover amounts payable into and by the Sub-Fund when such amounts are due. In addition, the failure by the servicers to report, or report accurately, the amount or character of funds received could result in incorrect amounts being paid by the Sub-Fund. If a servicer's failure to perform its obligations results in the occurrence of a servicer termination event, the program manager (on behalf of the Note Issuer), may terminate such servicer's appointment and appoint, and transfer the servicing obligations to, a successor servicer. Such a transfer may not actually be possible or, even if it is, a transfer of servicing obligations to a successor servicer could have a disruptive effect on the collection and deposit of funds received on the Investment Instruments allocated to the Notes, resulting in delays or shortfalls in payments due

on the Notes that are subscribed by the Sub-Fund.

### ***Credit quality***

Several factors, including competition from another commercial bank and/or a decline in the effectiveness of the credit risk management procedures employed by the relevant originator, may result in a lowering of interest rates, finance charges and fees and/or credit quality, which could affect the credit quality of the Investment Instruments in future collection periods. Notwithstanding low historical delinquencies and defaults within this asset class there can be no assurance that the delinquency and default percentage will not increase, which may adversely affect the Note Issuer's ability to make payments of interest and principal on the Notes when due.

### ***Originator insolvency***

Following a bankruptcy or insolvency of an originator, a court could conclude that the Investment Instruments through which the Sub-Fund has exposure have not been assigned to or held on trust for the Note Issuer and are, instead owned (legally and beneficially) by that originator. In the event of a bankruptcy or insolvency of an originator, that originator could be subject to the bankruptcy or insolvency laws of the jurisdiction it is located in or in other jurisdictions, the outcomes of which may or may not be similar to each other and could result in a wide range of outcomes, any or all of which could adversely affect Eligible Investors in the Sub-Fund.

## **RISKS ARISING FROM THE NOTES**

### ***The Note Issuer is a special purpose vehicle***

The Note Issuer is a special purpose vehicle and has covenanted (amongst other things), as long as any series of Notes which it has issued remain outstanding, not to engage in any business other than acquiring and holding assets, incurring indebtedness, carrying out its obligations in relation to such assets and indebtedness, granting of security for such indebtedness, and such further matters as may be reasonably incidental thereto.

The Note Issuer may from time to time incur indebtedness other than pursuant to the series of Notes. Such indebtedness will be secured on assets of the Note Issuer other than the Notes secured in favour of the Sub-Fund. The Note Issuer shall seek to enter into transactions on a limited recourse and non-petition basis. The Note Issuer will be subject to certain other restrictions including that it will not have any subsidiaries or employees, have any premises, consolidate or merge with any other person, or convey or transfer its assets which secure any of its indebtedness to any person (other than as contemplated by such indebtedness).

### ***Limited assets of the Note Issuer***

The Note Issuer has no substantial assets or sources of revenue other than the Note Issuer's rights to cash pledged on account, the proceeds deriving from the Investment Instrument and/or proceeds received from an insurance claim in connection with any defaulted Investment Instrument.

The Notes held by the Sub-Fund represent limited recourse obligations of the Note Issuer only. The Notes are not obligations of and are not insured or guaranteed by any originator or any other entity or person. The Notes do not represent deposits with, or other liabilities of, any member of the Santander Group. No member of the Santander Group in any way stands behind or provides credit support for the capital value or performance of the Notes.

### ***Limited power***

Eligible Investors may be unable to influence or otherwise control the actions of the Note Issuer and, as a result, Eligible Investors may be unable to stop actions that are adverse to Eligible Investors. The interests of some Eligible Investors may not coincide with the interests of other Eligible Investors, making it more difficult for some Eligible Investors to receive their desired results in a situation requiring consent or approval of other Eligible Investors.

### ***The Note Issuer is not regulated***

The Note Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Note Issuer. The taking of a contrary view by any such regulatory authority could have an adverse impact on the Note Issuer or the Sub-Fund holding the Notes. Eligible Investors should note that because the Note Issuer and the Notes will not be licensed, registered, authorised or otherwise approved by any regulatory or supervisory body or authority, many of the requirements attendant to such licensing, registration, authorisation or approval (which may be viewed as providing additional

investor protection) will not apply.

### ***Consequences of winding-up proceedings***

Note Issuers are most likely to be structured as an insolvency remote vehicle. The Note Issuers are permitted only to contract with parties who agree not to make any application for the commencement of winding-up, bankruptcy or similar proceedings against the Note Issuer. Legal proceedings initiated against the Note Issuers in breach of these provisions shall, in principle, be declared inadmissible by the relevant court that has jurisdiction with respect to the Note Issuer.

However, if any Note Issuer fails for any reason to meet its obligations or liabilities, a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Note Issuer is entitled to make an application for the commencement of insolvency proceedings against the Note Issuer. Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors to terminate contracts with the Note Issuer and claim damages for any loss suffered as a result of such early termination. Note Issuers are insolvency remote, not insolvency proof.

### ***Sole source of payment***

The Note Issuer has no substantial assets or sources of revenue other than the Note Issuer's rights to or in the series of Notes. Payments under the Notes depend solely on payments under the Investment Instruments. Payments under the Investment Instruments, ultimately, depend on timely payments by the Underlying Counterparty of those Investment Instruments.

There is no assurance that the Underlying Counterparty will meet their obligations in respect of the Investment Instruments or that the cash flow generated by the Notes will be sufficient to ensure ultimate payment when due, or at all, of principal and/or interest due on the Notes. The ongoing ability of the Underlying Counterparty to meet their payment obligations under their respective customer agreements depends on, and may be adversely affected by, numerous factors, including, without limitation, the Underlying Counterparty's financial situation, changes in political and economic conditions generally or changes in specific industry segments, changes in governmental rules, regulations and fiscal policies, financial mismanagement, war or acts of violence or force majeure. The rate of payment defaults by the Underlying Counterparty may increase if the creditworthiness of the Underlying Counterparty's declines, or for other reasons. In the event that the Underlying Counterparty defaults on their payment obligations under their Investment Instruments, the Note Issuer's ability to pay under the relevant series of Notes and, ultimately, the Note Issuer's ability to make payments of interest and principal on the Notes when due may be adversely affected and would then depend on the prompt enforcement of, and the amount realised from, the Investment Instruments.

### ***No investigation or representations***

None of the originators, the servicers, the arranger, the Note Issuer, the programme manager, the security trustee, nor any agent or affiliate of any of the foregoing, has undertaken or will undertake any investigations, searches or other actions to verify all of the details of the Investment Instruments to be held on trust for or, as the case may be, assigned to the Note Issuer by the relevant originator on each transfer date, nor have any of such parties undertaken, nor will any of such parties undertake, any investigations, searches or other actions to determine the creditworthiness of any Relationship Counterparties, Underlying Counterparty or whether any default exists or is reasonably likely to occur in respect of any of the Investment Instruments, in each case for and on behalf of the Eligible Investors.

## **RISKS ARISING FROM AN INVESTMENT IN THE SUB-FUND**

The investment in the Sub-fund may involve, among others, the following risks that may affect to the Net Asset Value of the Shares:

### ***Market risk***

The value of Investment Instruments and the income derived therefrom may fall as well as rise and Investors may not recover the original amount invested in the Sub-Fund. In particular, the value of Investment Instruments may be affected by uncertainties such as international, political and economic developments, changes in government policies taxation, restrictions on the countries to which the Sub-Fund is exposed through its investment.

### ***Volatility risk***

The NAV of the Sub-Fund is calculated taking into consideration a corporate bond index that may suffer from volatility due to tensions exhibited from the financial markets.

### ***Credit risk***

Credit risk involves the risk that a borrower or an issuer of a Note (or similar money-market instruments) held by the Sub-Fund may default on its obligations to pay interest and repay principal and the Sub-Fund will not recover their investment.

### ***Liquidity risk***

Liquidity risk exists when particular investments are difficult to purchase or sell. A Sub-Fund's investment in illiquid securities may reduce the returns of the Sub-Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

### ***Counterparty risk***

Counterparty risk is the risk that a loss may be sustained by the Sub-Fund as a result of one party to whom the Sub-Fund is dependent upon, failing to perform or comply with the terms of its contractual obligations.

### ***Sustainability risk***

The Sub-Fund's investments may be subject to sustainability risks. Sustainability risks are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the Sub-Fund's investments.

### ***Reliance on key management of the Sub-Fund***

Shareholders will have no authority to make decisions or to exercise business discretion on behalf of the Sub-Fund. The authority for all such decisions belongs to the Investment Manager, subject to any provisions of this Supplement. Since the Company (including its Sub-Fund) has no employees, it will depend on the investment expertise, skill and network of business contacts of the Investment Manager. The Investment Manager will evaluate, negotiate, structure, execute, monitor and service the Sub-Fund's investments. The Sub-Fund's future success will depend to a significant extent on the continued service and coordination of the Investment Manager and its Investment Team. The departure of key personnel of the Investment Manager and in particular members of the Investment Team could have a material adverse effect on the Sub-Fund's ability to achieve its investment objectives.

The Sub-Fund's ability to achieve its investment objectives depends on the Investment Manager's ability to identify, analyse, invest in, finance and monitor companies that meet the Sub-Fund's investment criteria. The Investment Manager's capabilities in structuring the investment process, providing competent, attentive and efficient services to the Sub-Fund, and facilitating access to financing on acceptable terms depend on the employment of investment professionals with adequate sophistication to match the corresponding flow of transactions. To achieve the Sub-Fund's investment objectives, the Investment Manager may need to hire, train, supervise and manage new investment professionals to participate in the Sub-Fund's investment selection and monitoring process. The Investment Manager may not be able to find investment professionals in a timely manner or at all. Failure to support the Sub-Fund's investment process could have a material adverse effect on the Sub-Fund's business, financial condition and results of operations.

The Sub-Fund expects that the Investment Manager will depend on the relationships that the Investment Team has with trade finance originators, banks and other trade finance institutions and the Sub-Fund will rely to a significant extent upon these relationships to provide the Sub-Fund with potential investment opportunities. If the Investment Manager fails to maintain their existing relationships or develop new relationships with other originators or sources of investment opportunities, the Sub-Fund may not be able to grow its investment portfolio. In addition, individuals with whom the Investment Manager have relationships are not obligated to provide the Sub-Fund or the Investment Manager with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for the Sub-Fund.

### ***Competition for investment opportunities***

The Sub-Fund will compete for investments with other investment funds, as well as traditional financial services companies such as commercial banks, investment banks, finance companies and other sources of funding. Moreover, alternative investment vehicles, such as hedge funds, have begun to invest in areas in which they have not traditionally invested, including making investments in trade finance assets. As a result of these new entrants, competition for investment opportunities in trade finance Investment Instruments may strengthen. Many of the Sub-Fund's competitors are substantially larger and have considerably greater financial, technical and marketing

resources than the Sub-Fund. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to the Sub-Fund. In addition, some of the Sub-Fund's competitors may have higher risk tolerances or different risk assessments than the Sub-Fund. These characteristics could allow competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than the Sub-Fund is able to do. As a result, the Sub-Fund may lose investment opportunities if it does not match its competitors' pricing, terms and structure.

### ***Investment approach***

There is no guarantee that the investment approach, techniques, or strategies utilised by the Investment Manager will be successful or profitable. All investments of the Sub-Fund risk the loss of capital. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments, also could be detrimental to profits.

### ***Valuation***

In some circumstances, reliable market data may not be available to value the assets of the Sub-Fund. In other cases, the AIFM must make estimates of value of the assets and liabilities of the Sub-Fund or adjust the value of any investment or asset and these estimates could be incorrect or based on information which is out of date. Because such adjustments or revisions, whether increasing or decreasing the net asset value of the Sub-Fund at the time they occur, relate to information available only at the time of the adjustment or revision, the adjustment or revision may not affect the amount of the redemption proceeds of the Sub-Fund received by Shareholders who had their Shares redeemed prior to such adjustments and received their redemption proceeds, subject to the ability of the Sub-Fund to adjust the redemption proceeds received by Shareholders under certain circumstances. As a result, to the extent that such subsequently adjusted valuations or revisions to the net asset value of an investment adversely affect the Sub-Fund's net asset value, the outstanding Shares may be adversely affected by prior redemptions to the benefit of Shareholders who had their Shares redeemed at a net asset value higher than the adjusted amount. Conversely, any increases in the net asset value resulting from such subsequently adjusted valuations may be entirely for the benefit of the outstanding Shares and to the detriment of Shareholders who previously had their Shares redeemed at a net asset value lower than the adjusted amount. The same principles apply to the purchase of Shares. New Shareholders may be affected in a similar way.

### ***Deferred redemptions***

The Sub-Fund may defer redemptions requested on any Valuation Day where such request exceeds the liquidity available to the Sub-Fund from maturing Investment Instruments. Such redemption requests shall be carried forward to the next Valuation Day and applied on a pro rata basis and dealt with in priority to subsequent requests. Any such redemption will take place at the relevant Redemption Price in the applicable currency, as determined on applicable Valuation Day. There may therefore be a time lag between the redemption request made on the Valuation Day and the eventual date of redemption. Such time lag could be significantly longer following any substantial Shareholder redemption requests.

In addition, amounts payable to a Shareholder in connection with a redemption request will be paid in accordance with the subscription form submitted by the Shareholder. This may be changed from time to time by written instruction from the Shareholder. Failure to complete the subscriber account details of the subscription form may result in delays in the receipt of redemption proceeds. The Sub-Fund reserves the right to insist on instructions with regard to payment being received by the Sub-Fund in writing under the verified signature of the Shareholder.

### ***Substantial redemptions***

Substantial Shareholder requests for the Sub-Fund to redeem Shares could require the Sub-Fund to liquidate certain of its investments more rapidly than otherwise desirable in order to raise cash to fund redemption requests and achieve a market position appropriately reflecting a smaller asset base. This could have a material adverse effect on the value of the Shares.

