

Depository Bank – Board report

Buy & Hold Luxembourg

Ref period: 01 January 2023 – 30 June 2023

Credit Suisse (Luxembourg) S.A.
Depository Bank

Depositary Bank – Board Report

List of funds covered by this report

Ref period: Jan – Jun 23

Fund Name

- Buy & Hold Luxembourg
 - Buy & Hold Luxembourg – B&H Bonds
 - Buy & Hold Luxembourg – B&H Equity
 - Buy & Hold Luxembourg – B&H Flexible

Depository Bank – Board Report

List of duties covered by this report

Ref period: Jan – Jun 23

List of Depository Bank duties covered in this report

- **Assets Monitoring: In- and Ex-Custody**
- **Cash-Flow Monitoring**
- **Oversight Duties:**
 - **Subscriptions and Redemptions**
 - **Valuation of units or shares**
 - **Investment Restriction Monitoring**
 - **Timely settlement**
 - **Income and dividend distribution**
- **Other Matters to Raise to the Board**

Monitoring of Assets: In- and Ex-Custody

Buy & Hold Luxembourg

Scope: Safekeeping of Financial Instruments (sub-custodian network) and record-keeping and ownership verification of Other Assets

- The depositary performs a monitoring process over the assets it holds on behalf of the fund, as well as for assets not held in custody.
- For in-custody assets, the depositary applies a regular due diligence process over the third-parties to whom safekeeping functions are to be or have been delegated.
- For in-custody assets, appropriate segregation of assets, ownership verification, record-keeping and daily reconciliations are performed. Exceptions and reconciliation breaks are reported to the ManCo/AIFM when exceeding set thresholds. Exception handling is defined in the escalation annex of the Operating Memorandum.
- For ex-custody assets, the depositary performs ex-post controls to ensure appropriate record keeping, ownership verification and reconciliation procedures are implemented and applied at the level of the ManCo/AIFM or an appointed third-party service provider towards any Third-Party Asset Holder used or appointed by the Fund, as well as performing its own regular ownership verification, record-keeping and reconciliations, with the frequency of controls being determined by Fund and asset type. Where applicable, a monthly review of any unmatched loans is performed against the Fund Administrator's records. Exceptions and reconciliation breaks are reported to the ManCo/AIFM when exceeding set thresholds.
- Vault records are reconciled on a regular basis and, where applicable, pending original promissory notes are escalated to the ManCo/AIFM when aged more than three months.
- Specific controls are applied to collateral held by the depositary or third parties. Regular controls are performed on the quality and quantity of collateral assets provided to the depositary relating to the securities lending business, where applicable.

Limitation of control: The depositary bank relies and depends on the timely communication from the ManCo/AIFM about all external counterparties keeping assets belonging to the Fund to perform its full set of ex-post controls over Fund's Third-Party Assets Holders within a reasonable timeframe.

Items to report	Status
<ul style="list-style-type: none">▪ Change of sub custodian : In Q2 2023, Pakistan, Oman and Jordan markets were closed. Consequently, as of Q3 2023, those 3 markets were removed from CSL's list of markets available for safekeeping of financial instruments.	Closed
<ul style="list-style-type: none">▪ Results of controls: Neither the regular due diligence on the service providers of the funds in scope of this report nor the ex-post controls performed over the period revealed material, systemic or ad hoc issue to be reported at BoD level.	Closed

Monitoring of Cash-Flows

Buy & Hold Luxembourg

Scope: Cash-flow monitoring duties relating to the operating account(s) opened at Credit Suisse and any other counterparties holding cash (as applicable). Review of the cash account set-up, cash reconciliations, significant and inconsistent cash transactions and regulator equivalence.

- The depositary monitors the cash flows of the fund to ensure cash is being booked with eligible entities. Regular due diligence is performed on such entities.
- The depositary monitors cash flows on a daily basis to support the identification of significant or inconsistent cash transactions and escalates any exceptions in accordance with the escalation annex of the Operating Memorandum. Appropriate documentation is received and reviewed to support payments relating to fund transactions.
- The depositary performs regular reconciliations of cash accounts to ensure any irregularities or breaks identified are properly and timely rectified. Exceptions and reconciliation breaks are investigated and reported to the ManCo/AIFM when exceeding set thresholds and resolution timeframe.
- Third party cash holding counterparties are reviewed by the depositary to ensure these counterparties are domiciled in a country where regulation is deemed equivalent to that of the EU.

