

## COMPLETE PROSPECTUS “VALL BANC FONS IBÈRIC ACCIONS F.I.”

### I. IDENTIFICATION DETAILS OF THE FUND

**Name:** VALL BANC FONS IBÈRIC ACCIONS F.I.

**INAF Registration Number:** 0006

**Manager:** Vall Banc Fons SAU

**Depository:** Vall Banc SAU.

**Auditor:** Auditor of the Vall Banc Group

**Supervisory authority:** INAF

**Address of the fund:** Number 3 Carrer de la Unió, 1<sup>st</sup> Floor, AD700 Escaldes Engordany

**Date the fund was established:** 02/06/2009

**Participations:** Registered

**Types:** Single accumulation type

**Duration:** The fund is established for an unlimited duration.

### II. GENERAL CHARACTERISTICS OF THE FUND

**Currency of reference:** The fund is denominated in Euro. (EUR)

**Category:** VI - EUR

**Minimum initial investment:** One participation (participation initial value EUR100)

**Minimum investment to be maintained:** No minimum investment to be maintained, and in cases of transfers made between sub-funds, no entry fee will be applied provided that these sub-funds share the same investment policy. Otherwise, the fee resulting from the difference between the subscription fee of the entry sub-fund and that of the exit sub-fund will be applied as long this is a positive amount.

**Maximum volume of participations per participant:** No maximum volume of participations is envisaged.

**Investor profile at which the fund is aimed:** The basic profile of the clients at whom this type of product is aimed are investors who, in order to diversify their investments, are prepared to assume the risk inherent in investments in a variable income fund. The fund is mainly intended for investors, both institutional and private, with a good tolerance of risk and investors with a high level of financial wealth who see this investment as offering a good diversification for their portfolio.

**Minimum recommended duration of the investment:** Willingness to remain in the fund for a period of three to five years.

### III. INVESTMENT POLICY OF THE FUND

**Fund allocation and management objective:** Spanish Variable Income Fund.

The fund is created under the system of Undertakings for Collective Investment in Transferable Securities as a variable income fund, which will invest more than 75% of the portfolio in variable income securities. The rest, in other words, less than 25% may be invested in fixed income, deposits and monetary instruments or in other collective investment undertakings that invest in assets with the same characteristics. The investment in the variable income of Spanish and/or Portuguese issuers will be at least 70% of the variable income portfolio, and it will look for securities that are undervalued by the market without any special preference for a sector in particular, and also without any preferences between companies of high or low capitalization. The issuers of fixed income will preferably be public issuers with an Investment Grade credit rating, and the issues will be short-term and denominated in euros. The investment in assets denominated in currencies other than Euro should not be more than 30% of the Fund's assets.

**Criteria for selecting and distributing the investments.**

The investments of the fund will be aimed at the Spanish market and will focus on securities that are undervalued by the market, investing in all types of securities with both a high and low market capitalization, securities traded on the continuous market and via the *open outcry* system on the Madrid stock exchange, without any special preference for one sector in particular. The assets that the fund invests in will be admitted for official listing on regularly-functioning, recognized, official and organized markets, that are open to the public.

The priorities of the investment policy are capital preservation, security and the liquidity of the assets, and it seeks to preserve the capital with the aim of maximizing the relation between profitability and risk. The fund will invest in those securities which, because of their fundamentals, their profitability per dividend, or their medium to long-term expectations, can contribute to an appreciation of the assets of the participants. In any case, care will be taken to avoid those securities that are considered to be high risk, and which could prejudice the investment fund.

The percentage of the portfolio not invested in variable income at any given time will be held in liquid assets or short-term fixed income assets denominated in euros, preferably from public issuers.

The fund may dispose of its variable income investments as a temporary measure and whenever market circumstances make it advisable to do so in order to maintain the value of the shares and obtain profitability. In these cases, the cash obtained in the disinvestment of the variable income portfolio will be placed in short-term euro-denominated assets of public debt so that these funds may be available to rebuild the variable income portfolio of the fund at any given moment.

The fund will not invest in the assets of issuers with a credit rating lower than BBB as established by S&P or its equivalent with other agencies.