### ***Temporary investments***

Delays in investing the net proceeds of the offering may impair the Sub-Fund's performance. The Sub-Fund cannot provide assurance to prospective Investors that it will be able to identify any investments that meet its investment objective or that any investment that the Sub-Fund makes will produce a positive return. The Sub-Fund may be unable to invest the net proceeds of the Sub-Fund's offering on acceptable terms within the time period that the Sub-Fund anticipates or at all, which could harm the Sub-Fund's financial condition and operating results.

Before making investments, the Sub-Fund will invest the net proceeds of the Sub-Fund's offering primarily in cash, cash equivalents and other short-term liquid instruments on a temporary basis. This will produce returns that may be lower than the returns which the Sub-Fund expects to achieve when the Sub-Fund's portfolio is fully invested in Investment Instruments that meet the Sub-Fund's investment objective. As a result, any distributions that the Sub-Fund pays while the Sub-Fund's portfolio is not fully invested in Investment Instruments meeting its investment objective may be lower than the distributions that the Sub-Fund may be able to pay when the Sub-Fund portfolio is fully invested in Investment Instruments meeting the Sub-Fund's investment objective.

### ***Dilution from subsequent offerings of Shares***

The Sub-Fund may accept additional subscriptions for Shares as determined by the Board, in its sole discretion. Additional purchases may dilute the interests of existing Shareholders in the Sub-Fund's investment prior to additional investment being deployed to other Investment Instruments, which could have an adverse impact on the existing Shareholders' interests in the Sub-Fund particularly if subsequent Sub-Fund investments underperform the prior investments.

### ***Target return***

The target return does not provide a guarantee of the amounts that may be realised upon the applicable Share redemption date. Whilst it is anticipated that subscription proceeds will reference a substantial quantum of the Investment Instruments this may not be the case at all times during the tenor of investment. This may be the case where certain Investment Instruments no longer meet the Investment Manager's eligibility criteria over time or where there are insufficient Investment Instruments provided by the asset originator to meet the maximum investment exposure desired by the Sub-Fund. In such circumstances, where Investor subscription proceeds exceed the quantum of Investment Instruments indirectly participated by the Sub-Fund, the actual return to Shareholders will be lower than the target return. Neither the Sub-Fund, Board of Directors nor the Investment Manager guarantee or provide assurance that the aggregate quantum of the Investment Instruments will either be available for investment exposure during the tenor of investment or will be equal to greater than the aggregate amounts invested by Eligible Investors.

### ***Taxation***

An investment in the Sub-Fund involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Sub-Fund will have investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Sub-Fund to its Shareholders. No assurance can be given on the actual level of taxation suffered by the Sub-Fund. Shareholders should consult their own tax advisors on the tax implications for them of investing, holding and disposing of Shares and receiving distributions in respect of Shares in the Sub-Fund.

### ***Conflicts of interests***

There may be potential conflicts of interest among the Investment Manager, its members, Eligible Investors, the Sub-Fund or other transaction parties involved in the activity of the Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of Investors when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly.

In the conduct of its business the policy of each of the AIFM and the Investment Manager is to identify, manage and where necessary prohibit any action or transaction that may pose a conflict between the interests of affiliates' various business activities and the Sub-Fund or its Investors and between the interests of one or more investors and the interests of one or more other investors. The affiliates, as well as the AIFM and the Investment Manager shall strive to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, both the AIFM and the Investment Manager have implemented procedures that shall ensure that any business activities involving a conflict which may harm the interests of the Sub-Fund or its Investors, are carried out with an appropriate level of independence and that any conflicts are resolved fairly.

A potential conflict of interest could arise since Santander entities and divisions thereof may be acting in a number of capacities which may include originator and servicer of Investment Instruments referenced or secured under the Notes, account bank, placement agent for the Notes and Investment Manager. In the course of its ordinary business, Santander CIB and/or any of their respective affiliates may, from time to time, engage in purchase, sale or other transactions involving the Investment Instruments more broadly for their proprietary accounts and/or for accounts under their management and/or for any counterparty. Such transactions may have a positive or negative effect on the level of the Investment Instruments and consequently on any market price, liquidity or value of the relevant Notes and the Sub-Fund.

Santander and/or their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, corporate finance and other services, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). Each of Santander and/or its respective affiliates may have engaged in, and may in the future engage in, various Banking Services or Transactions in the ordinary course of business with the seller, supplier or buyer or their respective subsidiaries, jointly controlled entities or associated companies from time to time, for which each of them has received or will receive customary fees and commissions. In the ordinary course of their various business activities, Santander and/or its' respective affiliates may make or hold (on their own account, on behalf of clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Santander and/or its respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the financial instruments of the seller, supplier or buyer, and may recommend to their clients that they acquire long and/or short positions in any such financial instruments.

Members of the Santander group and their affiliates may engage in other business and furnish investment management, advisory and other types of services to other clients whose investment policies differ from those followed by the originators, the servicers or the account banks and from which they may derive revenues and profits in addition to the fees stated in the various transaction documents, without any duty to account to any person therefor. Members of the Santander Group may make recommendations to or effect transactions with other clients which may differ from those effected with respect to the Investment Instruments referenced by the Notes held in the Sub-Fund.

### ***The AIFM***

According to the AIFM Rules, the AIFM must take all reasonable steps to identify conflicts of interest that arise in the course of managing the Fund (including its Sub-Funds) between the AIFM (including its managers, employees or any person directly or indirectly linked to the AIFM by control) and the Fund or its Shareholders, the Fund or its Shareholders and another client of the AIFM (including another alternative investment fund, an undertaking for collective investment in transferable securities or their investors), and two clients of the AIFM.

### ***Certain Classes of Shares are not available to certain investors***

As indicated in this Supplement, certain Classes of Shares may not be available to certain investors or may only be acquired by employees of the Investment Manager.

### ***Capital erosion risk***

Well-Informed Investors should note that as management fees may be charged to the capital as well as to the income of the Sub-Fund, upon redemption of Shares Investors may not receive back the full amount of their original investment. Well-Informed Investors should also note that the calculation of Net Asset Value per Share takes account of both realized and unrealized capital gains and losses.

### ***Regulatory and/or political risks***

The value of the Sub-Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.

### ***Changes in applicable law***

The Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Fund, the legal requirements to which the Fund and its Shareholders may be subject could differ materially from current requirements.

### ***Uncertain economic, social and political environment***

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity, pandemics and other widespread public health emergencies, and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modelling market conditions,



potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire investments, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Sub-Fund and its investments to execute their respective operations and to receive attractive multiple earnings upon disposition. This may slow the rate of future investments by the Sub-Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Sub-Fund's investments.

Further, in late February 2022, Russia initiated significant military action against Ukraine. In response, the U.S., European Union and certain other countries imposed significant sanctions and trade actions against Russia, and the U.S., European Union and certain other countries could impose further sanctions, trade restrictions and other retaliatory actions should the conflict continue or worsen. It is not possible to predict the broader consequences of the conflict, including related geopolitical tensions, and the measures and retaliatory actions taken by the U.S., European Union and other countries in respect thereof, as well as any counter measures or retaliatory actions by Russia in response, is likely to cause regional instability, geopolitical shifts and could materially adversely affect global trade, currency exchange rates, regional economies and the global economy. In particular, while it is difficult to anticipate the impact of any of the foregoing on the Sub-Fund, the conflict and actions taken in response to the conflict could increase sectoral costs, disrupt supply chains, reduce earnings, impair the Sub-Fund's ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect business, financial condition and results of operations of any Investment of the Sub-Fund.

### ***COVID-19***

The COVID-19 pandemic has had a material adverse effect on the global economy, as would further outbreaks or recurrences of the COVID-19 pandemic and/or any subsequent pandemic, the ultimate impact of which would be dependent on the duration and extent of the pandemic and is therefore not yet known.

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China, and has since spread globally impacting global supply chains thereby increasing the risk profile of trade products. On 11 March 2020, the World Health Organisation confirmed that its spread and severity had escalated to the level of a pandemic. The COVID-19 pandemic and associated government measures taken to mitigate its effects have led to significant volatility in the financial markets and have adversely impacted global economic activity. As there is significant uncertainty as to the duration, extent and impact of the COVID-19 pandemic (including any subsequent outbreak or recurrence notwithstanding the availability of any vaccine within the short to medium term), the long-term impact of the COVID-19 pandemic on the global economy and financial condition and prospects of certain Underlying Counterparties is unknown, and any mitigation efforts may not be effective.

In response to the COVID-19 pandemic, many national governments implemented numerous measures in an attempt to contain, and mitigate the effects of, COVID-19, such as travel bans and restrictions, quarantines, lockdowns (on both a national scale and localised), social distancing measures and the mandatory closure of certain businesses. This has led to both a demand and supply shock. The reduction in demand and supply means that the movement of goods has slowed, and in turn global trade. However, if the pandemic does not last significantly longer than now expected, the effect is likely to be less sustained than it was following the 2008 financial crisis. In addition, some of the very sharpest impacts may fall on service industries (e.g. restaurants, travel and leisure), rather than the import and export of physical goods, although the ramifications will ripple across supply chains (e.g. equipment, aviation fuel, etc.). On the supply side, factory closures caused by staff sickness or governmental edicts are disrupting supply chains and causing downstream shortages of retail goods and components for manufacturers. The problem is exacerbated by the direct effects of the COVID-19 crisis on shipping. Port closures, sickness among crew, and the prioritisation of medical supplies are resulting in a reduction in route options, congestion at ports and long delays in the receipt of goods. Where possible, buyers will likely seek to avoid these problems by finding domestic substitutes for imported final goods or components, thereby reconstituting supply chains in the near future to build resilience into their business models. The ultimate impact of the crisis on economic output and international trade will depend on the geographic scope, scale, and duration over which the pandemic plays itself out. The economic outcome will also depend on the effects of the immediate governmental interventions, which in many respects have proved unprecedented in the size and scale provided to support the economy impacted by COVID-19.

### ***Economic conditions in the Eurozone***

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have intensified in recent years. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more member states or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally

and/or may adversely affect the Sub-Fund, one or more of the other transaction parties and/or any Underlying Counterparty in respect of Investment Instruments referenced by the Notes and subscribed by the Sub-Fund. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Eligible Investors, the NAV of the Shares and/or the ability of the Sub-Fund to redeem Shares at an amount greater than the investment made.

### ***Regulated banking activity***

While non-bank lending is currently being promoted within the EU, in many jurisdictions, especially in continental Europe, engaging in lending activities "in" certain jurisdictions particularly via the original extension of credit granting a loan and in some cases including purchases of receivables, discounting of invoices, guarantee transactions or otherwise (collectively, "**Regulated Banking Activities**") is generally considered a regulated financial activity and, accordingly, must be conducted in compliance with applicable local banking laws (or the AIFM Directive, in the case of European long-term investment funds). Although a number of jurisdictions have consulted and published guidance on non-bank lending, in many such jurisdictions, there is comparatively little statutory, regulatory or interpretive guidance issued by the competent authorities or other authoritative guidance as to what constitutes the conduct of Regulated Banking Activities in such jurisdictions. Trade finance exposures subject to these local law requirements may restrict the Sub-Fund's or the Note Issuer's ability to purchase or reference the relevant Investment Instrument or may require it to obtain exposure via other means. Moreover, these regulatory considerations may differ depending on the country in which each Relationship Counterparty is located or domiciled, on the type of Relationship Counterparty and other considerations. Therefore, at the time when trade finance exposures are acquired or participated by the Note Issuer and in turn the Notes subscribed by the Sub-Fund, there can be no assurance that, as a result of the application of regulatory law, rule or regulation or interpretation thereof by the relevant governmental body or agency, or change in such application or interpretation thereof by such governmental body or agency, payments on the trade finance exposures might not in the future be adversely affected as a result of such application of regulatory law or that the Note Issuer or the Sub-Fund might become subject to proceedings or action by the relevant governmental body or agency which, if determined adversely to the Note Issuer or the Sub-Fund, may adversely affect its ability to make payments in respect of the relevant Notes and in turn redemptions of the relevant Shares.

### ***Terrorist action***

There is a risk of terrorist attacks on the United States, Europe and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity.

### ***General legal investment considerations***

The investment activities of certain Investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Shares are suitable or appropriate legal investments for it, (b) other restrictions apply to its purchase of the Shares.

There is therefore a risk that suitable assets, which may be acquired in accordance with the Offering Document and the Articles, may not be available on the market or may not be available on attractive or economically reasonable terms. Poor acquisition conditions may result in the actual result of the Sub-Fund being worse than expected. If no investment properties can be acquired at all on reasonable terms, the planned investment strategy may not be implemented at all. In such a case, the capital already drawn down by Eligible Investors could be invested in a bank account for an indefinite period of time, even though the ongoing costs of a Sub-Fund would still have to be serviced. The aforementioned cases could also lead to the redemption of a Sub-Fund. Therefore, it cannot be ensured that sufficient suitable investment opportunities for the successful implementation of the investment strategy are available during the investment period (so-called diversification risk). If this risk materializes, this may lead to lower distributions to Shareholders or to a partial or complete loss of the Investments.

**TRADE FINANCE REAL ECONOMY FUND II**

**a sub-fund of**

**SANTANDER ALTERNATIVES SICAV RAIF**

Supplement to the Offering Document

**INFORMATION CONTAINED IN THIS SUPPLEMENT SHOULD BE READ IN  
CONJUNCTION WITH THE FULL TEXT OF THE OFFERING DOCUMENT DATED 14  
MARCH 2023**

## IMPORTANT NOTICE

Unless otherwise defined in this Supplement, capitalised words in this supplement (the "**Supplement**") to the confidential offering document (the "**Offering Document**") of Santander Alternatives SICAV RAIF (the "**Fund**") have the meaning given in the "Glossary of Terms" of the Offering Document, unless the context requires otherwise. Except as otherwise expressly stated in this Supplement, the terms of the Offering Document shall apply to, and govern, the offer of the Shares. In the event of a conflict between the terms of this Supplement and that of the Offering Document, the former shall prevail. References to \$ herein shall be construed to mean US Dollars (USD). All information contained herein is correct as at the date of the Supplement.

