

# Trust agreement

including fund-specific annexes

and

# Prospectus

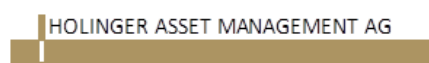
Status: 05.2017

## H.A.M. Global Convertible Bond Fund

UCITS pursuant to Liechtenstein law  
in the legal form of a trust

(hereinafter: the UCITS)

Asset manager:



Distributor:



Management company:



## Synopsis of the organization of the UCITS

<b>Management company:</b>	IFM Independent Fund Management AG Austrasse 9, FL-9490 Vaduz
<b>Board of Directors:</b>	Heimo Quaderer H.R.H Archduke Simeon von Habsburg Hugo Quaderer
<b>Executive Board:</b>	Luis Ott Alexander Wymann Michael Oehry
<b>Asset manager:</b>	Holinger Asset Management AG Gotthardstrasse 21, CH-8002 Zürich
<b>Depository:</b>	Liechtensteinische Landesbank AG Städtle 44, FL-9490 Vaduz
<b>Distributor:</b>	HighValue Partners AG Gagoz 73, FL-9496 Balzers
<b>Auditor:</b>	Ernst & Young AG Schanzenstrasse 4a, CH-3008 Bern

<b>Representative in Switzerland:</b>	1741 Fund Solutions AG Burggraben 16, CH-9000 St. Gallen
<b>Paying agent in Switzerland:</b>	Notenstein La Roche Privatbank AG Bohl 17, CH-9004 St. Gallen
<b>Paying and information agent in Germany:</b>	Hauck & Aufhäuser Privatbankiers KGaA Kaiserstrasse 24, D-60311 Frankfurt am Main
<b>Paying agent and fiscal representative in Austria:</b>	Erste Bank der oesterreichischen Sparkassen AG Am Belvedere 1, A-1100 Vienna
<b>"Facilities Agent" in the United Kingdom:</b>	Société Générale Securities Services Exchange House, 12 Primrose Street, London EC2A 2EG

German is the legally binding language for the trust agreement and the prospectus including fund-specific annexes.

## The UCITS at a glance

<b>Name of the UCITS:</b>	<b>H.A.M. Global Convertible Bond Fund</b>
<b>Legal structure:</b>	UCITS in the legal form of a trust ("unit trust") according to the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA)
<b>Umbrella structure:</b>	No, single fund
<b>Country of incorporation:</b>	Liechtenstein
<b>Date of UCITS incorporation:</b>	14. März 2000
<b>Financial year:</b>	The financial year of the UCITS begins on January 1 and ends on December 31
<b>Accounting currency of the UCITS:</b>	Euro (EUR)
<b>Responsible supervisory authority</b>	Financial Market Authority Liechtenstein (FMA); <a href="http://www.fma-li.li">www.fma-li.li</a>

For information on the UCITS, see Annex A "The UCITS at a glance"

## Notes for investors/sales restrictions

The purchase of units of the UCITS is governed by the prospectus, the trust agreement, and the Key Investor Information Document (the "**KIID**") as well as the last annual report and, if already published, the subsequent semi-annual report. Only the information contained in the prospectus and particularly in the trust agreement including Annex A shall be valid. With the purchase of the units, the investor is considered as having approved this information.

This prospectus constitutes neither an offer nor an invitation to buy units of the UCITS for persons in a jurisdiction where such offers or invitations are unlawful, or in which the person who extends such an offer or invitation is not qualified to do so, or if the offer or invitation is extended to a person for whom the acceptance thereof would be unlawful. Information not contained in this prospectus and trust agreement or in publicly accessible documents shall be deemed unauthorized and unreliable. Potential investors should inform themselves about possible fiscal consequences, legal prerequisites and possible foreign exchange restrictions or control mechanisms that apply in their country of citizenship, residence, or current domicile and that might be relevant as regards buying, holding, exchanging, redeeming, or selling units. Further fiscal considerations are outlined in section 10 "Taxation". Annex B "Specific information for individual countries of distribution" contains information regarding distribution in different countries. The units of the UCITS are not admitted for distribution in all countries. Local regulations shall apply in cases where units are issued, exchanged, and redeemed abroad. In particular, in the United States of America (USA), the units were not registered pursuant to the United States Securities Act of 1933 and can therefore be neither offered nor sold in the USA and neither offered nor sold to US citizens. Among others, the term US citizen includes natural persons who (a) were born in the USA or one of its territories or possessions, (b) are nationalized citizens (or Green Card holders), (c) were born abroad as the child of a US citizen, (d) live predominantly in the USA without being US citizens), (e) are married to a US citizen, or (f) are subject to taxation in the USA. The term US citizen also encompasses: (a) Investment companies and capital companies established under the laws of one of the 50 US states or of the District of Columbia, (b) an investment company or business partnership founded under an "Act of Congress", (c) a pension fund incorporated as a US Trust, (d) an investment company subject to taxation in the USA, or (e) investment companies recognized as such by Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act. In general, units of UCITS must not be offered in jurisdictions where and to persons for whom this is not permissible.