Limitation of control: The depositary bank relies and depends on the timely communication from the AIFM about all external counterparties keeping assets belonging to the Fund to perform its full set of ex-post controls over Fund's Third-Party Assets Holders within a reasonable timeframe.

Issues to report	Status
<ul style="list-style-type: none">▪ Results of controls: Neither the regular due diligence on the service providers of the funds in scope of this report nor the ex-post controls performed over the period revealed material, systemic or ad hoc issue to be reported at BoD level.	Closed

Oversight: Subscriptions and Redemptions

Buy & Hold Luxembourg

Scope: The depositary shall ensure that the sale, issue, repurchase, redemption and cancellation of units and/or shares of the fund are carried out in accordance with the applicable national law and the fund rules or instruments of incorporation of the fund.

- The depositary ensures the correct issuance of subscriptions and redemptions through regular due diligence on the appointed Transfer Agent's ("TA") processes and controls and performing at least monthly sample checks on the relevant TA activities.
- The depositary performs a regular review of the reconciliation process made by the Fund Administrator against the units issued or redeemed by the TA.

Limitation of control: Ex-post controls are based on and depend on the timely provision of information made available to CSL by the fund service providers (e.g.: if the AIFM did not provide the RMP* or other element confirming the liquidity of the fund when requested).

Issues to report	Status
<ul style="list-style-type: none">▪ Results of controls: Neither the regular due diligence on the service providers of the funds in scope of this report nor the ex-post controls performed over the period revealed material, systemic or ad hoc issue to be reported at BoD level.	Closed

* Risk Management Process or Procedure are usually requested by the Depositary Bank to the AIFM during its due diligence exercise on the AIFM or on ad-hoc basis for ex-post controls requirements.

Oversight: Valuation of Units/ Shares (NAV)

Buy & Hold Luxembourg

Scope: The depositary shall ensure that the value of the units/shares is calculated in accordance with the applicable national law and the fund rules or instruments of incorporation of the fund.

- The depositary ensures the correct calculation of valuations through regular due diligence on the appointed Fund Administrator's ("FA") processes, controls and the systems and methods used to calculate the Net Asset Value and by performing at least monthly sample checks on relevant FA activities.
- The depositary monitors the movement in NAV per share prices to help detect potential valuation calculation anomalies.
- The depositary also monitors the number and materiality of NAV errors, pricing issues, number of asset reconciliation breaks, etc. to help assess the quality of the FA.

Limitation of control: Ex-post controls are based on and depend on the timely provision of information made available to CSL by the fund's service providers (e.g.: if the AIFM did not provide the due diligence on investment manager or external valuers servicing the funds).

Issues to report	Status
<ul style="list-style-type: none">▪ Results of controls: Neither the regular due diligence on the service providers of the funds in scope of this report nor the ex-post controls performed over the period revealed material, systemic or ad hoc issue to be reported at BoD level.	Closed

Oversight: Investment Restriction Monitoring

Buy & Hold Luxembourg

Scope: The depositary shall carry out the instructions of the AIFM, unless they conflict with the applicable national law or the AIF rules or instruments of incorporation.

- The depositary performs regular controls to ensure appropriate investment restriction monitoring has been implemented and applied at the level of the ManCo/AIFM, or an appointed third-party service provider, through regular due diligence on the ManCo/AIFM or its third-party provider.
- Around the time of a Fund launch or where regulation or a prospectus has been changed, and on a sample basis, the depositary reviews the parameters used in whichever system has been chosen by the ManCo/AIFM or third-party provider to support the monitoring of a Fund's investment restrictions. The depositary assesses how accurately the Fund has been mapped against relevant regulations and the Fund's prospectus and escalates any deficiencies detected.
- The depositary performs additional independent investment restriction checks of investment funds on a regular basis.
- Any breaches detected by the depositary will be escalated to the ManCo/AIFM for review. If required, any disputes arising on the assessment of a breach will be escalated to the Fund's auditor and/or the CSSF.
- Once a breach has been confirmed, the depositary verifies the classification of each breach, the content and accuracy of the notification to the CSSF for material breaches, the repayment to the Fund for material breaches and, when required, the implementation of remediation actions from ManCo/AIFM or its appointed third-party service provider.