### **IMPORTANT INFORMATION: SANTANDER ALTERNATIVES SICAV RAIF IS NOT SUBJECT TO SUPERVISION OF A LUXEMBOURG SUPERVISORY AUTHORITY OR ANY OTHER SUPERVISORY AUTHORITY.**

This Supplement is being issued by the Fund for the Trade Finance Real Economy Fund II sub-fund (the "**Sub-Fund**") and provided on a confidential basis to Well-Informed Investors (subject to applicable marketing restrictions in each relevant jurisdiction) for the sole purpose of such investors evaluating an investment in the Shares.

This Supplement includes specific information relating to the Sub-Fund and its investment program, whereas the Offering Document of the Fund describes the terms common to the Fund and each Sub-Fund. Prospective investors in the Fund should review carefully the contents of both this Supplement and the Offering Document. The terms of the Sub-Fund are set out in this Supplement and shall take effect from the date of this Supplement.

The distribution of this Supplement is not authorised unless it is accompanied by a copy of the Offering Document and the latest published financial report, if any. This Supplement and the Offering Document together form the offering for the issue of the Shares by the Fund in connection with the Sub-Fund.

Any losses in the Sub-Fund will be borne solely by Investors in the Sub-Fund and not by Santander Asset Management S.A., SGIIC or its affiliates (together "**Santander**"). Therefore, Santander's losses in the Sub-Fund will be limited to losses attributable to any ownership interests held in the Sub-Fund in their capacity as Investors in the Sub-Fund or as beneficiary of any restricted profit interest.

There is no public market for the Shares and no such market is expected to develop in the future. The Shares offered hereby are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable laws pursuant to registration or exemption therefrom.

The Shares are suitable only for Eligible Investors who do not require immediate liquidity for their investments, for whom an investment in the Fund does not constitute a complete investment program and who fully understand and are able to bear the loss of their investment in the Fund. The Fund's investment program, by its nature, may be considered to involve a substantial degree of risk. Subscribers for Shares in the Sub-Fund must represent that they are acquiring the Shares for investment.

Offering materials for the offering of the Shares have not been filed with or approved or disapproved by the United States Securities and Exchange Commission or any other state or federal regulatory authority, nor has any such regulatory authority passed upon or endorsed the merits of this offering or passed upon the accuracy or completeness of any offering materials. Any representation to the contrary is unlawful.

Relevant risks are described under the heading "risk factors" herein, and a prospective investor should consider the important factors listed therein as such prospective investor reads this Supplement and considers an investment in the Sub-Fund.

## EXECUTIVE SUMMARY

The Trade Finance Real Economy Fund II is a sub-fund (the "**Sub-Fund**") of the Santander Alternatives SICAV RAIF (the "**Fund**"). The Fund is an open-ended investment company (*société d'investissement à capital variable*) organised as a public limited company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg qualifying as a reserved alternative investment fund (the "**RAIF**").

The Sub-Fund's investment manager is Santander Asset Management S.A., SGIIC (the "**Investment Manager**" or "**SAM**"), a company incorporated under the laws of the Kingdom of Spain and regulated by the Spanish securities and financial markets regulator – the Comisión Nacional del Mercado de Valores (the "**CNMV**"). SAM is part of a global asset management group with a strong local footprint across Europe and Latin America. As at 30 December 2022, the SAM group had approximately €188 billion assets under management<sup>1</sup>. Spanning 10 countries with offices located in, among others, London, Madrid, Frankfurt, Mexico City, Santiago and São Paulo, the SAM group is a leading regulated asset manager focused on regional portfolio management and investment advisory matters. The SAM group covers a wide range of asset classes including global and regional equities, fixed income, money market, pensions, multi-assets, client solutions, structured products and alternative strategies such as leasing and private debt fund of funds.

SAM is seeking to provide Eligible Investors with an opportunity to invest in the Sub-Fund to capitalise on the attractive opportunity in trade finance asset remuneration in comparison to equivalent risk assets. The Sub-Fund is seeking to generate attractive returns (net of asset management fees), as defined below in the Summary of Terms Specific to the Sub-Fund ("Target Net Return"). No assurance is however, given that targeted returns will be met. The Sub-Fund furthermore enables Eligible Investors to gain exposure to a highly diversified portfolio of trade finance assets.

Investing in trade finance assets provides an opportunity for Investors to spread risk due to its low correlation with other traditional equity and fixed income asset classes, which are more impacted by economic cyclicality and market sentiment. Furthermore, investments in trade finance assets provide Eligible Investors with access to an asset class with short-dated underlying assets that provide a significant yield pick-up for an equivalent risk to traditional equity and fixed income asset classes.

The Sub-Fund will be constructed to have exposure to Investment Instruments (as defined below) that have been originated by leading trade finance institutions with global corporates, that have an investment grade rating provided by either a third-party credit rating agency or are determined by the regulated trade finance institution. By selecting assets that have been originated with investment grade rated global corporates, the Sub-Fund can capitalise on the high illiquidity premium on 'BBB-' or Standard & Poor's equivalent rated products over liquid corporate debt. Such assets represent attractive investment opportunities due to the stability associated with an investment grade rating, whilst also benefitting from the high illiquidity premium versus returns available in comparably rated corporate bonds.

## SUMMARY OF TERMS SPECIFIC TO THE SUB-FUND

*The following is a summary of the principal terms of the Sub-Fund effective from the date of this Supplement. It is qualified in its entirety by reference to the Subscription Form relating to the purchase of Shares in the Sub-Fund, which will be distributed to prospective Eligible Investors prior to each subscription and should be reviewed carefully prior to making an investment decision. To the extent there is any inconsistency between this summary and the Subscription Form, then the provisions of the Subscription Form will prevail.*

<b>Fund</b>	Santander Alternatives SICAV RAIF
<b>Sub-Fund</b>	The Trade Finance Real Economy Fund II
<b>Investment Objective</b>	<p>The Sub-Fund is an open-ended fund, which seeks attractive risk-adjusted returns comparable to traditional fixed income investments. Returns are generated from investments that have exposure to a diversified portfolio of trade finance related opportunities.</p> <p>The Investment Manager intends to manage the Sub-Fund's investment portfolio with a view towards generating current income, managing liquidity and maintaining a high</p>

<sup>1</sup> The total AUM figure does not include master feeder structures.

investment level. Accordingly, the Investment Manager may make investments based, in part, on anticipated future payments from investments. The Investment Manager also intends to take other anticipated cash flows into account, such as those relating to new subscriptions, redemption of Shares by Shareholders and any distributions made to Shareholders.

The Investment Manager intends to use a range of techniques to reduce the risk associated with the Sub-Fund’s investment strategy. These techniques may include, without limitation:

- Diversifying investments across geographies, industries, sectors, corporate credit and maturity profiles;
- Actively managing cash and liquid assets; and
- Establishing a credit line to provide liquidity for investments, to satisfy redemption requests.

The Sub-Fund’s investments will not be limited by geographic restrictions nor by a focus on any particular industry, but may be subject to concentration limits or other discretionary limits specified by the Investment Manager. There can be no assurance that the investment objective of the Sub-Fund will be achieved.

**Target Net Return**

30 basis points over the Relevant Reference Rate, net of Management Fees. The “**Relevant Reference Rate**” is the interpolated USD SOFR (Secured Overnight Financing Rate) of the underlying portfolio of assets (which, if negative, benefits from a zero floor), or any such rate as determined by the successor to USD SOFR or any reference rate which has replaced the USD SOFR market standard benchmark for target returns. The interpolated rate is calculated from the weighted average tenor of the portfolio (that will be provided with the regular update to Investors) and the public base rate curves.

There can be no assurance that targeted returns will be met. There is no guarantee that the Sub-Fund will achieve its investment objective and Investors may lose all or part of their invested capital.

**Currency**

The Sub-Fund is denominated in US Dollars.

**Target Size**

The Sub-Fund is seeking total subscriptions in excess of US\$600 million.

**Term**

Open-ended with an unlimited term.

**Key terms for each Share Class**

The following Share Classes are available for subscription by Eligible Investors:

Share Class	Currency	Minimum Investment	Maximum Investment	Maximum Operational Fee (per annum)
DU	USD	30,000,000	No limit	0.25%
EU	USD	500,000	29,999,000	0.80%

Prior to the date of this Supplement, the Sub-Fund issued Class AU Shares, Class BU Shares and Class CU Shares. Following the date of this Supplement subscriptions from new Investors in the aforementioned Classes are closed and will not be accepted. Any further subscriptions in these Classes will be limited exclusively to existing Investors in such Classes on the terms as set out in the section entitled "Principal Terms" below.

The Sub-Fund may also issue Class FU Shares which are reserved for employees of the Investment Manager or those directly or indirectly connected to the Investment Manager. The Minimum Investment for Class FU Shares shall be USD 10,000. There is no Maximum Investment for Class FU Shares. No Operational Fee shall be payable in respect of Class FU Shares.

Further information is provided for in the section entitled "Principal Terms" below.

<b>Investment Manager</b>	Santander Asset Management S.A., SGIIC.
<b>Investment Team</b>	<p>The investment team is comprised of investment professionals of the Investment Manager with substantial experience in trade finance.</p> <p>The Investment Team performs an in-depth assessment of specific investment opportunities that meet pre-defined eligibility criteria previously agreed by the Investment Committee and formally presents and escalates, through any of its members, any material amendment to the pre-defined eligibility criteria or investment strategy to the Investment Committee for approval. The composition of the Investment Team may change throughout the tenor of the Sub-Fund.</p>
<b>Investment Committee</b>	<p>The Investment Committee will be composed of three SAM members and two independent members.</p> <p>The composition of the Investment Committee may change.</p>

## TRADE FINANCE – AN ATTRACTIVE INVESTMENT OPPORTUNITY

The Sub-Fund was initially launched by SAM at a historic time. Against the backdrop of the COVID-19 pandemic many governments accelerated the rollout of vaccines partially resolving supply chain issues impacted by national and regional lockdowns. Whilst significant efforts were made by governments to ensure that credit continued to flow, supporting real economic activity, and taking steps to protect SME businesses that drive economic growth in most countries, global supply chain issues continued to subsist, whether due to zero COVID policies adopted by China or the outbreak of the Russo-Ukrainian war in February 2022. Raw material costs and rising energy prices have increased having a global inflationary impact that in turn has prompted many central banks to tighten monetary policy by increasing interest rates. Nonetheless, against this backdrop import export volumes have remained robust, in what is a challenging environment, having increased, pushing the value of G20 merchandise trade to new highs in Q1 2022 following six quarters of sustained growth<sup>1</sup>. Furthermore, trade finance revenues for the world's top transactions banks increased in 2021 surpassing pre-pandemic levels<sup>2</sup> with the value of global trade reaching a record level of \$28.5 trillion in 2021<sup>3</sup>.

The Sub-Fund seeks to capitalise on forecasted growth<sup>4</sup> in the trade finance sector, whilst helping, in small measure, to address the yawning US\$1.7 trillion annual trade finance gap to a sector that is predominantly financed by banks, which are themselves constrained in their financing activities by regulation. As an asset class in and of itself, exposure to diversified and high-quality trade finance cashflows and credits has often been the preserve of the privileged few. The Sub-Fund aims to democratise this private asset class by providing Eligible Investors with the opportunity to benefit from stable returns and low volatility in a climate of market and geopolitical uncertainty.

Investing in the Sub-Fund offers a number of benefits to Eligible Investors. These include:

- 1. *Low default rates and high recovery rates*** – Trade finance continues to exhibit low credit risk characteristics. This is evidenced by strong historic credit performance with high recovery rates and low default rates according to recent studies by the International Chamber of Commerce<sup>5</sup>. This is coupled with a shorter time to recovery for trade finance assets. Working capital solutions still remain in high demand and continue to be the lifeblood for many SMEs in the real economy.
- 2. *Returns*** – The Sub-Fund benefits from an attractive illiquidity premium versus similarly rated USD investment grade corporate bonds. Trade finance is generally classified an 'illiquid asset class' due to the lack of a developed trading market. In return for investments that are short-term in nature, Investors should expect extra compensation – the so-called 'illiquidity premium'. The trade finance market has provided consistent performance throughout the economic cycles for counterparties of implied investment grade credit ratings depending on sector, country, risk, and the structure of the transaction.

<sup>1</sup> OECD International Trade Statistics: trends in first quarter 2022.

<sup>2</sup> Coalition Greenwich data.

<sup>3</sup> S&P Global Market Intelligence.

<sup>4</sup> 2020 ICC Global Survey on Trade Finance.

<sup>5</sup> ICC Trade Default Register, 2003-2018 report by the International Chamber of Commerce including default information from +20 international banks active in Trade Finance.

Trade finance has also historically performed better than equivalent corporate SME financing as a result of the quality of the underlying credit profile and the short-term nature of the credits.

- Diversification** – The Sub-Fund provides Eligible Investors with an opportunity to spread risk due to low correlation with other similar asset classes. Furthermore, investing in the Sub-Fund provides important diversification benefits within the trade finance asset class itself, as there is little correlation of risk within a diversified trade finance portfolio of assets that is purposefully constructed by the Investment Manager. Risk correlation with other asset classes is low due to the very different economic drivers impacting other more economically cyclical investments, and therefore provide an opportunity for diversification to improve the risk/return spread across Eligible Investors' portfolios. The investment mandate of the Sub-Fund is to invest across a broad range of geographies, bringing exposure to a number of different countries, and regulatory/political regimes.

## PRINCIPAL TERMS

### 1. NAME OF THE SUB-FUND

Santander Alternatives SICAV RAIF - Trade Finance Real Economy Fund II (the "**Sub-Fund**").

### 2. INVESTMENT MANAGER OF THE SUB-FUND

Santander Asset Management S.A., SGIIC, a company incorporated under the laws of Spain with identification number A-28269983 registered with the Commercial Registry of Madrid under volume 4040, page 23, section 8 sheet M-67304, entry 6, and with the Registro Administrativo de entidades gestoras de Instituciones de Inversión Colectiva with reference 12, whose registered office is at Paseo de la Castellana 24, 28046 Madrid, Spain and is authorised and regulated by the CNMV.