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# PART I: THE PROSPECTUS

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The issue and redemption of units of the UCITS is governed by the then valid trust agreement and Annex A "The UCITS at a glance". The trust agreement is supplemented with the last respective annual report. If more than eight months have elapsed since the closing date of the annual report, the semi-annual report shall be offered to the buyer. Prior to the purchase of units, the Key Investor Information Document (KIID) shall be made available free of charge to the investor.

The issuance of information or statements that deviate from the prospectus, the trust agreement, Annex A "The UCITS at a glance" or the Key Investor Information Document is prohibited. The management company shall incur no liability if and to the extent that information or statements are issued that deviate from the current prospectus or the Key Investor Information Document.

The prospectus and trust agreement including Annex A "The UCITS at a glance" are embodied in this document. The trust agreement including Annex A "The UCITS at a glance" is an essential fund incorporation document. Only the trust agreement including Annex A "The UCITS at a glance" are subject to the material legal review by the Liechtenstein Financial Market Authority.

## 1 Sales documentation

The prospectus, the Key Investor Information Document (KIID), the trust agreement and Annex A "The UCITS at a glance" as well as the latest annual and semi-annual reports if already published, are available free of charge on a durable data medium from the management company, the depositary, the paying agents, and all domestic and foreign distributors as well as on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

If so requested by the investor, the above documents can also be provided on paper free of charge. Further information about the UCITS is available on the Internet at [www.ifm.li](http://www.ifm.li) and from IFM Independent Fund Management AG, Austrasse 9, FL-9490 Vaduz, during business hours.

## 2 The trust agreement

The trust agreement is composed of a general part and of Annex A "The UCITS at a glance". The trust agreement and Annex A "The UCITS at a glance" are contained in this prospectus in their entirety. The trust agreement and Annex A "The UCITS at a glance" can be fully or partially amended or supplemented by the management company at any time. Changes to the trust agreement and Annex A "The UCITS at a glance" require the prior approval of the FMA.

Every change to the trust agreement and Annex A "The UCITS at a glance" shall be published in the official gazette of the UCITS and is then legally binding on all investors. The official gazette of the UCITS is the website of the LAFV Liechtenstein Investment Fund Association [www.lafv.li](http://www.lafv.li).

### 3 General information on the UCITS

The **H.A.M. Global Convertible Bond Fund** (hereinafter: UCITS) was approved by the FMA on March 14, 2000, and entered into the Liechtenstein commercial register on March 21, 2000.

The fund was created according to Art. 3 §. 2 of the Liechtenstein Investment Undertakings Act of May 3, 1996 ("Law of May 3, 1996") as a legally dependent, open-ended investment fund with the legal status of a collective trust.

The FMA approved the trust agreement and Annex A "The UCITS at a glance", adjusted for compliance with the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (hereinafter: UCITSA) on June 13, 2012. The trust agreement and Annex A "The UCITS at a glance" were first ratified on June 30, 2012.

This trust agreement and Annex A "The UCITS at a glance" were last amended with the approval of the FMA dated May 5, 2017. The amendments were published in the official gazette of the UCITS on May 10, 2017, and entered into force on May 11, 2017. The current applicable edition is available on the web site of the LAFV Liechtenstein Investment Fund Association under [www.lafv.li](http://www.lafv.li) and can also be obtained free of charge from the management company and the depositary.

The UCITS is a legally dependent undertaking for collective investment in transferable securities of the open-ended type and is subject to the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (hereinafter: UCITSA).

The UCITS has the legal form of a unit trust. A unit trust is the adoption of an identical trust agreement by an indefinite number of investors for the purpose of investing and managing assets for the account of the investors, whereby the individual investors participate in the trust pro rata and are personally liable only for the amount invested.