#### **Investment in derivatives**

The Fund may use derivative financial instruments that are contracted on derivatives organized markets for hedging and investment purposes. These instruments carry additional risks to those of investments at spot prices because of the leverage effect, and they are especially sensitive to variations in the price of the underlying asset and losses in the value of the portfolio may multiply. Similarly, the Fund may use derivative financial instruments that are not contracted on organized markets for hedging purposes and this involve additional risks such as the counterparty failing to perform its obligations given the non-existence of a clearing house that comes between the parties and ensures the successful conclusion of the operations.

#### **Benchmark index**

The benchmark index for the management of the fund will be the IBEX 35, the official index of the Spanish continuous market. This is a weighted market-capitalization index, comprising the 35 most liquid companies published by the company that runs the stock exchange (*Societat de Borses*). This is simply an index of reference and in no case does this imply that the fund replicates its behaviour.

#### **Valuation of assets**

The assets of the UCI are measured using general valuation criteria. Securities listed on regulated markets are valued in accordance with the recognized official closing price of the market on which they are listed. The investments in UCIs will be valued at the manager's last public net asset value at the moment of the valuation of the sub-fund.

The accounting concept of accrual is the method used for accounting fixed income interest, and any collection rights that arise are recorded through accounts related to credits on assets (5463) and a distinction is made between the accrued fixed and variable interest. Financial income corresponding to the remuneration for capital lent to the issuing company is reflected in the fixed income revenue account (761). When it is effectively received, the amount accumulated in accruals is transferred as effective income to the banks account.

## **IV. GUARANTEE OF PERFORMANCE AND EARNINGS DISTRIBUTION POLICY**

The results of the fund are obtained by deducting the fees of the management company and depositary, audit costs and other expenses envisaged in the fund's regulations from the total income and the latent and obtained profits.

The fund is directed towards the full capitalization of the results and yields of the investors and established according the performance of the fund. No express guarantees of performance are given.

## V. FEES APPLIED

<b>Fees applied</b>	<b>%</b>	<b>Calculation basis</b>
Management annual fee	2.00%	Fund's assets
Annual depositary fee	0.40%	Fund's assets
Subscription fee	1%	Cash
Redemption fee	0%	-

The **maximum limits** of the fees applied directly to the fund are:

Management fee: 2.25% of the fund's assets

Depositary fee: 0.50% of the fund's assets

Subscription/redemption fee: 5% of the price of the participations

The **expenses that can be charged to the fund** are:

Brokerage and liquidation fees

Auditing expenses

Financial expenses

This Fund of funds is exempt from paying any subscription and redemption fees in those cases where shares or participations of the UCI of the group are involved.

Whenever the fees of the fund are established or increased above the maximum limits envisaged in this prospectus, this will be made public in the manner established by law, and where applicable, participants shall be entitled to exercise their right of withdrawal, and this prospectus will also include the corresponding update.

## VI. INFORMATION FOR PARTICIPANTS

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### **Publication of the net asset value and the valuation of subscriptions and redemptions**

Each day, the Management Company publishes the net asset value of the fund on the website of the promoter [www.vallbanc.ad](http://www.vallbanc.ad).

For the purposes of subscriptions and redemptions requested in this fund, the net asset value applicable will be that corresponding to the same day as the date on which the application is made, provided that this is done before the cut-off time indicated below.

<b>Cut-off time</b>	<b>Value date</b>	<b>Liquidation date</b>
1.00 pm	D	D + 3

In any case, the net asset value applied will be the same for subscriptions and redemptions that are requested at the same time. A subscription application shall be understood to have been made at the moment the amount corresponding to it is entered into the account of the fund.

The management company may request an additional liquidation period, which in no case may it be more than 30 working days, provided that the totality of redemptions exceed 5% of the assets of the fund. The manager may provisionally suspend the redemption of the parts if there are exceptional circumstances that require such a decision to be taken, and if the aim of the suspension is to safeguard the legitimate interests of the investors.

### **Annual accounts**

The annual accounts will be closed to coincide with the calendar year and the public financial statements of the fund will be submitted for an external review by an independent auditor of recognised prestige, which shall be contracted by the management company on a permanent basis. However, this auditor may not be the same for more than 4 consecutive years.

## **VII. TAXATION**

Law 11/2005 of 13 June 2006 implementing the agreement between the Principality of Andorra and the European Community for the establishment of measures equivalent to those envisaged in Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments establishes a regulatory framework to determine which returns or earnings are subject to taxation on savings income.