### 3. DEFINITIONS

Unless defined elsewhere in this Supplement or unless the context indicates otherwise, capitalised words and expressions in this Supplement have the meaning as described in the main part of the Offering Document.

### 4. INVESTMENT OBJECTIVE AND POLICY

#### **Investment Objective**

The Sub-Fund is an open-ended fund, which seeks to provide Eligible Investors with steady and uncorrelated returns primarily through investments in notes (the "**Notes**") issued by a special purpose vehicle referencing trade finance assets in accordance with the features described in the Investment Policy below.

Trade finance assets include working capital facilities in the form of Supply Chain Finance Programmes (buyer-confirmed invoices), Receivables Purchase Programmes (account receivables, together described as "**Receivables**") and other Trade Finance Solutions, as further described in the Investment Policy below.

The Sub-Fund's investments will not be limited by geographic restrictions nor by a focus on any particular industry, but may be subject to concentration limits or other discretionary limits specified by the Investment Manager.

#### **Investment Policy**

##### **(A) Investments**

The Sub-Fund will primarily but not exclusively, hold Notes issued by one or more special purpose vehicles (each of them a "**Note Issuer**"). These Notes shall reference cash flows generated by commercial invoices from commercial businesses located worldwide (including emerging markets) that relate to the supply of goods and/or services ("**Investment Instruments**").

Each Note relates to one or more asset originator's relationship counterparties (typically a global corporate and always a client of the asset originator group ("**Relationship Counterparty**").



In support of the Note Issuer's obligation under the Notes, the programme manager or other relevant entity for the Note Issuer will facilitate the Sub-Fund's exposure to commercial invoices that align with the eligibility criteria determined by the Investment Manager.

The Investment Manager seeks to have Notes representing the primary investment format held by the Sub-Fund with a view to achieving its investment objective and policy, although no commitment is given in this regard should other investment formats be suitable for the asset originator. The Sub-Fund intends to spread, at all times, its investment exposure over several Relationship Counterparties and across various sectors. The Sub-Fund shall invest in assets that have a global investment focus.

The Sub-Fund may, in appropriate circumstances, invest up to 100% of its net assets in cash or cash instruments. Such circumstances may include, without limitation, insufficient availability of Investment Instruments, adverse market conditions or in order to meet redemption requests by Eligible Investors in the Sub-Fund.

The Sub-Fund may hold Notes and cash or cash instruments in any tradable currency.

**(B) *Origination of assets***

Following the first year of launching the Sub-Fund all or at least most of the Investment Instruments were originated by Santander Corporate and Investment Banking ("**Santander CIB**"). Santander CIB is the Corporate and Investment Banking division of the Santander banking group - a global banking leader with over 150 years of experience as a trade finance bank. The Santander CIB trade finance team has the global reach and deep local knowledge to help manage trade flows, optimise working capital and strengthen key relationships.

Nonetheless, targeted trade finance investment opportunities can be sourced through several origination channels, through the extensive network of origination contacts sourced by the Investment Manager. In the event that assets are originated from financial institutions other than Santander CIB, these will in the main be sourced by the Investment Manager from top tier globally recognised trade finance entities.

The Notes provide exposure to Investment Instruments, which may be, without limitation, in the form of Supply Chain Finance Programmes (buyer-confirmed invoices), Receivables Purchase Programmes and other Trade Finance Solutions as described below:

- (A) *Supply Chain Finance Programmes* - Notes supported by the cash flows in relation to supply chain finance programmes relate to account receivables payable by a buyer (of goods or services) in relation to which the buyer irrevocably and unconditionally confirms the buyer's undertaking to pay the full amount of the invoice on its due date.
- (B) *Receivables Purchase Programmes* - Notes backed by receivables purchase programmes relate to account receivables owed to sellers (of goods or services) by its customers (the buyer). These receivables benefit from a commercial obligation of the buyer to pay the full amount of the receivable on its due date.
- (C) *Other Trade Finance Solutions* - Notes backed by other trade finance solutions such as, without limitation, letters of credit, milestone payment receivables, promissory notes, bills of exchange, or trade loan programmes or arrangements related to the commercial activity of the Relationship Counterparty. For example,
  - (i) *Letters of Credit*: These are the most common form of payment in international trade finance. A letter of credit is a contract under which a bank agrees to pay the seller, in connection with the supply or export of specific goods, against the presentation of specified documents relating to those goods. It is normally issued at the request of the buyer (the applicant for the credit) in favour of the seller (the beneficiary of the credit).
  - (ii) *Milestone Payments*: These involve a defined payment amount associated with the completion of a particular deliverable or set of deliverables.
  - (iii) *Promissory Notes*: These are negotiable instruments (freely transferable) that are invariably issued in connection with an underlying transaction but itself represents an independent obligation to pay a certain amount at a certain point in time in the future. Promissory notes are often encountered in forfaiting and other trade finance transactions.

- (iv) *Bills of Exchange*: These are unconditional orders in writing and negotiable instruments, addressed and signed by the drawer requiring the drawee to pay on demand or at a certain time in the future a certain amount to, or to the order of, a specific person (payee) or to the bearer of the instrument.
- (v) *Trade Loans*: Trade loans are facilities used by importers, exporters and domestic traders. They are short term in nature and involve a borrower and lender. Each loan will be for a specific transaction and these facilities are usually used for product purchase and sales.
- (vi) *Overdue payments from public institutions*: These represent invoices payable by public institutions that may be overdue and provide working capital to suppliers who are penalised by public institutions that historically have longer payment terms and that may in many cases, be delayed.
- (vii) *Other forms of short-term lending*: These are forms of short-term lending that in the reasonable opinion of the Investment Manager exhibit qualities akin to trade finance and which are cohesive with the investment policy of the Sub-Fund.

Receivables Purchase Programmes that are originated by Santander CIB may in certain cases benefit from a 25 per cent first loss credit default insurance cover provided by a regulated trade credit insurer having as at the date hereof, a minimum or equivalent credit rating 'A-' by Standard and Poor's credit rating agency.

For Receivables Purchase Programmes originated by other trade finance institutions, or Santander programmes that do not meet the criteria described in the preceding paragraph, these Investment Instruments may either benefit from a minimum 85 per cent trade credit insurance cover (provided by a renowned trade credit insurer) on buyer default with direct exposure to the remaining uninsured portion to the underlying obligors; or, with respect to programmes that do not benefit from trade credit insurance cover, take direct exposure on receivables payable by an Investment Grade rated (as hereinafter defined) corporate entity.

The exposure of the Sub-Fund to the underlying Investment Instruments is continually monitored by the Investment Manager, with the Relationship Counterparty having at the time of investment a minimum rating of 'BBB-' by Standard and Poor's (or an equivalent rating from another recognised credit rating agency or internal credit risk rating provided by a regulated financial institution) (each an "**Investment Grade**" rating) or, which exhibit similar credit quality in the reasonable opinion of the Investment Manager.

Where the relevant Relationship Counterparty for an Investment Instrument currently referenced by the Notes is downgraded below the requisite minimum Investment Grade rating, the Sub-Fund will cease to participate in any additional Investment Instruments related to that counterparty but will continue to maintain residual exposure to that obligor until the maturity date of the relevant Investment Instrument. The Sub-Fund is therefore exposed to the credit risk of every obligor, which can be either an Investment Grade obligor or a non-Investment Grade obligor. As mentioned above, Investment Instruments in the form of Receivables Purchase Programmes will either benefit from trade credit insurance against non-payment and/or default, and if in the case of uninsured programmes, have an Investment Grade rating, while Investment Instruments in the form of Supply Chain Finance Programme benefit from an irrevocable payment undertaking from an Investment Grade rated entity for the duration of the Investment Instrument notwithstanding a credit downgrade event, as indicated above. For other trade finance instruments and structures, the Investment Instruments will either benefit from trade credit insurance against non-payment and/or default, and in the case of uninsured programmes, have an Investment Grade rating.

#### (C) *Seed capital*

The Sub-Fund may include capital provided by a member of the Santander group as an initial investment, otherwise known as 'seed capital'. This seed capital allows the Investment Manager to support the operations of the Sub-Fund in its early existence prior to material external investment. As the size of the relevant Sub-Fund increases, the relevant entity of the Santander group will have the ability to withdraw all seed capital but will manage any withdrawal with the best interests of the remaining Eligible Investors in such Sub-Fund in mind.

#### (D) *Portfolio management*

The Investment Manager intends to manage the Sub-Fund's portfolio with a view towards managing liquidity and maintaining a high investment level. Accordingly, the Investment Manager may make investments based, in part, on anticipated future distributions from Investment Instruments. The Investment Manager also takes other anticipated cash flows into account, such as those relating to new subscriptions and any redemptions made to Shareholders.

The Investment Manager will apply its discretion in the management of the underlying portfolio of Investment Instruments. Furthermore, the Investment Manager intends to use a range of techniques to reduce the risk associated with the Sub-Fund's investment strategy. These techniques may include, without limitation:

- Diversifying investments across geographies, industries, sectors, corporate credits and maturity profiles; and
- Actively managing cash and liquid assets.

The Sub-Fund is expected to hold liquid assets to the extent required for purposes of liquidity management. To enhance the Sub-Fund's liquidity, particularly in times of possible net outflows through the redemption of Shares by Shareholders, the Investment Manager may sell certain of the Sub-Fund's assets on the Sub-Fund's behalf.

There can be no assurance that the objectives of the Sub-Fund with respect to liquidity management will be achieved or that the Sub-Fund's portfolio design and risk management strategies will be successful. Prospective investors should refer to the discussion of the risks associated with the investment policy and structure of the Sub-Fund.

**(E) *Temporary and defensive strategies***

The Sub-Fund may, in the Investment Manager's sole discretion, hold cash, cash equivalents, other short-term securities or investments in money market funds pending investment, in order to fund anticipated redemptions, expenses of the Sub-Fund or other operational needs, or otherwise in the sole discretion of the Investment Manager.

**5. LEVERAGE AND BORROWING POLICY**

The Sub-Fund shall, as a main rule, not use leverage and borrowings for investment purposes. However, the Sub-Fund may borrow money for a limited duration to:

- pay expense disbursements when liquid funds are not readily available, and
- bridge finance investments.

Such temporary borrowing shall not exceed one hundred percent (100%) of the Sub-Fund's net assets.

In accordance with AIFM Directive, the maximum leverage permitted for this Sub-Fund is 200% of its NAV, calculated according to the gross method and 200% calculated according to the commitment method.

In addition, such temporary borrowing shall not remain outstanding for more than twelve (12) months.

**6. CURRENCY OF THE SUB-FUND**

The Sub-Fund is denominated in US Dollars.

**7. DURATION OF THE SUB-FUND**

The Sub-Fund is open-ended and established for an unlimited duration.

**8. CLASSES OF SHARES OF THE SUB-FUND**

The following Classes of Shares are available for subscription by Eligible Investors who from the date of this Supplement subscribe for the amounts specified in the table below:

Share Class	Currency	Minimum Subscription Amount	Maximum Subscription Amount
DU	USD	30,000,000	No limit
EU	USD	500,000	29,999,000

Class DU Shares may only be acquired by Eligible Investors subscribing for a minimum amount of USD 30,000,000. There is no maximum subscription amount for Class DU Shares.

Class EU Shares may only be acquired by Eligible Investors subscribing for a minimum amount of USD 500,000 and a maximum amount of USD 29,999,000.

The following Classes of Shares are reserved for certain Investors (as further described below) and are not for general subscription.

Share Class	Currency	Minimum Subscription Amount	Maximum Subscription Amount
AU	USD	20,000,000	29,999,000
BU	USD	5,000,000	19,999,000
CU	USD	500,000	4,999,000
FU	USD	10,000	No limit

Class AU Shares, Class BU Shares and Class CU Shares are exclusively available for subscription by existing Eligible Investors who have already subscribed in such Class prior to the date of this Supplement. These Classes of Shares are closed for subscription from new Investors and will no longer be accepted by the Sub-Fund following the date of this Supplement.

Class FU Shares may only be acquired by employees of the Investment Manager or those directly or indirectly connected to the Investment Manager subscribing for a minimum amount of USD 10,000. There is no maximum subscription amount for Class FU Shares.

The Principals reserve the right to reject any offer from Investors for any reason, accept subscriptions in lesser amounts subject to the requirements of the Law or to waive or modify the application or grant of certain rights with respect to any Share Class.

## 9. SUBSCRIPTION PROCESS

Eligible Investors that agree to subscribe for Shares in the Sub-Fund shall do so in accordance with the terms and conditions set forth in the Offering Document, this Supplement and the Articles.

The Principals can without limitation, at any time and for any period, issue an unlimited number of fully paid-up Shares of the Sub-Fund of no-par value of any Class at a price and in accordance with the conditions and procedures provided for in this Supplement, without granting to existing Shareholders a preferential right to subscribe for the Shares to be issued.

Shares in the Sub-Fund shall be issued fully paid.

The Sub-Fund will have an open-ended subscription period.

The subscription price for all Share Classes will be based on the Net Asset Value per Share determined on the following Valuation Day (as defined in section 12 below), provided that subscription requests are received prior to 17.00 CET (the "**Cut-off Time**") on the third (3) calendar day prior to such Valuation Day (the "**Cut-off Date**").

The issuance of Shares is subject to the receipt of payment by the Depositary on behalf of the Sub-Fund for the benefit of the relevant Shares in cleared funds within a delay of no more than four (4) Business Days.

For the purposes of this Sub-Fund only, "**Business Day**" shall mean any day which is not a Saturday or a Sunday or 24 December of each year or a day on which banks in Luxembourg are required or permitted to be closed for business.

## **10. TRANSFER**

A Shareholder that wishes to transfer, exchange, or assign any interest in the Shares issued by the Sub-Fund must notify the Principals of the number of Shares it wishes to transfer, exchange or assign, the identity of the proposed transferee and the relationship, if any, between the transferor and the transferee.

The transfer of Shares will be permitted subject to the prior written consent of the Principals, which shall not be unreasonably withheld if the transfer complies with the following conditions: (i) it will be made in accordance with applicable anti-money laundering rules, (ii) it will be subject to the transferee or assignee thereof fully and completely assuming in writing, prior to the effectiveness of the transfer, any outstanding obligations of the transferor, (iii) that the transferee or assignee is an Eligible Investor, and (iv) that the Principals establishes the creditworthiness of the transferee or assignee, which at least shall be equivalent to that of the transferor / seller.

