

Key investor information

This document provides you with key investor information about this Fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

INCOME OPPORTUNITY, a compartment of GFG Funds

Share Class: P EUR, (Accumulation) LU1620753811

This SICAV is managed by Pharus Management Lux S.A.

Objectives and investment policy

The objective of this Fund is to provide its investors with an attractive income and capital appreciation, seeking to capture alpha through a combination of capital structure positioning, relative alpha strategy and opportunistic trading. The Fund will principally invest, directly or indirectly in a diversified portfolio of fixed or variable rate debt and debt-related securities (including corporate bonds – investment grade and below, sovereign bonds, convertible bonds, CoCos bonds, preferred securities, senior and subordinated debt, hybrid securities, Tier 1 and upper and lower Tier 2 securities, exchange traded notes (“ETN”), ABS and MBS) from 40% to 100%. Moreover, the Fund may invest up to 100% in High Yield bond.

The Fund will also invest up to 60% in equity and equity-related securities (including ordinary shares and common stocks, preferred shares and convertible preference shares warrants rights), GDR, ADR and EDR, and closed ended REITS).

The investment in American Depositary Receipts (ADRs) / Global Depository Receipts (GDRs) / European Depositary Receipt (EDR) and closed ended Real Estate Investment Trusts (REITS) has no embedded derivatives.

The above mentioned securities will not be restricted to any country, industry or sector to which the Fund may have exposure through investments following Prospectus limits.

Regarding the fixed income part of the portfolio, the Fund may invest in non-investment grade debt securities that, for the direct investment should have a Standard & Poor’s minimum rating of B- or an equivalent rating issued by another rating agency.

The expected average rating of the Fund is BB+, with the possibility to use a higher or lower rating according to the market conditions and in the best interest of the shareholders.

The rating used will be the highest rating among the available ratings issued by the available principal rating agencies.

Investments in distressed or defaulted securities are not allowed under this Fund.

Investment in not rated bonds up to 10% is allowed.

The Fund may invest also :

- up to 20% of its assets in convertible bonds or CoCos Bonds in aggregate.

- indirectly via target funds and/or Financial Derivatives Instruments (“FDI”), in debt securities having rating below B- for both investment and/or hedging purpose.

- up to 10% of its assets in units of UCITS, including ETF qualifying as UCITS.

- up to 20% of the total Fund’s assets can be directly and indirectly invested in ABS/ MBS.

- up to 100% of the Net Asset Value of the Fund in liquid assets such as money market instruments (including Treasury bills and commercial paper) and short-term debt securities in pursuance of the investment objective of the Fund and to preserve capital in adverse market conditions.

- up to 100% of the Net Asset Value of the Fund may be denominated in currencies other than the Base Currency (including but not limited to the US Dollar, Sterling and the Swiss Franc), therefore the Fund may have a significant exposure to currency risk. The decision partially or completely to hedge against such exposure is at the discretion of the Investment Manager.

An indirect investment through transferable securities (i.e. ETC without embedding derivative) in commodities is allowed up to 10% of the Fund’s assets. The Fund may invest up to 10% on ETN.

The Fund can hold ancillary liquid assets in order to increase portfolio diversification and improve liquidity.

The Fund will invest directly via ADR / GDR / EDR in equities having as country of risk one of the following: Brazil, Hong-Kong, Taiwan, Qatar, UAE, Indonesia, South Africa, China. The investments in China will be up to 10% of the Fund’s assets and the maximum exposure via ADR / GDR / EDR will be up to 15%.

In addition, the Fund may invest in Large Cap companies listed on the Hong Kong stock exchange.

The investment strategy seeks to achieve a reduction in risk by holding a diversified portfolio of investments.

Within the limits set out in the investment restrictions in the main body of the Prospectus, the Fund may use financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions for hedging and for any other purposes.

The Fund is actively managed and it has no reference benchmark.

The investor can buy or sell shares of the Fund on any day which is a Valuation Date in line with the provisions in the prospectus.

The Net Asset Value is calculated on every day which is a bank business day in Luxembourg.

Recommendation: This Fund is suitable for investors who are willing to accept an investment horizon of at least 5 years.

This share class is not distributing dividends.

The currency of the Fund is EUR and the share class currency is EUR.

Risk and reward profile

With lower risk, With higher risk,

←—————→

potentially lower rewards potentially higher rewards



This indicator represents the annual historical volatility of the Fund over a 5-year period.

Due to a lack of sufficient historical data, the risk indicator incorporates simulated data from a benchmark portfolio. Risk Category 3 reflects limited potential gains and/or losses for the portfolio. This is due to investments in equities or bonds on the worldwide market.

This current risk profile is based on historical data and may not be a reliable indication of the future risk profile of the Fund.

The risk category shown is not guaranteed and may shift over time.

The lowest category does not mean “risk free”.

The Fund does not apply any capital guarantee or asset protection measures.

Significant risk(s) for the Fund not taken into account in this indicator include the following:

Credit risk and interest rate risk: The Fund invests in bonds, cash or other money market instruments. There is a risk that the issuer may default. The likelihood of this happening will depend on the credit-worthiness of the issuer. The risk of default is usually greatest with bonds that are rated as sub-investment grade. An increase in interest rates may cause the value of fixed-income securities held by the Fund to decline. Bond prices and yields have an inverse relationship, when the price of a bond falls the yield rises.