The UCITS does not have an umbrella structure and is thus a single fund.

The management of the UCITS consists mainly in investing the monies tendered by the public for the joint account of the investors according to the principle of risk diversification in securities and/or other liquid instruments pursuant to Art. 51 UCITSA. The UCITS shall form a separate fund for the benefit of its investors. In the event of dissolution and bankruptcy of the management company, the separate fund shall not belong to the management company's seizable assets.

The instruments in which the management company is allowed to invest its assets and the provisions it must observe in its activities are governed by the UCITSA, the trust agreement, and Annex A "The UCITS at a glance", which regulate the legal relationship between the owners of the units (hereinafter: investors), the management company, and the depositary. Unless otherwise set forth in the UCITSA, the legal relationship between the investors and the management company is governed by the trust agreement and, if a matter is not regulated there, by the provisions related to trusts in the Persons and Companies Act (PGR). The trust agreement is composed of a general part (the trust agreement) and of Annex A "The UCITS at a glance". The trust agreement and Annex A "The UCITS at a glance" and each of its amendments requires the approval of the Financial Market Authority Liechtenstein (FMA) to become valid.

The investors are beneficiaries of the UCITS's assets on a pro rata basis in accordance with the number of units they own.



The units are not securitized and exist only in the company's books, i.e. no certificates are issued. Assemblies or meetings of investors are not mandated. By subscribing or purchasing units, the investor agrees with the terms of the trust agreement and Annex A "The UCITS at a glance". Investors, heirs, or other beneficiaries cannot demand a split or dissolution of the UCITS. Details on the UCITS are described in Annex A "The UCITS at a glance".

Basically, all units of the UCITS embody the same rights unless the management company resolves to issue different unit classes within a UCITS in accordance with Art. 23 of the trust agreement.

In its third-party relationships, the UCITS is liable with its assets only to the extent that it entered into obligations.

### **3.1 Duration of the UCITS**

The duration of the UCITS is indicated in Annex A "The UCITS at a glance".

### **3.2 Unit classes**

The management company may resolve to create several unit classes within the UCITS.

Pursuant to Art. 23 of the trust agreement of the UCITS, it is possible in the future to create unit classes that differ from existing unit classes with respect to the use of proceeds, the issue commission, the reference currency and the deployment of currency hedging instruments, the management fee, the minimum amount to be invested, or a combination of these items. The rights of investors who purchased units assigned to existing unit classes are not affected by the creation of new unit classes.

The unit classes offered by the UCITS as well as the charges and reimbursements incurred in conjunction with the units of the UCITS are indicated in Annex A "The UCITS at a glance." Further information on the unit classes is provided in section 8.2.

### **3.3 Past performance of the UCITS**

The past performance of the UCITS is indicated on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li) or in the KIID. The past performance of a unit is no guarantee for its current and future performance. The value of a unit may rise or fall at any time.

## **4 Organization**

### **4.1 Domicile country / Responsible supervisory authority**

Liechtenstein / Financial Market Authority Liechtenstein (FMA); [www.fma-li.li](http://www.fma-li.li).

### **4.2 Legal relationships**

The legal relationship between the investors and the management company is governed by the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and the Ordinance dated July 5, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSO) and, if a matter is not regulated there, by the provisions related to trusts in the Persons and Companies Act (PGR).

## 4.3 Management company

IFM Independent Fund Management Aktiengesellschaft (hereinafter: management company), Austrasse 9, FL-9490 Vaduz, Commercial Registry Number FL-0001-532-594-8.

IFM Independent Fund Management AG was incorporated on October 29, 1996, for an unlimited period, in the form of a joint-stock corporation domiciled and headquartered in Vaduz, Principality of Liechtenstein. The Government issued the operating license to the management company on November 26, 1996. According to section III of the Act dated June 28, 2011, on Undertakings for Collective Investments, the management company is recognized by the Liechtenstein supervisory authorities and entered in the official list of Liechtenstein management companies.

The share capital of the management company amounts to CHF 1 million and is fully paid up.

The management company manages the UCITS for the account and in the exclusive interest of the investors according to the principle of risk diversification and pursuant to the provisions of the trust agreement and Annex A "The UCITS at a glance".

The management company is endowed with extensive rights to perform all administrative and management acts on its behalf for the account of the investors. In particular, it is authorized to purchase, sell, subscribe, and exchange securities and other assets and to exercise all rights that are directly or indirectly associated with the assets of the UCITS.