Limitation of control: Ex-post controls are based on and depend on the timely provision of information made available to CSL by the fund's service providers (e.g.: if the AIFM did not provide the RMP*)

Issues to report	Status
<ul style="list-style-type: none">▪ Results of controls: Neither the regular due diligence on the service providers of the funds in scope of this report nor the ex-post controls performed over the period revealed material, systemic or ad hoc issue to be reported at BoD level.	Closed

* Risk Management Process or Procedure are usually requested by the Depositary Bank to the AIFM during its due diligence exercise and/or for the performance of ex-post controls.

Oversight: Timely Settlement

Buy & Hold Luxembourg

Scope: Ensure that in transactions (cash and securities) involving the AIF's assets any consideration is remitted to the AIF within the usual time limits.

- The depositary performs regular due diligence on its service providers and network of delegates (i.e. sub-custodians) and cash correspondents.
- The depositary follows market settlement practices to detect, investigate and follow up on any unmatched trade or settlement anomalies when the remittance of the consideration deriving from a fund asset transaction is delayed or missing. All unmatched and overdue Financial Instrument trades are escalated to the relevant investment manager on at least a daily basis. Regular follow up is performed by the depositary. Escalation to the ManCo/AIFM will take place should a trade remain unsettled where insufficient attention or action to resolve the issue is detected from the investment manager.
- The depositary also tracks cash and securities breaks and, where related to settlement issues (also where not, as these are covered under asset and cash-flow monitoring), will escalate such breaks to the ManCo/AIFM should they exceed set thresholds and resolution timeframe.

Limitation of control: Ex-post controls may be based on and depend on the timely provision of information made available to CSL by the Fund's service providers.

Issues to report	Status
<ul style="list-style-type: none">▪ Results of controls: Neither the regular due diligence on the service providers of the funds in scope of this report nor the ex-post controls performed over the period revealed material, systemic or ad hoc issue to be reported at BoD level.	Closed

Oversight: Income and Dividend Distribution

Buy & Hold Luxembourg

Scope: The depositary shall ensure that Fund income is applied in accordance with the applicable national law, the Fund's rules and/or instruments of incorporation.

- The depositary performs regular due diligence on the Fund Administrator and Transfer Agent ("TA") to ensure the controls and processes in place are appropriate for the calculation and payment of dividends to Fund unitholders/ shareholders ("investors").
- The depositary regularly reviews TA records to ensure the correct number of distributions have been paid out and the correct amounts have been paid to the right investors.
- The depositary performs frequent checks to test the correctness of the distribution calculations and whether the Fund's auditor has expressed any reserves.

Limitation of control: Ex-post controls are based on and depend on the timely provision of information made available to CSL by the fund's service providers (e.g.: if the AIFM did not its internal process on overview of income and dividend distribution).

Issues to report	Status
<ul style="list-style-type: none">▪ Results of controls: Neither the regular due diligence on the service providers of the funds in scope of this report nor the ex-post controls performed over the period revealed material, systemic or ad hoc issue to be reported at BoD level.	Closed

Other Matters to Raise to the Board

Buy & Hold Luxembourg

Scope: Project updates; BCP information, material organizational changes, counterparty issue, concentration risk, ...

Activities: Regular due diligence, observations on the Fund's activities...

Issues to report	Status
<ul style="list-style-type: none">▪ <u>Due Diligence exercise for 2023:</u> The Due Diligence over the Alternative Investment Fund Manager is to be scheduled in the course of the year.	Open

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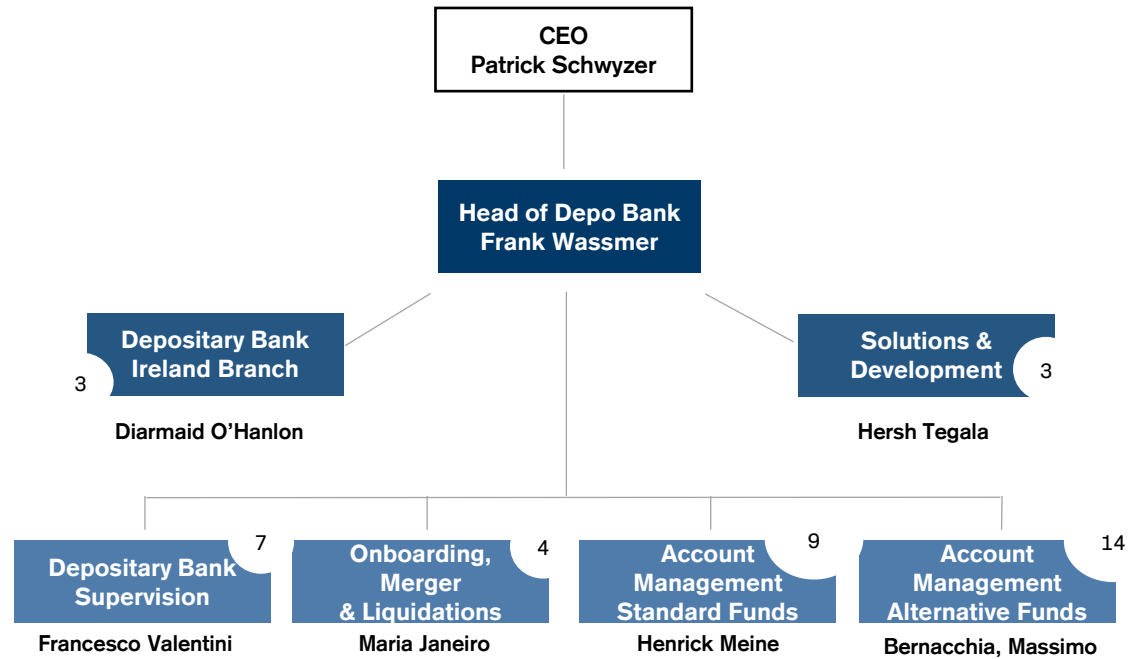
Depositary Bank – Board Report