Risk linked to the holding of contingent convertible bonds (CoCos): Contingent convertible bonds can be automatically convert into shares or be written down if the financial strength of the issuer falls in a certain way. This may result in substantial or total losses of the bond value.

Risk linked to the holding of convertible bonds: Convertible bonds are hybrid securities between debt and equity, which in principle allow holders to convert their interest in bonds into shares of the issuing company at a specified future date. Investment in convertibles will result in greater volatility than bond investments in standard bonds.

Concentration risk: To the extent that the Fund’s investments are concentrated in a particular country, market, industry or asset class, the Fund may be susceptible to loss due to adverse occurrences affecting that country, market, industry or asset class.

Derivative for hedging purpose: The use of derivatives for hedging in a rising market may restrict potential gains.

Liquidity risk: Liquidity risk exists when particular investments are difficult to purchase or sell. This can reduce the Fund’s returns because the Fund may be unable to transact at advantageous times or prices.

Charges

The charges and commissions are used to cover the Fund's operating costs, including marketing and distribution of shares. These charges reduce the potential growth of your investment.

Potential one-off charges taken before or after you invest	
Entry charge	5.00%
Exit charge	3.00%
This is the maximum that might be taken out of your money before it is invested and before the proceeds of your investment are paid out.	
Charges taken from the Fund over a year	
Ongoing charges	2.00%
Charges taken from the Fund under specific conditions	
Performance fee	No performance fees for the Fund's last financial year.
A performance fee, accrued on each Valuation Date, paid quarterly, based on the net asset value (NAV), equivalent to 15 % of the performance of the NAV per share (measured against the reference NAV) during the current period with the high water mark calculation.	

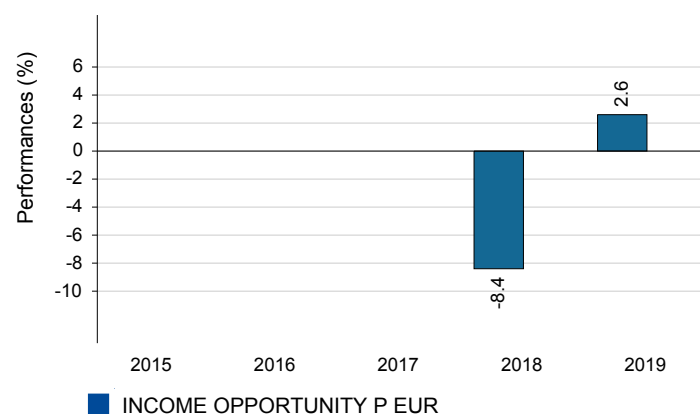
The entry and exit charges shown are maximum rates. In certain cases, the charges paid may be lower.

The ongoing charges figure is based on expenses for the previous year, ending on 31 December 2019. This figure may vary from year to year. It excludes portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares in another collective investment undertaking.

A conversion commission 1% maximum of the net asset value may be charged.

For more information about charges, please refer to the Fund's prospectus, section charges, which is available on www.pharusmanco.lu and on www.gfgfunds.it or at the registered office of the Fund.

Past performance



The performance figures shown in the bar chart are not a reliable indication of future performance.

Fund creation date: 2017

Share class launch date: 2017

Base currency: Euro.

Practical information

Depository: CACEIS Bank, Luxembourg Branch

GFG Funds is an umbrella fund, consisting of separate compartments, each issuing one or more share classes. For more information about other share classes please refer to the prospectus and periodic reports.

This key investor information document is prepared for a share class.

Assets and liabilities of each compartment of GFG Funds are segregated, meaning that your investment in one compartment is only impacted by profits and loss in this compartment.

The Representative in Switzerland is Oligo Swiss Fund Services S.A., Av. Villamont 17, 1005 Lausanne, The Paying Agent in Switzerland is Helvetische Bank AG, Seefeldstrasse 215, 8008 Zurich.

The prospectus, Key Investor Information Document (KIID), articles as well as the annual and semi-annual reports may be obtained free of charge from the Representative.

The details of the up-to-date remuneration policy of Pharus Management Lux S.A., are available on www.pharusmanco.lu/en/documents/documents/. A paper copy will be made available free of charge upon request.

More detailed information on this Fund, such as the full prospectus as well as the latest annual and semi-annual report, the statutes, and investor information, can be obtained, in English, free of charge from Pharus Management Lux S.A., 16, avenue de la Gare, L-1610 Luxembourg, Grand-Duchy of Luxembourg or on its website: www.pharusmanco.lu and at www.gfgfunds.it or at the registered office of the Fund.

Any shareholder may request the conversion of all or part of his shares in one compartment into shares of another compartment, on the basis of the respective net asset value as calculated on the valuation day of the compartments concerned.

The Net Asset Value per share is calculated daily and is available on www.fundsquare.net and at the registered office of the Fund.

The Fund is subject to the tax laws and regulations of Luxembourg. Depending on your own country of residence, this might have an impact on your investments. For further details please consult a tax adviser.

The Management Company may only be held liable on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus for the Fund.

GFG Funds is authorized in Luxembourg and is supervised by the Commission de Surveillance du Secteur Financier (CSSF).

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This key investor information is accurate as at 19 February 2020.