An overview of all UCITS managed by the management company is provided on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

### 4.3.1 Board of Directors

Chairman:	Heimo Quaderer, Managing Partner of Principal Vermögensverwaltung AG, Vaduz
Members:	H.R.M. Simeon von Habsburg, Archduke of Austria, Managing Partner of Principal Vermögensverwaltung AG, Vaduz
	Hugo Quaderer, independent board member of IFM Independent Fund Management AG, Schaan

### 4.3.2 Executive Board

President:	Luis Ott, Managing Director
Members:	Alexander Wymann, Deputy Managing Director
	Michael Oehry

## 4.4 Asset manager

The asset manager of the UCITS is Holinger Asset Management AG, Gotthardstrasse 21, CH-8002 Zürich.

Holinger Asset Management AG is an independent, highly specialized asset manager focused on investments in convertible bonds and is prudentially supervised by the Swiss Financial Market Authority FINMA.

The responsibility of the asset manager is mainly to implement the proprietary investment policy on a daily basis and manage the everyday business of the UCITS as well as to render other associated services under the supervision, control, and responsibility of the management company. The fulfillment of these duties takes into account the principles of the investment policy and the investment restrictions of the UCITS as described in this prospectus and the applicable legal investment restrictions.

The implementation of the operations is governed by an asset management contract concluded between the management company and Holinger Asset Management AG.

#### **4.5 Distributor**

The distributor appointed for the UCITS is HighValue Partners AG, Gagoz 73, FL-9496 Balzers.

The implementation of the mandate is governed by a distribution contract concluded between the management company and HighValue Partners AG.

#### **4.6 Depositary**

Liechtensteinische Landesbank AG, Städtle 44, FL-9490 Vaduz, is the depositary for the UCITS.

Liechtensteinische Landesbank Aktiengesellschaft was established in 1861. The bank's principal activities are investment consulting, asset management, and lending. Further information on the depositary (annual reports, brochures, etc.) is available directly at its domicile or on its website [www.llb.li](http://www.llb.li).

The depositary holds custodial financial instruments in safekeeping for the account of the UCITS. It can entrust the assets fully or partially to other banks, financial institutions, and recognized clearinghouses that fulfill the legal requirements.

The function of the depositary and its liability are governed by the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and the respective ordinance in the then applicable versions, the depositary contract, and the constitutive documents of the UCITS. It operates independently of the management company and exclusively in the interest of the investors.

The UCITSA mandates a separation of the management and depositary functions of a UCITS. The depositary holds custodial financial instruments in safekeeping on separate accounts opened in the name of the UCITS or of the management company that acts in the name of the UCITS, and it assures that the instructions of the management company regarding the assets comply with the provisions of the UCITSA and the constitutive documents. For this purpose, the depositary monitors compliance in particular with investment restrictions and debt limits by the UCITS.

Furthermore, on behalf of the management company, the depositary administers the units register of the UCITS or of the fund compartments.

The duties of the depositary are governed by Art. 33 UCITSA. The depositary assures that

- ◆ the sale, issue, redemption, repayment, and annulment of units of the UCITS are handled according to the provisions of the UCITSA and the constitutive documents;
- ◆ the valuation of the units of the UCITS is handled according to the provisions of the UCITSA and the constitutive documents;
- ◆ amounts due when assets of the UCITS are transacted are credited to the UCITS within customary time frames;
- ◆ the earnings of the UCITS are used according to the provisions of the UCITSA and of the constitutive documents;
- ◆ cash flows of the UCITS are duly monitored and that, in particular, all payments due from investors or on their behalf in conjunction with the subscription of units of a UCITS are received and that all monies of the UCITS are booked in accordance with the provisions of the UCITSA and of the constitutive documents.

### Subdepositories

The depositary is entitled to subcontract depositary functions to other companies (subdepositories).

The safekeeping of assets held for the account of the UCITS can be handled by the subdepositories mentioned on the website of Liechtensteinische Landesbank AG at [www.llb.li](http://www.llb.li).

Subcontracting does not entail any conflicts of interest.

### Liability of the depositary

Basically, the depositary is responsible for all assets held by it or, with its consent, by another entity. In the event of a loss of assets, the depositary is accountable to the UCITS and its investors except if the loss is due to circumstances beyond the control of the depositary. For damages that do not involve the loss of assets, a liability of the depositary basically exists only if it at least negligently failed to comply with its responsibilities pursuant to the provisions of the UCITSA.