The transfer, exchange or assignment of Shares, or any interest in either of the Shares to a person or an entity, is subject to the terms of the Offering Document, this Supplement and the Articles and to the prior approval of the Principals which shall not be unreasonably withheld.

## **11. REDEMPTION**

Each Shareholder may request that the Sub-Fund redeem some or all of its Shares by providing the Administrative Agent with a completed Dealing / Redemption Request form setting forth the number of Shares it desires to redeem at the latest by the Cut-off Time on the Cut-Off Date. Any redemption request submitted after the Cut-off Time on the Cut-off Date will automatically be placed on the following Valuation Day.

For all Share Classes except Class D Shares, redemption requests will generally be satisfied within two (2) Business Days following the applicable Valuation Day. With respect to Class D Shares, redemption requests will be satisfied following ninety (90) calendar days elapsing from the applicable Valuation Day.

Redemptions will operate as follows:

- In order to meet redemption requests, the Sub-Fund may hold up to 100% of its net assets in liquid instruments. Liquid instruments include cash, short-term deposits, and other money market funds.
- If, for any reason, as of a Valuation Day, the available cash in the eligible currency is lower than the relevant redemption request, the Principals will have the right to defer the payment of all or part of the redemption requests in excess of the available cash or cash equivalents to the following Valuation Day.
- Additional liquidity will be generated to meet any redemption request by maturing Investment Instruments.
- If insufficient liquidity is available in order to meet all redemption requests received, the redemption requests in excess of the relevant liquidity will be deferred to the following Valuation Day.
- Such deferral shall be made on a pro rata basis. Each redeeming Shareholder shall, with respect to a given Valuation Day, be treated equally, regardless of the point in time at which the redemption request has been submitted.
- Redemption requests that have been affected by such total or partial deferral will be dealt in priority to redemption requests received in relation to a subsequent Valuation Day.
- If a portion or all of the redemption requests cannot be satisfied at the next Valuation Day, the Principals may defer such outstanding redemption requests to the next subsequent Valuation Day. Such process shall continue until such redemption requests have been satisfied.
- A queuing system shall be operated in respect of subsequent outstanding redemption requests and, in accordance with the above procedure.
- The redemption price applicable to deferred redemption requests will be determined as at the Valuation Day on which the deferred redemption request has been effectively taken into account.

In all cases, redemptions shall be subject to the availability of cash held in the eligible currency accounts of the Sub-Fund. Redemptions will be funded by available cash held in the eligible currency accounts of the Sub-Fund deriving from the Investments.

The redemption price will be equal to the Net Asset Value per Share determined as at the applicable Valuation Day (the "**Redemption Price**"). The redeemed Shares shall be cancelled in the Sub-Fund's register.

The Principals may furthermore at their discretion either cause the redemption or the transfer of the Shares held by any Shareholder who is no longer authorised to hold Shares, according to the terms of the Offering Document and of the Articles.

## 12. VALUATION CALCULATION AND POLICY

The NAV of the Share Classes of the Sub-Fund will be determined every Friday or the immediately succeeding Business Day, if Friday is not a Business Day (the "**Valuation Day**").

The NAV is calculated as of each Valuation Day by applying a discount factor to the trade finance asset in question and deducting liabilities of the Sub-Fund on an accrued basis.

The principle behind the valuation of the different investments is to reflect the net present value of the Investment Instruments.

## 13. CONVERSIONS

Conversion of Shares of one Class into Shares of another Sub-Fund are not permitted. Conversions of Shares of one Class into Shares of another Class of this Sub-Fund are permitted, provided that the Shareholder complies with the eligibility requirements of this Share Class and such conversion is approved by the Principals.

## 14. DISTRIBUTIONS

The Principals do not intend to carry out income distributions but may decide to do so at a future date.

## 15. AIFM FEE AND OPERATIONAL FEE

The AIFM is entitled to receive out of the assets of the Sub-Fund a fee in accordance with the provisions of section 9.1 of the general part of the Offering Document.

The Operational Fee, calculated daily on the total investment amount and paid monthly in arrear will be charged as follows to Shareholders in their respective Share Classes:

Share Class	Maximum Operational Fee p.a. (expressed as a percentage of the NAV per Share)
AU	0.20%
BU	0.40%
CU	0.80%
DU	0.25%
EU	0.80%

Such Operational Fee includes the Investment Management Fee and the Distribution Fee. As at the date of this Supplement no Distribution Fee is applicable to this Sub-Fund. For Class FU Shares no Operational Fee shall be payable.

The Operational Fee may be waived or reduced at the discretion of the Principals.

## 16. PREFERENTIAL TREATMENT

The Board of Directors, and in certain cases the Investment Manager, will have the discretion to waive or modify the application of, or grant special or more favourable rights with respect to, any provision of the Supplement or the Offering Document to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favourable rights, the Board of Directors may create additional series or designations of Shares for certain Eligible Investors that provide for, additional and/or different rights (including, without limitation, with respect to the Operational Fees, minimum and additional subscription amounts, informational rights, capacity rights and other rights). Certain grants of special rights may also be made by the Board of Directors, and, in certain cases, the Investment Manager, through letter agreements ("Other Agreements"). The Sub-Fund or in certain cases the Investment Manager may enter into Other Agreements to the extent permitted by applicable law with certain Eligible Investors.

## INVESTMENT MANAGER

The Investment Team is part of SAM which acts as the Investment Manager of the Sub-Fund and is authorised and regulated in the conduct of its business by the CNMV.

SAM was incorporated in the Kingdom of Spain as a limited liability company in 1985 with identification number A-28269983 registered with the Commercial Registry of Madrid under volume 4040, page 23, section 8 sheet M-67304, entry 6, and with the Registro Administrativo de entidades gestoras de Instituciones de Inversión Colectiva of the CNMV with reference 12. Its registered office is at Paseo de la Castellana 24, 28046 Madrid, Spain.

Santander Asset Management's global investment process is based on a bottom-up approach, supported by both a local experienced team and a rigorous risk control. The investment model comprises 5 key elements:

1. Homogenous investment processes and well organised team structures.
2. A combination of global and local macro-economic and asset allocation expertise.
3. A process which strengthens local products tailored to individual countries requirements.
4. The presence of both global and local fixed income and equity research teams.
5. Regional mandates which enable to reinforce market knowledge and management capabilities.

## INVESTMENT PROCESS

### *Portfolio planning*

The investment process begins with portfolio planning, which is designed to provide a framework for the Sub-Fund's long-term diversification across various dimensions of the global private trade finance market, such as corporates, industry and business sectors, geographic markets, types of trade finance exposure and credit profiles. The portfolio plan also provides for diversification of corporates, sectors and maturity dates and with respect to individual Investment Instruments. It is expected that through such diversification, the Sub-Fund may be able to achieve more consistent returns and lower volatility than would generally be expected if its portfolio were more concentrated.

### *Relative value analysis*

The next step of the investment process is to analyse changing market conditions and their effect on the relative attractiveness of different segments within the overall private trade finance market. This relative value analysis is based on general and macro-economic developments, such as business cycles, credit spreads, interest rates, structural and regulatory changes, event driven impacts to markets, sectors and supply chains, digital innovation, government stimulus efforts and changes in tax or law as it relates to trade finance. In addition, variables specific to particular industry sectors and the overall private trade finance market are typically evaluated. Based on the outcome of this review, the Investment Manager will attempt to identify the market segments that it believes offer the most attractive investment opportunities at the relevant time leveraging a number of origination channels to target investment exposure to.

The Investment Manager's relative value analysis is intended to serve as a guide for tactical and strategic investment allocation decisions within the framework of the portfolio plan. Due to the illiquidity of private trade finance investments, it is generally not practical to dramatically re-allocate a portfolio over a short period of time. Accordingly, the actual allocation of the Investment Instruments may deviate significantly from the general relative value views of the Investment Team at a particular point in time.

## ***Investment Instrument selection***

In the final step of the investment process, the Investment Manager seeks to invest the Sub-Fund's capital allocated to each segment in the highest quality Investment Instruments available to it at the relevant time. The targeted investment opportunities are sourced by the Investment Manager through a number of origination channels, namely through its network of origination contacts amongst leading trade finance originators as well as through a strategic partnership with Santander CIB, as described in the section headed "Investment Policy". The investment opportunities are then individually evaluated by the Investment Manager and its Investment Team using a structured selection process. As investment opportunities are analysed, the Investment Team shall seek to evaluate them in relation to current information from the Investment Manager's and its affiliates' existing private trade finance portfolios, and against each other. This comparative analysis can provide insight into the specific investments that offer the greatest value at different points in time in the various segments of the private trade finance market.

The Investment Team at SAM consists of experienced individuals who have been in the trade finance industry market for combined time spans of more than 30 years. The Investment Team's deal sourcing network has been built during the 30 combined years of experience of the Investment Team's work within the financial services industry.

Once an investment opportunity is identified, the Investment Team, together with the relevant support teams, performs a two-step process:

1. ***Transaction Due Diligence*** - Once the portfolio of underlying assets has been identified in accordance with the relevant eligibility criteria, the underlying documents and characteristics will be reviewed to obtain comfort before presenting to the Investment Committee:
  - Structure of the underlying transaction as per documentation
  - Composition of assets within proposed transaction
  - Historical performance of the underlying assets, if available or applicable
  - Due diligence on the asset originator
  - Credit Risk Valuation of Transaction (Risk and Compliance Area)
  - Anti-money laundering and counter terrorist financing ("AML/CTF") and regulatory assessment (Risk and Compliance Area)
2. ***Submission to the Investment Committee*** - Once the portfolio has obtained sign off from the Investment Team as per point 1 above and from a regulatory point of view from Risk and Compliance area, the portfolio will be proposed at the Investment Committee for a decision to be taken. The final outcome is on a unanimous vote by Committee members attending the committee.

The Investment Committee will exercise discretionary management powers in relation to the inclusion and removal of Relationship Counterparty's programs within the Sub-Fund portfolio. The portfolio composition will be reviewed at a minimum on a quarterly basis and with more frequency should the Investment Team deem necessary and will review additional aspects such as sector and geographical exposure.

## **INVESTMENT MANAGER - INVESTMENT COMMITTEE**

The constitution of the Investment Manager's Investment Committee is comprised of five (5) members – three (3) SAM representatives and two (2) independent investment committee members. The Committee is a deciding body, not an advisory one. The Committee is in charge of making final decisions with regard to the formalization of the investments and its form.

The Committee convenes at least once a year, typically on a quarterly basis and, occasionally out of that quarterly schedule, if and when required. Its main responsibilities are detailed below:

1. Assessing and approving/rejecting the proposed Investment Instruments.
2. Governance of the management process for the Sub-Fund:
  - Reviewing the performance of the underlying portfolio of Investment Instruments presented by the Investment Team.



- Defining the need to increase, reduce or, amend the current portfolio composition of Investment Instruments.
- Approving the economic terms for assets to be part of the portfolio; including financing conditions with the different stakeholders: (i) asset originators, (ii) the special purpose entity; and, (iii) the Investor.
- Approving the economic rationale for each investment's financing structure to be offered to Eligible Investors.
- Approving any expenses related to the analysis and execution relative to the asset acquisition activities and, operational aspects of the different investments.
- Checking investments have AML/CTF and regulatory approvals (Risk and Compliance Area).

Any significant deviation from any initial proposal presented to the Investment Committee will be subject to a new submission for its approval.

### 3. Governance of the recovery process including:

- Reviewing and assessing the recovery plan presented by the Investment Team and the asset originator.
- Monitoring any expenses related to the recovery plan affecting a portfolio's default.

## INVESTMENT MANAGEMENT

### Internal credit assessment and portfolio review

The performance of the Sub-Fund will be periodically reviewed by the Investment Team, who shall maintain responsibility for analysis of the trade asset portfolios on a transaction-by-transaction basis. The Investment Team produces both individualised and portfolio reports for internal consideration by the Investment Committee.

### Step by step process for ongoing and extraordinary review of the assets

1. Assets managed by the Investment Team will be reviewed on a regular basis. Not all reviews will require an Investment Committee approval.
2. For assets that have suffered a Performance Deterioration (as defined below) since the date of the last review by the Investment Committee, the Investment Team will have the ability to unilaterally cease investment or re-investment in such Investment Instruments. These decisions will be reviewed at the next Investment Committee.
3. The Investment Committee will generally meet quarterly to review all assets under management in the Sub-Fund's investment portfolio. A short form review will be undertaken for each asset indicating if any material changes to the asset's performance, any rating changes have occurred, or any structural changes to the asset contractual structure.
4. Furthermore, annual portfolio reviews will incorporate a market view covering market pricing evolution, asset pipeline evolution and competition evolution.
5. Assets which have experienced Performance Deterioration, exposing the Sub-Fund to a risk of loss, are on the "Watch List". **"Performance Deterioration"** can be defined as:
  - Dilution of the underlying assets, rising above 10 per cent. of the relevant programme;
  - Delinquency rising by more than 5 per cent. within the relevant programme;
  - Credit deterioration but still within the Investment Grade or equivalent scale;
  - General disruptions in a sector which may affect the performance of underlying counterparty or obligors (an **"Underlying Counterparty"**). For example, the aviation sector during the COVID-19 pandemic; and/or
  - Risk profile of investments having changed due applicable AML/CTF policies and/or prevailing regulations.

### Asset disposal process

Once an asset is identified for divestment, the Investment Team will cease to participate in the asset and consequently arrange for the Sub-Fund to stop making further participations, with the exposure being live for the maximum tenor of the underlying facility (average tenor of 60-70 days). The Investment Team will present its

divestment strategy to the Investment Committee. The Final Investment Committee will provide its final decision on the asset disposal.