Appendix

Depository Bank – Board Report

Depository Bank department organization chart

Outsourcing arrangement in place with CS Services AG and CS (Schweiz) AG



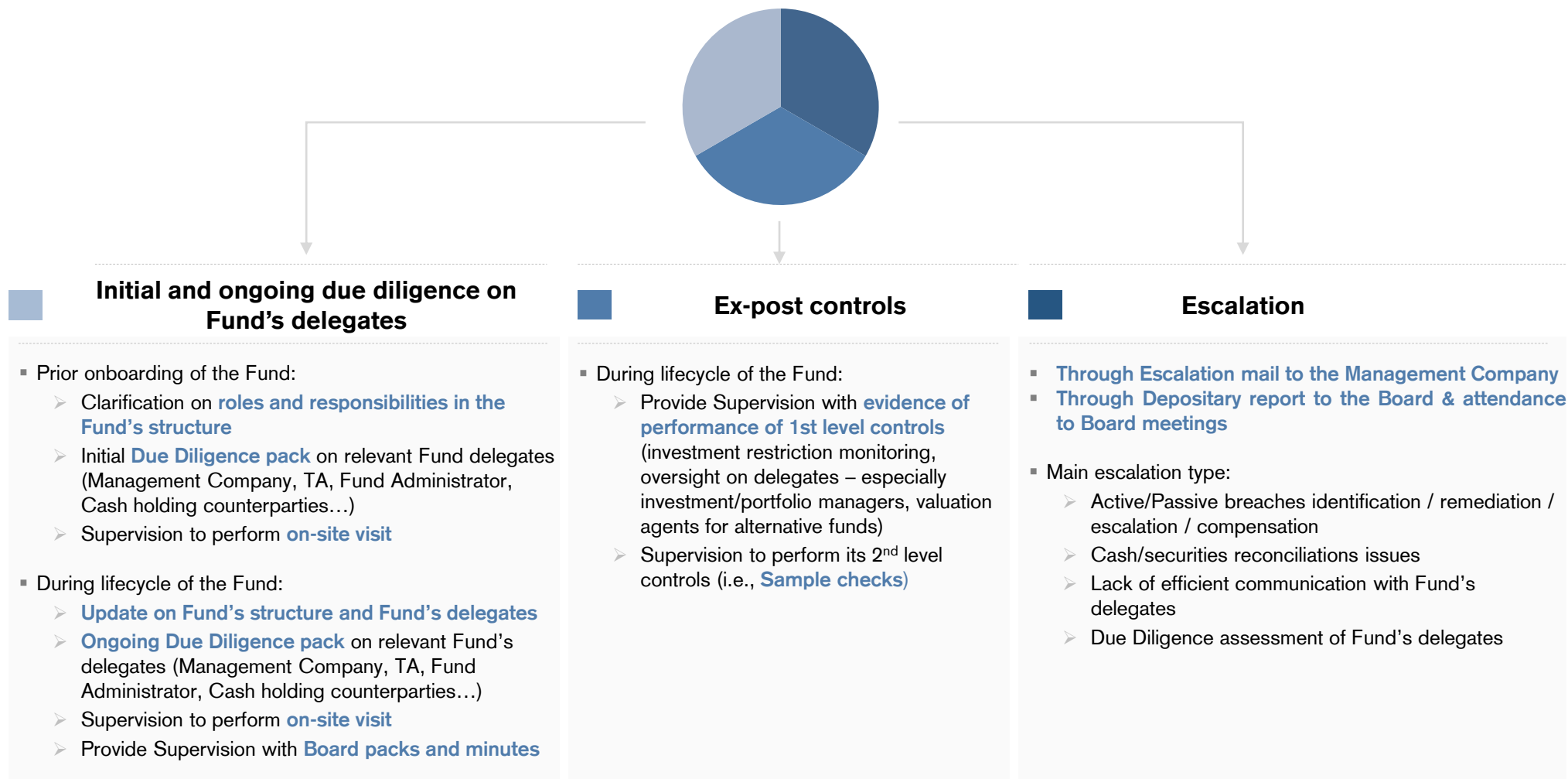
Dedicated support functions:

(X) Number of FTE in the team – incl. Head of

1 st line of defense				2 nd line of defense		3 rd line of defense	
Securities & Reporting	First Line of Defense Support (FLDS)	Projects & Solutions (PJS)	Asset & Transaction Services (ATS) (Street side cash and securities recs., Tax)	Legal	Compliance & Regulatory Affairs	Risk Management	Internal Audit
Daniel Segler	Silvia Ruiz Fernandez	Luc Franzen	Silvain Steciuk	Marion Rinke	Vincent Salzinger	Lucia McMonagle	Thierry Godart

Depository Bank – Board Report

Main interactions between Depository Supervision and clients

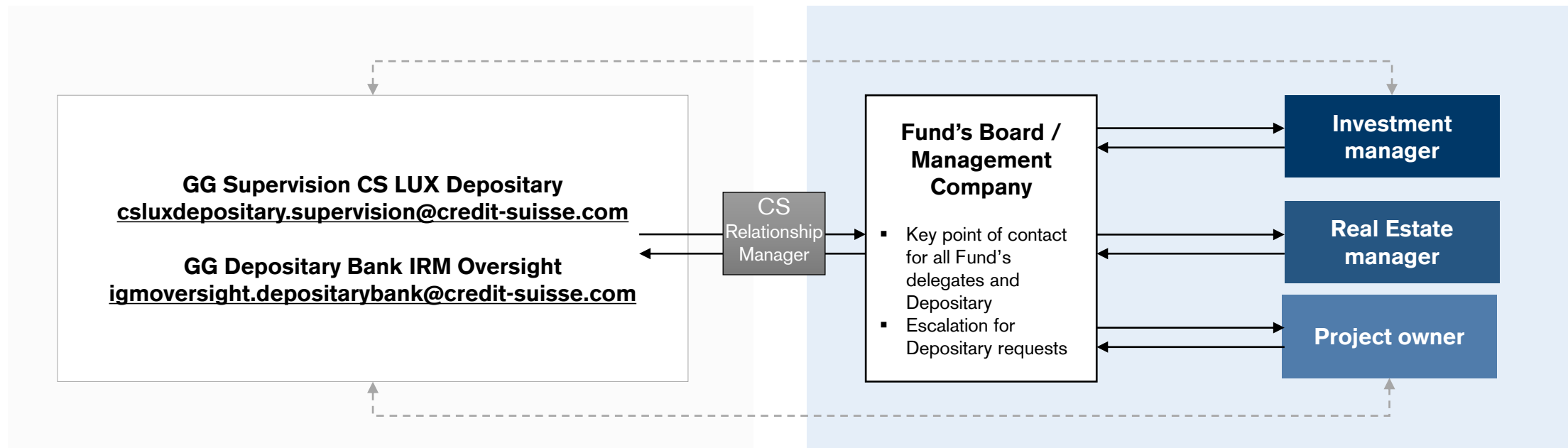


Depository Bank – Board Report

Communication protocol with Depository Supervision

Depository Supervision

Fund's Board / Management Company and Funds' delegates



Main information /
documentation needs

- Initial and ongoing **Due Diligence packs** (csluxdepository.supervision@credit-suisse.com)
- **Update on new Fund/Management Company's delegates** (investment manager, external valuers...) and on new cash holding counterparties (csluxdepository.supervision@credit-suisse.com)
- **Monthly/quarterly investment restriction monitoring**: evidence of 1st level performance (igmoversight.depositorybank@credit-suisse.com)
- **Quarterly Board Packs and Minutes**