### Information on the depositary

The investors of the UCITS may at all times and free of charge personally request information from the depositary concerning the latest status of the duties and obligations of the depositary, the subdepositories, possible conflicts of interest in conjunction with the activities of the depositary and the subdepositories as well as information about the UCITS at the above mentioned contact point.

The depositary is subject to the provisions of the Liechtenstein FATCA Agreement as well as to the respective executive provisions of the Liechtenstein FATCA Law.

## 4.7 Auditors of the UCITS and of the management company

Ernst & Young AG, Schanzenstrasse 4a, CH-3008 Bern

The UCITS and the management company shall have their activities audited on an annual basis by an auditor which is FMA-accredited pursuant to the UCITSA and with whom they have no affiliations.

## 5 General investment principles and restrictions

The assets of the UCITS shall be invested under consideration of the principle of risk diversification pursuant to the provisions of the UCITSA and pursuant to Art. 28 of the trust agreement as well as the investment policy principles described in Annex A "The UCITS at a glance" within the scope of the investment restrictions.

## 5.1 Investment policy objectives

The objective of the investment policy of the UCITS is described in Annex A "The UCITS at a glance".

## 5.2 Investment policy of the UCITS

The fund-specific investment policy of the UCITS is described in Annex A "The UCITS at a glance".

The general investment principles and investment restrictions set forth in Arts. 27 and 28 of the trust agreement apply to the UCITS to the extent that no deviations or amendments are imposed on the UCITS in Annex A "The UCITS at a glance".

## 5.3 Accounting/reference currency of the UCITS

The accounting currency of the UCITS as well as the reference currency of the respective unit classes are stated in Annex A "The UCITS at a glance".

The accounting currency is the currency in which the UCITS keeps its books. The reference currency is the currency used to calculate the performance and the net asset value of the respective unit class of the UCITS. Investments are made in the currencies optimally suited to the performance of the UCITS.

## 5.4 Profile of a typical investor

The profile of a typical investor of the UCITS is described in Annex A "The UCITS at a glance".

# 6 Investment regulations

## 6.1 Permitted investments

For the account of its investors, the UCITS is allowed to invest its assets only in one or several of the following types of instruments:

### 6.1.1 Securities and money market instruments:

- a) that are listed or traded on a regulated market as referred to in Art. 4, para. 1 (21) of Directive 2014/65/EU;
- b) that are traded at another regulated market of an EEA member country which is recognized, accessible to the public, and operates regularly;
- c) that are officially listed on a stock exchange in a third country or are traded on another market in a European, American, Asian, African or Pacific Rim country which is recognized, accessible to the public, and operates regularly.

### 6.1.2 Securities from new issues, provided:

- a) the issue terms include the obligation to have applied for authorization for official listing and trading on one of the securities markets mentioned in section 6.1.1 a) to c) or another regulated market mentioned there, and
- b) this authorization is granted no later than one year after the issue date.

- 6.1.3** Units of a UCITS and of other undertakings for collective investment pursuant to Art. 3 Para. 1 Section 17 UCITSA that are comparable with a UCITS, provided they are bound by their constitutive documents to invest no more than 10% of their assets in units of another UCITS or comparable undertaking for collective investment;
- 6.1.4** Sight deposits or callable deposits with a maximum duration of twelve months held with credit institutions domiciled in an EEA member country or in another country in which supervisory legislation is equivalent to EEA law;
- 6.1.5** Derivatives whose underlying assets are subjects of investment as set forth in Art. 51 UCITSA, or financial indices, interest rates, foreign exchange rates, or currencies. In the event of transactions with OTC derivatives, the counterparties must be institutions of a type approved by the FMA, and the OTC derivatives shall be subject to reliable and verifiable valuation on a daily basis, and it must be possible to sell, liquidate, or close them by an offsetting transaction at any time at a fair value at the initiative of the UCITS;
- 6.1.6** Money market instruments not traded on a regulated market, provided the issue or the issuer of these instruments is obliged to abide by regulations regarding deposit or investor protection, subject to the following:
  - a) the issue has been made or guaranteed by a central, regional or local entity or the central bank of an EEC member state, the European Central Bank, the European Union, the European Investment Bank, a third-party state, or, if this is a federal state, a member state of the federation, or an international public-sector institution with which at least one EEC member state is affiliated;
  - b) the issue has been made by a company whose securities are traded on the regulated markets listed in lit. a;
  - c) the issue has been made by an institute subject to supervision aligned with criteria as stipulated by EEA law or made or guaranteed by an institute that is subject to supervision equivalent to EEA law and obliged to comply with such law; or
  - d) the issue has been made by an issuer belonging to an FMA-approved category provided that investor protection regulations equivalent to those described in lits. a to c apply to investments in these instruments, and provided that the issuer is a company whose equity capital amounts to at least 10 million euros and which presents and publishes its annual accounts in accordance with the rules of Directive 78/660/EEA, implemented in Liechtenstein by the PGR, or which is a group-affiliated entity that is responsible for the financing of a group of companies with at least one listed company or is an entity required to securitize liabilities by utilizing a line of credit granted by a bank.
- 6.1.7** The management company is also allowed to hold cash and cash equivalents.