### **Process in the event of default within the underlying programmes**

Upon the occurrence of an event of default, howsoever described under the relevant trade finance documentation in place with the affected Underlying Counterparty, the asset originator (as servicer) under the relevant programme, shall ordinarily lead the claims process on behalf of the Note Issuer, with the seller of the asset, any applicable trade credit insurance company, and or the Underlying Counterparty(s) of the programme. No assurance can be given on the success or timeliness of the recovery process which shall vary upon the circumstances.

Under specific circumstances, the Investment Manager may lead the recovery process described above.

## **RISK FACTORS**

*For the purposes of this Supplement trade finance transactions shall be identified as Receivables Finance, Supply Chain Finance and other Trade Finance Solutions.*

*The underlying assets have non-payment, late-payment and default of payment obligations associated risks, which if materialised may jeopardize the returns for the Investors in the Sub-Fund. Moreover, Eligible Investors may lose some or all of their investment. The risks referred to below are not exhaustive. Potential investors are recommended to review the Offering Document carefully and in its entirety, and consult with their professional advisers before making an application for Shares in the Sub-Fund.*

### **Receivables Finance**

#### ***Buyer default***

Receivables finance transactions arise from commercial transactions between buyers and sellers, which involve short-term commercial invoices that are payable by buyers.

For Investment Instruments originated by trade finance institutions, these may benefit from trade credit insurance cover on buyer default, where provided by the relevant asset originator, or have default risk on buyers at the time of investment by the Sub-Fund.

#### ***Buyer late payment***

Buyers may be late on their payment obligations to the seller, which may impact the Sub-Fund's ability to generate the corresponding cash to meet any redemption requests.

#### ***Seller default***

Sellers of receivables finance transactions may default. The payment obligation is from the buyer, however receivables finance transactions tend to be undisclosed to the buyers, meaning that the asset originator has to enforce the power of attorney provided by the seller at the point of assigning or selling the economic interest to the underlying invoices, and may have to be claimed from the liquidator of the defaulted seller, and evidenced by the underlying facility documentation.

#### ***Seller fraud***

Sellers may forge documents to illicitly obtain financing with such documents as security.

#### ***Insurer default***

The trade credit insurance provider may default and be unable to meet its payment obligations under a claim submitted and pertaining to a receivables finance programme

### **Supply Chain Finance**

#### ***Buyer default***

Supply chain finance transactions arise from commercial transactions between buyers and suppliers, which involve short-term commercial invoices that are payable by buyers. Buyers issue the purchaser of the asset

(asset originator as described in this document) an irrevocable payment undertaking to pay the amounts payable on the relevant due date but may default on its obligations if it enters into financial distress.

## **Trade Loans**

### ***Borrower default***

Trade loan transactions arise from commercial transactions between buyers and suppliers, which are issued to support commercial activity either being the borrower an importer or an exporter of goods or services. The borrower has an obligation to repay these instruments on the due date as dictated by the terms of each loan. These loans are generally drawn against the presentation of other trade instruments such as invoices, bills of lading, bills of exchange, promissory notes, letters of credit, and other forms of trade finance instruments.

### **Other trade finance instruments**

#### ***Buyer default***

Trade finance transactions arise from commercial transactions between buyers and sellers, which involve short-term commercial instruments that are payable by buyers and/or by the guarantors or other financial counterparties.

For Investment Instruments originated by trade finance institutions, these may benefit from trade credit insurance cover on buyer default, where provided by the relevant asset originator, or have default risk on buyers at the time of investment by the Sub-Fund.

#### ***Buyer late payment***

Buyers may be late on their payment obligations to the seller, which may impact the Sub-Fund's ability to generate the corresponding cash to meet any redemption requests.

#### ***Seller default***

Sellers of trade finance transactions may default. The payment obligation is from the buyer, however transactions tend to be undisclosed to the buyers, meaning that the asset originator has to enforce the rights and/or the guarantees provided by the seller and/or other related entities (e.g. letter of credit of the issuing bank) at the point of assigning or selling the economic interest to the underlying interests, and may have to be claimed from the liquidator of the defaulted seller and evidenced by the underlying facility documentation.

#### ***Seller fraud***

Sellers may forge documents to illicitly obtain financing with such documents as security.

#### ***Insurer default***

The trade credit insurance provider may default and be unable to meet its payment obligations under a claim submitted and pertaining to a trade finance programme.

## **RISKS ARISING FROM TRADE FINANCE**

### ***Limited provision of information about Relationship Counterparties***

Eligible Investors shall not have any right to inspect the records of an originator or any affiliate thereof. Furthermore, Eligible Investors shall not have any right to know the identities of any Underlying Counterparty nor receive any information regarding any obligation of any Underlying Counterparty. The Investment Manager will have no obligation to keep Eligible Investors informed as to matters arising in relation to any specific Underlying Counterparty or any Investment Instrument.

The Relationship Counterparties, any Underlying Counterparty and the related Investment Instruments referenced by or provides economic exposure through the Notes held the Sub-Fund will vary from time to time.

### ***Trade Finance exposures***

Selection of trade finance assets by the Investment Manager for inclusion within the Sub-Fund shall be subject to an eligibility criteria. Nonetheless, each asset originator shall have regard to its own interests and not those of any other person when making available investment opportunities in trade finance assets. The characteristics and composition of the Sub-Fund may change over time. The only limitations on the characteristics of each Investment

Instrument referenced within the Notes purchased by the Sub-Fund will be the eligibility criteria devised by the Investment Manager.

### ***Industry sector concentration of the Relationship Counterparties and Underlying Counterparties***

Although Relationship Counterparties and Underlying Counterparties are involved in a range of different industry sectors, there may be either a higher concentration of Underlying Counterparties in a particular industry or correlation between the creditworthiness of Underlying Counterparties in different but related industry sectors. Deterioration in the economic conditions in any such industry sector or sectors may adversely affect the ability of the Underlying Counterparties to pay under the Investment Instruments and, therefore, could increase the risk of defaults occurring in relation to the related Investment Instruments. A greater concentration of Underlying Counterparties in particular industry sectors may, therefore, result in a greater risk of loss than if such concentration had not been present.

Investors in the Sub-Fund should be aware that, although the eligibility criteria include limits on the concentration of Investment Instrument in particular industry groups, the relative size of the Sub-Fund as compared with the concentration limits may mean that Eligible Investors may still have significant exposure to particular industry groups.

### ***Geographical concentration of the Relationship Counterparties and Underlying Counterparties***

The Relationship Counterparties and Underlying Counterparties may be located in, or may have material affiliates with a principal place of business in any jurisdiction. They include thresholds on the proportion (expressed as a percentage) of the nominal balance of Investment Instruments that can continue to be referenced by the Notes purchased by the Sub-Fund.

Any deterioration in the economic conditions in the countries in which the Relationship Counterparties and Underlying Counterparties are located that causes an adverse effect on the ability of the Relationship Counterparties and Underlying Counterparties to repay their obligations could increase the risk of losses on the Investment Instruments. A concentration of Relationship Counterparties and Underlying Counterparties in a country may therefore result in a greater risk of loss than if such concentration had not been present. Investors in the Sub-Fund should be aware that, although the eligibility criteria include limits on the concentration of Investment Instruments in particular countries, the relative size of the Sub-Fund as compared with the concentration limits may mean that Investors may still have significant exposure to particular countries by virtue of the availability of assets sourced from originators.

### ***Specific risks associated with emerging markets***

There may be Relationship Counterparties and or Underlying Counterparties in the Sub-Fund located in emerging market countries. There may be a high degree of uncertainty and volatility associated with emerging market countries and the performance of and payments under the Sub-Fund may be directly impacted by certain political, economic and legal events and conditions.

Relationship Counterparties and or Underlying Counterparties from emerging markets countries may be affected by special risks related to regional economic conditions and sovereign risks which are not normally associated with Relationship Counterparties and or Underlying Counterparties located in developed countries, including: (a) risks associated with political, economic and social uncertainty, including the risks of nationalisation or expropriation of assets, diplomatic developments, war and revolution; (b) fluctuations of currency exchange rates (i.e., the cost of converting foreign currency into USD); (c) lower levels of disclosure and regulation in foreign securities markets than in similar markets in developed countries; (d) confiscatory taxation, taxation of income earned in foreign nations or other taxes or restrictions imposed with respect to investment in foreign nations; (e) economic and political risks, including potential foreign exchange controls, interest rate controls and other protectionist measures; and (f) uncertainties as to the status, interpretation, application and enforcement of laws, including insolvency and bankruptcy laws. In addition, there is often less publicly available information about Underlying Counterparties from emerging market countries which may, among other things, have an effect on the assessment of the credit risks associated with a particular Underlying Counterparties. Underlying Counterparties in emerging market countries may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to Underlying Counterparties located in developed countries.

The economies of individual emerging market countries may differ favourably or unfavourably from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments of many emerging markets countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many

companies, including some of the largest in the country. Accordingly, government actions could have a significant effect on economic conditions in an emerging market country and on market conditions generally.

It may also be difficult to obtain and enforce a judgment relating to emerging markets debt in the jurisdiction in which the majority of the assets of an Underlying Counterparty is located. As a result, it may be difficult and time consuming to take control of or liquidate the collateral securing Investment Instruments.

### ***Market for trade finance obligations***

Pursuant to its holding of Notes issued by the Note Issuer, Shareholders in the Sub-Fund will be indirectly subject to exposure associated with defaults in relation to trade financing obligations and claims. Purchasers of trade financing obligations and claims currently include commercial banks, investment funds and investment banks. There can be no assurance that future levels of supply and demand in the secondary market for trade finance obligations will provide an adequate degree of liquidity or that the current level of liquidity will continue. Trade financing obligations are not purchased or sold as easily as publicly traded securities are purchased or sold because, inter alia, holders of such trade financing obligations may be provided with confidential information relating to the Underlying Counterparty and due to the customised nature of certain of the trade financing obligation agreements. In addition, trading volumes in trade finance obligations are small relative to certain other debt markets. There can be no assurance in this regard that it will be possible, at any time following service of an enforcement notice, for the Sub-Fund to dispose of the Notes referencing underlying trade finance exposures.

### ***Set-off***

To the extent that an Underlying Counterparty is owed an amount by, or has funds standing to the credit of an account with, the relevant seller or originator, an Underlying Counterparty may have rights to require such funds to be set off against amounts then due under the Investment Instruments owed by it so that the amount so set off is deducted from the amount then due under the Investment Instruments which are funded or secured by a tranche of Notes. In such an event, the relevant seller or originator has agreed to pay to the Note Issuer the amount so set off. There can be no assurance that the relevant seller or originator will have sufficient financial resources at the relevant time to effect any such payment following such set-off and a failure on the part of the relevant originator to make such a payment may adversely affect the Note Issuer's ability to make payments in respect of a tranche of Notes it has issued and, in turn, the Note Issuer's ability to make payments of interest and principal on the Notes when due. In the event of an insolvency of a seller or the originator, Underlying Counterparties may exercise their rights of set-off to a significant degree and enforcement of the covenants to pay sums to the relevant seller or originator would be subject to the insolvency of the seller or originator, as the case maybe. This could adversely affect the ability of the Note Issuer to make distributions of interest and principal in respect of a tranche of Notes it has issued and, ultimately, the Note Issuer's ability to make payments of interest and principal on the Notes.

### ***Dealings with respect to Trade Finance exposures***

Each asset originator and their respective affiliates may:

- (a) themselves directly or indirectly take investment exposure to each Investment Instrument;
- (b) accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Relationship Counterparty, any affiliate of any Relationship Counterparty, or any other person or entity having obligations relating to any Relationship Counterparty; and
- (c) act with respect to transactions described in the preceding paragraphs in the same manner as if the Sub-Fund did not exist regardless of whether any such action might have an adverse effect on any Relationship Counterparty or the Sub-Fund or otherwise.

Such parties may accordingly derive revenues and profits from such activities without any duty to account to any person therefor.

### ***Amendments to Investment Instruments***

While the Note Issuers will ordinarily have beneficial title to the Investment Instruments, the asset originators may continue to own legal title to the Investment Instruments. Legal title to assignable Investment Instruments may be transferred to the applicable Note Issuer (or a nominee) following a contractually prescribed event. As the legal owner of the Investment Instruments, the asset originator may retain the right to change the terms of the Investment Instruments subject to restrictions in the underlying contractual documentation. Any change in the terms of an Investment Instrument may result in reduced, delayed or accelerated payments on the Notes.

### ***No further information***

The Investment Manager may acquire information with respect to an Investment Instrument, the Relationship Counterparty and/or the Underlying Counterparty, or with respect to any other transaction party that may be material in the context of the Investment Instrument and may or may not be publicly available or known. The Investment Manager shall not be under any obligation to make such information available to Eligible Investors.

### ***Origination guidelines and servicing guidelines***

Asset originators will operate within the parameters of their respective origination guidelines and the servicers will operate within the parameters of their respective servicing guidelines. In formulating and acting in accordance with such origination guidelines and servicing guidelines, the originators and the servicers have acted, and will continue to act, as a prudent lender.

With respect to origination of Investment Instruments by Santander CIB, the applicable Santander entity, has internal policies and procedures in relation to the fundamental credit principles, disciplines and standards for business origination and the global management of credit risks within the Santander group. The policies and procedures of the applicable Santander entity in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits;
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures;
- (c) adequate diversification of credit portfolios given the overall credit strategy; and
- (d) policies and procedures in relation to risk mitigation techniques.

### ***Amendments to origination guidelines and servicing guidelines***

The originators may amend the terms and conditions of their standard form customer agreements or change their policies and procedures and usual practices for their general trade finance business (insofar as any originator is permitted to do so by relevant legislation, regulation and guidance).

The servicers will be permitted to make changes to the servicing guidelines and to adopt additional and/or alternative policies or procedures from time to time. Any changes, additions and/or alternatives adopted may only be made in accordance with the servicer standard of care.

Any change in the origination guidelines or the servicing guidelines which has an adverse impact on the credit quality of or the amount recoverable from the Investment Instruments will adversely affect the Note Issuer's ability to make payments in respect of any Notes it has issued. This may adversely affect the Note Issuer's ability to make payments of any interest and principal due under the Notes.