According to this law, a withholding shall be applied (for the concept of a taxation on savings) at source on interest payments made by paying agents established in the Principality of Andorra to natural persons who are resident in one of the Member States of the European Union. This withholding shall not apply to legal persons or residents of states that are not Member States of the European Union.

The income generated by this investment fund, under normal conditions, is not legally classified as savings income and therefore it is not subject to a withholding.

This tax system for withholdings is outlined in the following parameters:

- From 2011 35%

## VIII. IDENTIFICATION DATA OF THE MANAGEMENT COMPANY AND ITS MAIN FUNCTIONS

Date established: 9/11/1992

Registration number: 7098

Registered offices: Number 3 Carrer de la Unió, 1<sup>st</sup> Floor, AD700 Escaldes Engordany

### Main functions

The management of the assets, which includes:

- investment decisions,
- exercising, through the depositary, the economic and political rights inherent in the assets

Administrative management activities, which include:

- deciding net asset values, including the applicable tax system,
- accounting and the legal undertakings,
- drafting the complete prospectus and the public reports,
- determining the profits to be distributed (only for UCIs that distribute profits),
- controlling compliance with the applicable regulations,
- managing the register of participants,
- full judicial and extrajudicial representation of the UCI before all kinds of natural and legal persons.

Liability management, which includes:

- accepting subscriptions, redemptions (register of participants) and sending the corresponding orders to the depositary,
- ordering the depositary to redeem/sell participations.

Distribution-related activities, which include:

- sending documentation (advertising reports, management reports, etc.),
- selecting distributors.

## IX. IDENTIFICATION DATA OF THE DEPOSITARY, MAIN FUNCTIONS AND RELATIONS WITH THE MANAGER

Date established: 17/07/2015

Registration number: 15593

Registered offices: Number 10 Bonaventura Armengol Street, Montclar Building, Block 1, 2<sup>nd</sup> Floor, AD500 Andorra la Vella

### **Main functions**

The depositary is responsible for safeguarding the transferable securities, financial assets, financial instruments and cash that make up the assets of the fund, and this responsibility will not be affected if it decides to entrust part or the totality of the custody of the securities to a third party.

Likewise, the depositary is responsible before participants for the supervision and monitoring of the management carried out by the sub-fund management company as well as other functions envisaged under the current regulations.

In particular, and in accordance with Article 64 of Law 10/2008 of 12 June, regulating understandings for collective investment under Andorran law, the functions of the depositary are:

- a) The maintenance and safe-keeping of the assets of the sub-fund, although it may entrust the sub-custody of the assets to a third party or to a central securities depository in Andorra or abroad.
- b) Settling transactions on financial instruments and other assets of the sub-fund, and the debit transactions of the fund.
- c) Ensuring that the management company and/or the sub-fund comply with the rules envisaged in the current regulations, rules and the complete prospectus, in relation to the following aspects:
  - procedures for calculating the asset value as well as the procedure for the issue and redemption price of the participations of the sub-fund,
  - the investment decisions of the sub-fund.

The Management Company and the Depositary, together with other companies, belong to the Vall Banc Group.

## **X. ADDITIONAL INFORMATION**

This document includes the information that is necessary to allow the investor to form an opinion based on the investment being proposed. However, the information that it contains may be changed in the future. These modifications shall be made public in the manner established by law and, where applicable, participants can be allowed to exercise the corresponding right of withdrawal.

The complete prospectus, simplified prospectus and quarterly reports of the fund can be consulted at the offices of the management company. The regulations and the simplified prospectus are also

available for consultation on the entity's website [www.vallbanc.ad](http://www.vallbanc.ad). In addition, all these documents may be expressly requested at the Manager's registered offices.

The fund will be dissolved, and the liquidation period opened:

- a) when the term set out in these regulations has expired,
- b) following an agreement between the management company and the depositary, if the fund has been established for an indefinite period,
- c) by agreement of the management company or the depositary, if either of these entities has ceased to carry out its functions in accordance with the precepts established in the current regulations, and no management entity or depositary has been designated to substitute them,
- d) when the equity of the fund is negative,
- e) when the equity of the fund does not reach the minimum required in accordance with what is established in the current regulations,
- f) due to the non-existence of participants,
- g) because of infringements or breaches of other legal precepts.

Once the investment body has been dissolved, a period for the liquidation of the fund will be opened and the right of redemption and subscription for shares will be suspended.

**Prospectus updated:** 25 April 2016