## **6.2 Non-permitted investments**

The management company may neither:

- 6.2.1** invest more than 10% of the assets of the UCITS in securities and money market instruments other than those mentioned in section 6.1;
- 6.2.2** nor purchase precious metals or precious metal certificates;
- 6.2.3** nor transact uncovered short sales.

## 6.3 Investment limits

### A. The UCITS must observe the following investment limits:

- 6.3.1** The UCITS must not invest more than 5% of its assets in securities or money market instruments of the same issuer and not more than 20% of its assets in deposits of the same issuer.
- 6.3.2** The default risk in transactions of the UCITS with OTC derivatives with a credit institution as the counterparty domiciled in an EEA member country or a third country whose supervisory legislation is comparable with EEA law must not exceed 10% of the assets of the UCITS; for other counterparties, the maximum default risk is 5% of its assets.
- 6.3.3** Provided the total value of securities and money market instruments of the issuers with whom the UCITS invests more than 5% of its assets does not exceed 40% of its assets, the issuer limit mentioned in section 6.3.1 shall be raised from 5% to 10%. The 40% limitation does not apply to deposits or transactions involving OTC derivatives with supervised financial institutions. If the issuer limit is raised, the securities and money market instruments pursuant to section 6.3.5 and the debt securities pursuant to section 6.3.6 shall not be considered.
- 6.3.4** Regardless of the upper individual limits pursuant to sections 6.3.1 and 6.3.2, a UCITS shall not enter into the following combinations if this would lead to an investment of more than 20% of its asset in one and the same body:
- a) securities or money market instruments issued by that body;
  - b) deposits with that body;
  - c) OTC derivatives purchased from that body;
- 6.3.5** If the securities or money market instruments are issued or guaranteed by an EEA member state, by such a state's local authorities, by a third country, or by an international public body to which at least one EEA member state belongs, the 5% limit stipulated in section 6.3.1 can be raised to a maximum of 35%.
- 6.3.6** The 5% limit set forth in section 6.3.1 shall be raised to a maximum of 25% where debt securities are issued by a credit institution domiciled in an EEA member state and is subject by law to special public supervision designed to protect the owners of such securities, and in particular must invest sums deriving from the issue of those debt securities in assets which, during their whole period of validity, are capable of covering claims attaching to the bonds and which, in the event of a default of the issuer, would be used on a priority basis for the repayment of the principal and of the accrued interest. In this case, the total value of the investments shall not exceed 80% of the assets of the UCITS.
- 6.3.7** The limits set forth in sections 6.3.1 to 6.3.6 shall not be cumulated. The maximum issuer limit is 35% of the assets of the UCITS.
- 6.3.8** When calculating the investment limits as provided for in section 6.3, companies belonging to the same group shall be deemed a single issuer. For investments in securities and money market instruments of the same group of companies, the combined issuer limit shall be increased to 20% of the assets of the UCITS.
- 6.3.9** The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a UCITS.