### ***Administration and collection policies***

The servicers, where applicable, will carry out the administration, collection and enforcement of the trade finance exposures under the Investment Instruments in accordance with their respective servicing guidelines.

Accordingly, Shareholders are relying on the business judgment and practices of the servicers and any other agent in administering the Investment Instruments subject to investment exposure by the Sub-Fund and enforcing claims against the applicable Underlying Counterparty in connection with such Investment Instruments (including enforcement of any security granted in respect thereto).

### ***Reliance on servicers***

The servicers are responsible for collecting and depositing all funds received in connection with Investment Instruments and for reporting the amounts of such funds received. The failure by the servicers to deposit these funds on a timely basis could result in insufficient cash being available to cover amounts payable into and by the Sub-Fund when such amounts are due. In addition, the failure by the servicers to report, or report accurately, the amount or character of funds received could result in incorrect amounts being paid by the Sub-Fund. If a servicer's failure to perform its obligations results in the occurrence of a servicer termination event, the program manager (on behalf of the Note Issuer), may terminate such servicer's appointment and appoint, and transfer the servicing obligations to, a successor servicer. Such a transfer may not actually be possible or, even if it is, a transfer of servicing obligations to a successor servicer could have a disruptive effect on the collection and deposit of funds received on the Investment Instruments allocated to the Notes, resulting in delays or shortfalls in payments due

on the Notes that are subscribed by the Sub-Fund.

### ***Credit quality***

Several factors, including competition from another commercial bank and/or a decline in the effectiveness of the credit risk management procedures employed by the relevant originator, may result in a lowering of interest rates, finance charges and fees and/or credit quality, which could affect the credit quality of the Investment Instruments in future collection periods. Notwithstanding low historical delinquencies and defaults within this asset class there can be no assurance that the delinquency and default percentage will not increase, which may adversely affect the Note Issuer's ability to make payments of interest and principal on the Notes when due.

### ***Originator insolvency***

Following a bankruptcy or insolvency of an originator, a court could conclude that the Investment Instruments through which the Sub-Fund has exposure have not been assigned to or held on trust for the Note Issuer and are, instead owned (legally and beneficially) by that originator. In the event of a bankruptcy or insolvency of an originator, that originator could be subject to the bankruptcy or insolvency laws of the jurisdiction it is located in or in other jurisdictions, the outcomes of which may or may not be similar to each other and could result in a wide range of outcomes, any or all of which could adversely affect Eligible Investors in the Sub-Fund.

## **RISKS ARISING FROM THE NOTES**

### ***The Note Issuer is a special purpose vehicle***

The Note Issuer is a special purpose vehicle and has covenanted (amongst other things), as long as any series of Notes which it has issued remain outstanding, not to engage in any business other than acquiring and holding assets, incurring indebtedness, carrying out its obligations in relation to such assets and indebtedness, granting of security for such indebtedness, and such further matters as may be reasonably incidental thereto.

The Note Issuer may from time to time incur indebtedness other than pursuant to the series of Notes. Such indebtedness will be secured on assets of the Note Issuer other than the Notes secured in favour of the Sub-Fund. The Note Issuer shall seek to enter into transactions on a limited recourse and non-petition basis. The Note Issuer will be subject to certain other restrictions including that it will not have any subsidiaries or employees, have any premises, consolidate or merge with any other person, or convey or transfer its assets which secure any of its indebtedness to any person (other than as contemplated by such indebtedness).

### ***Limited assets of the Note Issuer***

The Note Issuer has no substantial assets or sources of revenue other than the Note Issuer's rights to cash pledged on account, the proceeds deriving from the Investment Instrument and/or proceeds received from an insurance claim in connection with any defaulted Investment Instrument.

The Notes held by the Sub-Fund represent limited recourse obligations of the Note Issuer only. The Notes are not obligations of and are not insured or guaranteed by any originator or any other entity or person. The Notes do not represent deposits with, or other liabilities of, any member of the Santander Group. No member of the Santander Group in any way stands behind or provides credit support for the capital value or performance of the Notes.

### ***Limited power***

Eligible Investors may be unable to influence or otherwise control the actions of the Note Issuer and, as a result, Eligible Investors may be unable to stop actions that are adverse to Eligible Investors. The interests of some Eligible Investors may not coincide with the interests of other Eligible Investors, making it more difficult for some Eligible Investors to receive their desired results in a situation requiring consent or approval of other Eligible Investors.

### ***The Note Issuer is not regulated***

The Note Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Note Issuer. The taking of a contrary view by any such regulatory authority could have an adverse impact on the Note Issuer or the Sub-Fund holding the Notes. Eligible Investors should note that because the Note Issuer and the Notes will not be licensed, registered, authorised or otherwise approved by any regulatory or supervisory body or authority, many of the requirements attendant to such licensing, registration, authorisation or approval (which may be viewed as providing additional

investor protection) will not apply.

### ***Consequences of winding-up proceedings***

Note Issuers are most likely to be structured as an insolvency remote vehicle. The Note Issuers are permitted only to contract with parties who agree not to make any application for the commencement of winding-up, bankruptcy or similar proceedings against the Note Issuer. Legal proceedings initiated against the Note Issuers in breach of these provisions shall, in principle, be declared inadmissible by the relevant court that has jurisdiction with respect to the Note Issuer.

However, if any Note Issuer fails for any reason to meet its obligations or liabilities, a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Note Issuer is entitled to make an application for the commencement of insolvency proceedings against the Note Issuer. Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors to terminate contracts with the Note Issuer and claim damages for any loss suffered as a result of such early termination. Note Issuers are insolvency remote, not insolvency proof.

### ***Sole source of payment***

The Note Issuer has no substantial assets or sources of revenue other than the Note Issuer's rights to or in the series of Notes. Payments under the Notes depend solely on payments under the Investment Instruments. Payments under the Investment Instruments, ultimately, depend on timely payments by the Underlying Counterparty of those Investment Instruments.

There is no assurance that the Underlying Counterparty will meet their obligations in respect of the Investment Instruments or that the cash flow generated by the Notes will be sufficient to ensure ultimate payment when due, or at all, of principal and/or interest due on the Notes. The ongoing ability of the Underlying Counterparty to meet their payment obligations under their respective customer agreements depends on, and may be adversely affected by, numerous factors, including, without limitation, the Underlying Counterparty's financial situation, changes in political and economic conditions generally or changes in specific industry segments, changes in governmental rules, regulations and fiscal policies, financial mismanagement, war or acts of violence or force majeure. The rate of payment defaults by the Underlying Counterparty may increase if the creditworthiness of the Underlying Counterparty's declines, or for other reasons. In the event that the Underlying Counterparty defaults on their payment obligations under their Investment Instruments, the Note Issuer's ability to pay under the relevant series of Notes and, ultimately, the Note Issuer's ability to make payments of interest and principal on the Notes when due may be adversely affected and would then depend on the prompt enforcement of, and the amount realised from, the Investment Instruments.

### ***No investigation or representations***

None of the originators, the servicers, the arranger, the Note Issuer, the programme manager, the security trustee, nor any agent or affiliate of any of the foregoing, has undertaken or will undertake any investigations, searches or other actions to verify all of the details of the Investment Instruments to be held on trust for or, as the case may be, assigned to the Note Issuer by the relevant originator on each transfer date, nor have any of such parties undertaken, nor will any of such parties undertake, any investigations, searches or other actions to determine the creditworthiness of any Relationship Counterparties, Underlying Counterparty or whether any default exists or is reasonably likely to occur in respect of any of the Investment Instruments, in each case for and on behalf of the Eligible Investors.

## **RISKS ARISING FROM AN INVESTMENT IN THE SUB-FUND**

The investment in the Sub-fund may involve, among others, the following risks that may affect to the Net Asset Value of the Shares:

### ***Market risk***

The value of Investment Instruments and the income derived therefrom may fall as well as rise and Investors may not recover the original amount invested in the Sub-Fund. In particular, the value of Investment Instruments may be affected by uncertainties such as international, political and economic developments, changes in government policies taxation, restrictions on the countries to which the Sub-Fund is exposed through its investment.

### ***Volatility risk***

The NAV of the Sub-Fund is calculated taking into consideration a corporate bond index that may suffer from volatility due to tensions exhibited from the financial markets.



### ***Credit risk***

Credit risk involves the risk that a borrower or an issuer of a Note (or similar money-market instruments) held by the Sub-Fund may default on its obligations to pay interest and repay principal and the Sub-Fund will not recover their investment.

### ***Liquidity risk***

Liquidity risk exists when particular investments are difficult to purchase or sell. A Sub-Fund's investment in illiquid securities may reduce the returns of the Sub-Fund because it may be unable to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

### ***Counterparty risk***

Counterparty risk is the risk that a loss may be sustained by the Sub-Fund as a result of one party to whom the Sub-Fund is dependent upon, failing to perform or comply with the terms of its contractual obligations.

### ***Sustainability risk***

The Sub-Fund's investments may be subject to sustainability risks. Sustainability risks are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the Sub-Fund's investments.

### ***Reliance on key management of the Sub-Fund***

Shareholders will have no authority to make decisions or to exercise business discretion on behalf of the Sub-Fund. The authority for all such decisions belongs to the Investment Manager, subject to any provisions of this Supplement. Since the Company (including its Sub-Fund) has no employees, it will depend on the investment expertise, skill and network of business contacts of the Investment Manager. The Investment Manager will evaluate, negotiate, structure, execute, monitor and service the Sub-Fund's investments. The Sub-Fund's future success will depend to a significant extent on the continued service and coordination of the Investment Manager and its Investment Team. The departure of key personnel of the Investment Manager and in particular members of the Investment Team could have a material adverse effect on the Sub-Fund's ability to achieve its investment objectives.

The Sub-Fund's ability to achieve its investment objectives depends on the Investment Manager's ability to identify, analyse, invest in, finance and monitor companies that meet the Sub-Fund's investment criteria. The Investment Manager's capabilities in structuring the investment process, providing competent, attentive and efficient services to the Sub-Fund, and facilitating access to financing on acceptable terms depend on the employment of investment professionals with adequate sophistication to match the corresponding flow of transactions. To achieve the Sub-Fund's investment objectives, the Investment Manager may need to hire, train, supervise and manage new investment professionals to participate in the Sub-Fund's investment selection and monitoring process. The Investment Manager may not be able to find investment professionals in a timely manner or at all. Failure to support the Sub-Fund's investment process could have a material adverse effect on the Sub-Fund's business, financial condition and results of operations.

The Sub-Fund expects that the Investment Manager will depend on the relationships that the Investment Team has with trade finance originators, banks and other trade finance institutions and the Sub-Fund will rely to a significant extent upon these relationships to provide the Sub-Fund with potential investment opportunities. If the Investment Manager fails to maintain their existing relationships or develop new relationships with other originators or sources of investment opportunities, the Sub-Fund may not be able to grow its investment portfolio. In addition, individuals with whom the Investment Manager have relationships are not obligated to provide the Sub-Fund or the Investment Manager with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for the Sub-Fund.

### ***Competition for investment opportunities***

The Sub-Fund will compete for investments with other investment funds, as well as traditional financial services companies such as commercial banks, investment banks, finance companies and other sources of funding. Moreover, alternative investment vehicles, such as hedge funds, have begun to invest in areas in which they have not traditionally invested, including making investments in trade finance assets. As a result of these new entrants, competition for investment opportunities in trade finance Investment Instruments may strengthen. Many of the Sub-Fund's competitors are substantially larger and have considerably greater financial, technical and marketing

resources than the Sub-Fund. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to the Sub-Fund. In addition, some of the Sub-Fund's competitors may have higher risk tolerances or different risk assessments than the Sub-Fund. These characteristics could allow competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than the Sub-Fund is able to do. As a result, the Sub-Fund may lose investment opportunities if it does not match its competitors' pricing, terms and structure.

### ***Investment approach***

There is no guarantee that the investment approach, techniques, or strategies utilised by the Investment Manager will be successful or profitable. All investments of the Sub-Fund risk the loss of capital. Any factor that would make it difficult to execute trades, such as reduced liquidity or extreme market developments, also could be detrimental to profits.

### ***Valuation***

In some circumstances, reliable market data may not be available to value the assets of the Sub-Fund. In other cases, the AIFM must make estimates of value of the assets and liabilities of the Sub-Fund or adjust the value of any investment or asset and these estimates could be incorrect or based on information which is out of date. Because such adjustments or revisions, whether increasing or decreasing the net asset value of the Sub-Fund at the time they occur, relate to information available only at the time of the adjustment or revision, the adjustment or revision may not affect the amount of the redemption proceeds of the Sub-Fund received by Shareholders who had their Shares redeemed prior to such adjustments and received their redemption proceeds, subject to the ability of the Sub-Fund to adjust the redemption proceeds received by Shareholders under certain circumstances. As a result, to the extent that such subsequently adjusted valuations or revisions to the net asset value of an investment adversely affect the Sub-Fund's net asset value, the outstanding Shares may be adversely affected by prior redemptions to the benefit of Shareholders who had their Shares redeemed at a net asset value higher than the adjusted amount. Conversely, any increases in the net asset value resulting from such subsequently adjusted valuations may be entirely for the benefit of the outstanding Shares and to the detriment of Shareholders who previously had their Shares redeemed at a net asset value lower than the adjusted amount. The same principles apply to the purchase of Shares. New Shareholders may be affected in a similar way.

### ***Deferred redemptions***

The Sub-Fund may defer redemptions requested on any Valuation Day where such request exceeds the liquidity available to the Sub-Fund from maturing Investment Instruments. Such redemption requests shall be carried forward to the next Valuation Day and applied on a pro rata basis and dealt with in priority to subsequent requests. Any such redemption will take place at the relevant Redemption Price in the applicable currency, as determined on applicable Valuation Day. There may therefore be a time lag between the redemption request made on the Valuation Day and the eventual date of redemption. Such time lag could be significantly longer following any substantial Shareholder redemption requests.

