

General information

Type of notification	Investment breach
Is it a new notification ?	Yes : Complete notification
Your reference	GEF - Emerging Market Debt Flex - Prospectus Restriction Breach - 21-09-2022
General information concerning the undertaking for collective investment (UCI)	
UCI CSSF Number	6865
UCI Name	GLOBAL EVOLUTION FUNDS
Law applicable to the UCI	UCITS Part I Law 17.12.2010
Sub-fund CSSF Number	2
Sub-fund Name	EMERGING MARKET DEBT FLEX
Tolerance threshold applied	Tolerance threshold foreseen by circular CSSF 02/77
Please indicate the type of UCI	Bond UCIs - 0.50% of NAV

NOTIFICATION OF A NON-COMPLIANCE WITH THE INVESTMENT RULES IN ACCORDANCE WITH CIRCULAR CSSF 02/77

Details relating to the investment breach

Type of procedure applied	normal procedure
Detection date of the investment breach (format DD/MM/YYYY):	22/09/2022
Period of the investment breach - Start Date (format DD/MM/YYYY):	21/09/2022
Period of the investment breach - End Date (format DD/MM/YYYY):	22/09/2022

Nature of the investment breach

Breach of specific prospectus rules

Description and cause of the investment breach

Active breach of the Prospectus Restriction: "[...] investments mainly in Emerging and Frontier markets (EM) transferable debt securities and foreign exchange ("FX") derivative instruments" (i.e. Minimum 50%).
On 21/09/2022, a redemption amounting to USD 26,146,001.42 for the I USD share class and a subscription amounting to USD 30,000,000 for the I-SC USD share class (launching) have been received and recorded. These transactions were received during a period of rebalancing associated with a departing portfolio manager with the Investment Manager. Specifically, the new Portfolio Manager concluded it was necessary to sell undesirable securities and use proceeds to invest in new securities; his strategy was implemented with the receipt of the redemption order. Being cautious about transaction costs associated redemption, the portfolio manager limited his selling trading activity to 21 September 2022 so that the redeeming investors bear the costs of securities' sale. Whereas, the subscribing investor bear the costs of securities' purchase. To do so, the Portfolio Manager sold securities on 21/09/2022 (with settlement date 23/09/2022), thus decreasing exposure to Emerging and Frontier Debt instruments below the minimum of 50% of NAV, and bought the new securities on 22/09/2022 thus increasing exposure to Emerging and Frontier Debt instruments to a pre-breach level thus clearing the breach on 22/09/2022.

Concrete corrective measures/actions to close the investment breach

On 22/09/2022, the Portfolio Manager purchased new positions with exposure to Emerging and Frontier Debt instruments thus clearing the breach on T+1.

Concrete corrective measures/actions decided in order to avoid recurrence of same kind of breach

In order to avoid such a situation to re-occur going forward, the Management Company has recommended the following modifications:

- To enhance the pre-trade Compliance checks performed at the level of the investment manager;
- The investment manager to ensure that in case of a portfolio rebalancing buy/sell transactions are executed on the same day to remain in compliance with applicable restrictions at all time.

Impact of the investment breach:

Amount of the impact in EUR:

Amount expressed in the sub-fund currency (if other than EUR):

34,796.93

Calculation method used for the determination of the impact:

accounting method

Details concerning method applied or other information / comments

average cost

The breach impact has been calculated by comparing the Gain/Loss between a situation where portfolio would have not breached (using Prices provided by the Fund Administrator for the securities that are no longer in portfolio) and the breach situation as of 21/09/2022 (using the actual sale prices).

Impact of the loss on the NAV is higher than the tolerance threshold applied

No

Details concerning the indemnification procedure

Date of booking / recording of the provision (in the accounting) (format DD/MM/YYYY):

14/11/2022

Payment date (format DD/MM/YYYY):

Sub-fund

14/11/2022

Investors

N/A

Entity responsible for the payment of the indemnification amount

Global Evolution Fondsmæglerselskab A/S as Investment Manager.