- 6.3.10** If the investments pursuant to section 6.3.9 constitute a major portion of the assets of the UCITS, the fund-specific annex must state the maximum amount and the annual report must state the maximum share of the management fees to be borne by the UCITS itself and by the undertakings for collective investment according to section 6.3.9 whose units were purchased.
- 6.3.11** If units are managed directly or indirectly by the management company or by any other company with which the management company is affiliated by common management, control, or qualified participation, neither the management company nor the other company may charge fees for the subscription or redemption of units of the UCITS.
- 6.3.12** A management company shall not acquire for any of the UCITS managed by it any shares carrying voting rights which would enable it to exercise significant influence over the management of the issuer. A significant influence is deemed associated with more than 10% of the voting rights of the issuer. If a lower limit applies in another EEA member state for the acquisition of voting shares of the same issuer, that limit shall also be binding on the management company if it acquires for a UCITS any shares of an issuer domiciled in that EEA member state.
- 6.3.13** The maximum exposure of the UCITS in financial instruments of the same issuer is:
- a) 10% of the share capital of the issuer to the extent that non-voting shares are involved;
  - b) 10% of the total par value of the outstanding debt securities or money market instruments of the issuer to the extent that debt securities or money market instruments are involved. This limit need not be observed if the total par value cannot be determined at the time of purchase;
  - c) 25% of the units of the same undertaking to the extent that units of another UCITS or of an undertaking for collective investment comparable with a UCITS are involved. This limit need not be observed if the net amount cannot be determined at the time of purchase.
- 6.3.14** Sections 6.3.12 and 6.3.13 do not apply:
- a) to securities and money market instruments issued or guaranteed by a government issuer;
  - b) to shares held by a UCITS in the capital of a company in a third country, that invests its assets mainly in the securities of issuers domiciled in that country, where under the legislation of that country such interest positions represent the only way in which the UCITS can lawfully invest in the securities of issuers of that country. In this context, the provisions of the UCITSA must be observed;
  - c) to shares held by management companies in the capital of their subsidiaries which in the country of domicile are devoted exclusively to organizing on behalf of the management company the repurchase of shares at the request of investors.

In addition to the limitations set forth in sections 6.3.1 to 6.3.14, further restrictions in Annex A "The UCITS at a glance" shall be respected, if any.



## **B. Deviations from the investment limits are allowed in the following cases:**

- 6.3.15** The UCITS does not need to comply with the investment limits when exercising the subscription rights derived from securities or money market instruments that belong to its assets.
- 6.3.16** If the above-mentioned limits are exceeded, the UCITS shall adopt as a priority objective for its sales transactions to normalize that situation in the interest of its investors.
- 6.3.17** Within the first six months after it is authorized, the UCITS must not comply with the investment limits. The principle of risk diversification continues to apply.

## **C. Active investment limit violations:**

- 6.3.18** Losses or damages incurred due to an active violation of investment limits/regulations must be reimbursed to the UCITS immediately as mandated by the then valid codes of conduct.

## **6.4 Borrowing limits and prohibition of granting loans and guarantees**

- 6.4.1** The assets of the UCITS must not be pledged or otherwise encumbered, transferred or ceded as collateral except in cases involving borrowing pursuant to section 6.4.2 or collateralization within the scope of transactions involving financial instruments.
- 6.4.2** Borrowing by the UCITS is limited to temporary loans which do not exceed 10% of its assets; the limit does not apply to the purchase of foreign currencies via back-to-back loans.
- 6.4.3** A UCITS may neither grant loans nor act as a guarantor for third parties. Agreements violating this prohibition shall be binding neither for the UCITS nor for the investors.
- 6.4.4** Section 6.4.3 does not prohibit the purchase of financial instruments that have not yet been fully paid up.

## **6.5 Deployment of derivatives, techniques, and instruments**

The total risk associated with derivatives shall not exceed the total net asset value of the UCITS. As part of its investment policy and within the limits specified in Art. 53 UCITSA, the UCITS may invest in derivatives provided the aggregate risk of the underlying assets does not exceed the investment limits set forth in Art. 54 UCITSA. The risk is calculated taking into account the market value of the underlying assets, the counterparty risk, future market fluctuations, and the time available to liquidate the positions.

Unless prevented by the protection of investors and the public interest, investments of the UCITS in index-based derivatives shall not be taken into account with regard to the upper limits defined in Art. 54 UCITSA.

If a derivative is embedded in a security or a money market instrument, it must be considered with respect to compliance with the provisions of Art. 54 UCITSA.

With the approval of the FMA, the UCITS may, for efficient portfolio management purposes and in compliance with the provisions of the UCITSA, deploy techniques and instruments involving securities and money market instruments.