In addition, amounts payable to a Shareholder in connection with a redemption request will be paid in accordance with the subscription form submitted by the Shareholder. This may be changed from time to time by written instruction from the Shareholder. Failure to complete the subscriber account details of the subscription form may result in delays in the receipt of redemption proceeds. The Sub-Fund reserves the right to insist on instructions with regard to payment being received by the Sub-Fund in writing under the verified signature of the Shareholder.

### ***Substantial redemptions***

Substantial Shareholder requests for the Sub-Fund to redeem Shares could require the Sub-Fund to liquidate certain of its investments more rapidly than otherwise desirable in order to raise cash to fund redemption requests and achieve a market position appropriately reflecting a smaller asset base. This could have a material adverse effect on the value of the Shares.

### ***Temporary investments***

Delays in investing the net proceeds of the offering may impair the Sub-Fund's performance. The Sub-Fund cannot provide assurance to prospective Investors that it will be able to identify any investments that meet its investment objective or that any investment that the Sub-Fund makes will produce a positive return. The Sub-Fund may be unable to invest the net proceeds of the Sub-Fund's offering on acceptable terms within the time period that the Sub-Fund anticipates or at all, which could harm the Sub-Fund's financial condition and operating results.

Before making investments, the Sub-Fund will invest the net proceeds of the Sub-Fund's offering primarily in cash, cash equivalents and other short-term liquid instruments on a temporary basis. This will produce returns that may be lower than the returns which the Sub-Fund expects to achieve when the Sub-Fund's portfolio is fully invested in Investment Instruments that meet the Sub-Fund's investment objective. As a result, any distributions that the Sub-Fund pays while the Sub-Fund's portfolio is not fully invested in Investment Instruments meeting its investment objective may be lower than the distributions that the Sub-Fund may be able to pay when the Sub-Fund portfolio is fully invested in Investment Instruments meeting the Sub-Fund's investment objective.

### ***Dilution from subsequent offerings of Shares***

The Sub-Fund may accept additional subscriptions for Shares as determined by the Board, in its sole discretion. Additional purchases may dilute the interests of existing Shareholders in the Sub-Fund's investment prior to additional investment being deployed to other Investment Instruments, which could have an adverse impact on the existing Shareholders' interests in the Sub-Fund particularly if subsequent Sub-Fund investments underperform the prior investments.

### ***Target return***

The target return does not provide a guarantee of the amounts that may be realised upon the applicable Share redemption date. Whilst it is anticipated that subscription proceeds will reference a substantial quantum of the Investment Instruments this may not be the case at all times during the tenor of investment. This may be the case where certain Investment Instruments no longer meet the Investment Manager's eligibility criteria over time or where there are insufficient Investment Instruments provided by the asset originator to meet the maximum investment exposure desired by the Sub-Fund. In such circumstances, where Investor subscription proceeds exceed the quantum of Investment Instruments indirectly participated by the Sub-Fund, the actual return to Shareholders will be lower than the target return. Neither the Sub-Fund, Board of Directors nor the Investment Manager guarantee or provide assurance that the aggregate quantum of the Investment Instruments will either be available for investment exposure during the tenor of investment or will be equal to greater than the aggregate amounts invested by Eligible Investors.

### ***Taxation***

An investment in the Sub-Fund involves a number of complex tax considerations. Changes in tax legislation in any of the countries in which the Sub-Fund will have investments, or changes in tax treaties negotiated by those countries, could adversely affect the returns from the Sub-Fund to its Shareholders. No assurance can be given on the actual level of taxation suffered by the Sub-Fund. Shareholders should consult their own tax advisors on the tax implications for them of investing, holding and disposing of Shares and receiving distributions in respect of Shares in the Sub-Fund.

### ***Conflicts of interests***

There may be potential conflicts of interest among the Investment Manager, its members, Eligible Investors, the Sub-Fund or other transaction parties involved in the activity of the Sub-Fund. In particular, but without limitation to its obligations to act in the best interests of Investors when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly.

In the conduct of its business the policy of each of the AIFM and the Investment Manager is to identify, manage and where necessary prohibit any action or transaction that may pose a conflict between the interests of affiliates' various business activities and the Sub-Fund or its Investors and between the interests of one or more investors and the interests of one or more other investors. The affiliates, as well as the AIFM and the Investment Manager shall strive to manage any conflicts in a manner consistent with the highest standards of integrity and fair dealing. For this purpose, both the AIFM and the Investment Manager have implemented procedures that shall ensure that any business activities involving a conflict which may harm the interests of the Sub-Fund or its Investors, are carried out with an appropriate level of independence and that any conflicts are resolved fairly.

A potential conflict of interest could arise since Santander entities and divisions thereof may be acting in a number of capacities which may include originator and servicer of Investment Instruments referenced or secured under the Notes, account bank, placement agent for the Notes and Investment Manager. In the course of its ordinary business, Santander CIB and/or any of their respective affiliates may, from time to time, engage in purchase, sale or other transactions involving the Investment Instruments more broadly for their proprietary accounts and/or for accounts under their management and/or for any counterparty. Such transactions may have a positive or negative effect on the level of the Investment Instruments and consequently on any market price, liquidity or value of the relevant Notes and the Sub-Fund.

Santander and/or their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, corporate finance and other services, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). Each of Santander and/or its respective affiliates may have engaged in, and may in the future engage in, various Banking Services or Transactions in the ordinary course of business with the seller, supplier or buyer or their respective subsidiaries, jointly controlled entities or associated companies from time to time, for which each of them has received or will receive customary fees and commissions. In the ordinary course of their various business activities, Santander and/or its' respective affiliates may make or hold (on their own account, on behalf of clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Santander and/or its respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the financial instruments of the seller, supplier or buyer, and may recommend to their clients that they acquire long and/or short positions in any such financial instruments.

Members of the Santander group and their affiliates may engage in other business and furnish investment management, advisory and other types of services to other clients whose investment policies differ from those followed by the originators, the servicers or the account banks and from which they may derive revenues and profits in addition to the fees stated in the various transaction documents, without any duty to account to any person therefor. Members of the Santander Group may make recommendations to or effect transactions with other clients which may differ from those effected with respect to the Investment Instruments referenced by the Notes held in the Sub-Fund.

#### ***The AIFM***

According to the AIFM Rules, the AIFM must take all reasonable steps to identify conflicts of interest that arise in the course of managing the Fund (including its Sub-Funds) between the AIFM (including its managers, employees or any person directly or indirectly linked to the AIFM by control) and the Fund or its Shareholders, the Fund or its Shareholders and another client of the AIFM (including another alternative investment fund, an undertaking for collective investment in transferable securities or their investors), and two clients of the AIFM.

#### ***Certain Classes of Shares are not available to certain investors***

As indicated in this Supplement, certain Classes of Shares may not be available to certain investors or may only be acquired by employees of the Investment Manager.

#### ***Capital erosion risk***

Well-Informed Investors should note that as management fees may be charged to the capital as well as to the income of the Sub-Fund, upon redemption of Shares Investors may not receive back the full amount of their original investment. Well-Informed Investors should also note that the calculation of Net Asset Value per Share takes account of both realized and unrealized capital gains and losses.

#### ***Regulatory and/or political risks***

The value of the Sub-Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made.

#### ***Changes in applicable law***

The Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Fund, the legal requirements to which the Fund and its Shareholders may be subject could differ materially from current requirements.

#### ***Uncertain economic, social and political environment***

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity, pandemics and other widespread public health emergencies, and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce

the availability of potential investment opportunities, and increases the difficulty of modelling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire investments, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Sub-Fund and its investments to execute their respective operations and to receive attractive multiple earnings upon disposition. This may slow the rate of future investments by the Sub-Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Sub-Fund's investments.

Further, in late February 2022, Russia initiated significant military action against Ukraine. In response, the U.S., European Union and certain other countries imposed significant sanctions and trade actions against Russia, and the U.S., European Union and certain other countries could impose further sanctions, trade restrictions and other retaliatory actions should the conflict continue or worsen. It is not possible to predict the broader consequences of the conflict, including related geopolitical tensions, and the measures and retaliatory actions taken by the U.S., European Union and other countries in respect thereof, as well as any counter measures or retaliatory actions by Russia in response, is likely to cause regional instability, geopolitical shifts and could materially adversely affect global trade, currency exchange rates, regional economies and the global economy. In particular, while it is difficult to anticipate the impact of any of the foregoing on the Sub-Fund, the conflict and actions taken in response to the conflict could increase sectoral costs, disrupt supply chains, reduce earnings, impair the Sub-Fund's ability to raise additional capital when needed on acceptable terms, if at all, or otherwise adversely affect business, financial condition and results of operations of any Investment of the Sub-Fund.

### ***COVID-19***

The COVID-19 pandemic has had a material adverse effect on the global economy, as would further outbreaks or recurrences of the COVID-19 pandemic and/or any subsequent pandemic, the ultimate impact of which would be dependent on the duration and extent of the pandemic and is therefore not yet known.

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China, and has since spread globally impacting global supply chains thereby increasing the risk profile of trade products. On 11 March 2020, the World Health Organisation confirmed that its spread and severity had escalated to the level of a pandemic. The COVID-19 pandemic and associated government measures taken to mitigate its effects have led to significant volatility in the financial markets and have adversely impacted global economic activity. As there is significant uncertainty as to the duration, extent and impact of the COVID-19 pandemic (including any subsequent outbreak or recurrence notwithstanding the availability of any vaccine within the short to medium term), the long-term impact of the COVID-19 pandemic on the global economy and financial condition and prospects of certain Underlying Counterparties is unknown, and any mitigation efforts may not be effective.

In response to the COVID-19 pandemic, many national governments implemented numerous measures in an attempt to contain, and mitigate the effects of, COVID-19, such as travel bans and restrictions, quarantines, lockdowns (on both a national scale and localised), social distancing measures and the mandatory closure of certain businesses. This has led to both a demand and supply shock. The reduction in demand and supply means that the movement of goods has slowed, and in turn global trade. However, if the pandemic does not last significantly longer than now expected, the effect is likely to be less sustained than it was following the 2008 financial crisis. In addition, some of the very sharpest impacts may fall on service industries (e.g. restaurants, travel and leisure), rather than the import and export of physical goods, although the ramifications will ripple across supply chains (e.g. equipment, aviation fuel, etc.). On the supply side, factory closures caused by staff sickness or governmental edicts are disrupting supply chains and causing downstream shortages of retail goods and components for manufacturers. The problem is exacerbated by the direct effects of the COVID-19 crisis on shipping. Port closures, sickness among crew, and the prioritisation of medical supplies are resulting in a reduction in route options, congestion at ports and long delays in the receipt of goods. Where possible, buyers will likely seek to avoid these problems by finding domestic substitutes for imported final goods or components, thereby reconstituting supply chains in the near future to build resilience into their business models. The ultimate impact of the crisis on economic output and international trade will depend on the geographic scope, scale, and duration over which the pandemic plays itself out. The economic outcome will also depend on the effects of the immediate governmental interventions, which in many respects have proved unprecedented in the size and scale provided to support the economy impacted by COVID-19.

### ***Economic conditions in the Eurozone***

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have intensified in recent years. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more member states or institutions and/or any changes to, including any

break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Sub-Fund, one or more of the other transaction parties and/or any Underlying Counterparty in respect of Investment Instruments referenced by the Notes and subscribed by the Sub-Fund. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Eligible Investors, the NAV of the Shares and/or the ability of the Sub-Fund to redeem Shares at an amount greater than the investment made.

### ***Regulated banking activity***

While non-bank lending is currently being promoted within the EU, in many jurisdictions, especially in continental Europe, engaging in lending activities "in" certain jurisdictions particularly via the original extension of credit granting a loan and in some cases including purchases of receivables, discounting of invoices, guarantee transactions or otherwise (collectively, "**Regulated Banking Activities**") is generally considered a regulated financial activity and, accordingly, must be conducted in compliance with applicable local banking laws (or the AIFM Directive, in the case of European long-term investment funds). Although a number of jurisdictions have consulted and published guidance on non-bank lending, in many such jurisdictions, there is comparatively little statutory, regulatory or interpretive guidance issued by the competent authorities or other authoritative guidance as to what constitutes the conduct of Regulated Banking Activities in such jurisdictions. Trade finance exposures subject to these local law requirements may restrict the Sub-Fund's or the Note Issuer's ability to purchase or reference the relevant Investment Instrument or may require it to obtain exposure via other means. Moreover, these regulatory considerations may differ depending on the country in which each Relationship Counterparty is located or domiciled, on the type of Relationship Counterparty and other considerations. Therefore, at the time when trade finance exposures are acquired or participated by the Note Issuer and in turn the Notes subscribed by the Sub-Fund, there can be no assurance that, as a result of the application of regulatory law, rule or regulation or interpretation thereof by the relevant governmental body or agency, or change in such application or interpretation thereof by such governmental body or agency, payments on the trade finance exposures might not in the future be adversely affected as a result of such application of regulatory law or that the Note Issuer or the Sub-Fund might become subject to proceedings or action by the relevant governmental body or agency which, if determined adversely to the Note Issuer or the Sub-Fund, may adversely affect its ability to make payments in respect of the relevant Notes and in turn redemptions of the relevant Shares.

### ***Terrorist action***

There is a risk of terrorist attacks on the United States, Europe and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity.

### ***General legal investment considerations***

The investment activities of certain Investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Shares are suitable or appropriate legal investments for it, (b) other restrictions apply to its purchase of the Shares.

There is therefore a risk that suitable assets, which may be acquired in accordance with the Offering Document and the Articles, may not be available on the market or may not be available on attractive or economically reasonable terms. Poor acquisition conditions may result in the actual result of the Sub-Fund being worse than expected. If no investment properties can be acquired at all on reasonable terms, the planned investment strategy may not be implemented at all. In such a case, the capital already drawn down by Eligible Investors could be invested in a bank account for an indefinite period of time, even though the ongoing costs of a Sub-Fund would still have to be serviced. The aforementioned cases could also lead to the redemption of a Sub-Fund. Therefore, it cannot be ensured that sufficient suitable investment opportunities for the successful implementation of the investment strategy are available during the investment period (so-called diversification risk). If this risk materializes, this may lead to lower distributions to Shareholders or to a partial or complete loss of the Investments.