#### **6.5.1 Risk management procedure**

The management company uses a basic model to calculate the risks associated with the investment instruments, especially with respect to derivative financial instruments, and uses for this purpose generally established calculation methods. It is obliged to ensure that the risk from derivative financial instruments at no time exceeds the total value of the portfolio, and that in particular no positions are acquired that constitute an unlimited risk to the assets. When calculating the total risk, it is mandatory to take into consideration both its default risk and the leverage associated with derivative financial instruments. Combinations of derivative financial instruments and securities must also comply with these regulations at any point in time.

On behalf of the UCITS, the management company is entitled, in particular, to deploy the following derivatives techniques, and instruments:

#### **6.5.2 Derivative financial instruments**

On behalf of the UCITS, the management company may transact with derivatives for hedging purposes, for efficient portfolio control, for generating additional income, and as part of its investment strategy. This may at least temporarily increase the loss risk of the UCITS.

The risk associated with derivative financial instruments must not exceed 100% of the fund's net assets. Hereby, the total risk must not exceed 200% of the fund's net assets. In a lending transaction that is permissible pursuant to the UCITSA (section 6.4.2), the total risk shall not exceed 210% of the fund's net assets.

The management company utilizes the Modified Commitment approach as its risk management procedure.

The management company is entitled to deploy only the following basic forms of derivatives or combinations of such derivatives or combinations of other subjects of investment that the UCITS is allowed to purchase:

**6.5.2.1** Forward contracts on securities, money market instruments, financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies;

**6.5.2.2** Options or warrants on securities, money market instruments, financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies and on forward contracts according to section 6.5.2.1, if

- ◆ the respective rights can be exercised for the entire duration or at the end of the duration and
- ◆ the option value is a fraction or a multiple of the difference between the base price and the market price of the underlying instrument and becomes zero if the difference has the other sign;

**6.5.2.3** Interest swaps, currency swaps, or interest/currency swaps;

**6.5.2.4** Options on swaps pursuant to section 6.5.2.3, provided they have the characteristics described in section 6.5.2.2 (swaptions);

**6.5.2.5** Credit default swaps, provided they are exclusively and demonstrably utilized to hedge the credit risk of precisely defined assets of the UCITS.

The above-mentioned financial instruments can be independent subjects of investment or components of subjects of investments.

**Forward contracts**

The management company is entitled, for the account of the UCITS within the scope of the investment principles, to acquire forward contracts on UCITS-approved securities and money market instruments as well as on financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies. Forward contracts are agreements that bind both parties to purchase or sell a certain number of a certain underlying asset at a price determined on advance at a specific point in time, on the maturity date, or within a certain time period.

**Options transactions**

The management company is entitled, for the account of the UCITS within the scope of the investment principles, to purchase and sell call options and put options on securities and money market instruments as well as on financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies, and to trade in warrants. In options transactions, a third party is granted the right, against payment of an option premium, to deliver or receive subjects of investment during a certain period of time or at the end of a certain period of time at a price determined in advance (strike price) or to demand the payment of a difference or to acquire specific option rights. The options or warrants must be exercisable for the entire duration of the instruments or on the maturity date. Additionally, the option value must be a fraction or a multiple of the difference between the base price and the market price of the underlying instrument and becomes zero if the difference has the other sign.

**Swaps**

The management company is entitled, for the account of the UCITS within the scope of the investment principles, to transact interest swaps, currency swaps, and interest/currency swaps. Swaps are agreements in which the underlying cash flow streams or risks of a transaction are exchanged between the counterparties.

**Swaptions**

Swaptions are options on swaps. Only those swaptions may be acquired for the account of the UCITS which are composed of the above-mentioned options and swaps. A swaption is the right, but not the obligation, to enter into an underlying swap at a specific point in time or during a specific period of time with accurately defined terms and conditions.. In all other respects, the principles described in conjunction with options transactions shall apply.

**Credit default swaps**

Credit default swaps are credit derivatives that make it possible to transfer a potential credit default volume to others. In return for the assumption of the credit default risk, the seller of the risk pays the counterparty a premium. On behalf of the UCITS, the management company may acquire only simple, standardized credit default swaps used to hedge individual credit risks to which the UCITS is exposed. In all other respects, the considerations regarding swaps shall apply.

### Securitized financial instruments

The management company may also acquire the above-mentioned financial instruments if they are securitized. Thereby, the transactions involving financial instruments can also be only partially securitized (e.g. warrants). Statements regarding the opportunities and risks apply accordingly to securitized financial instruments with the understanding that the loss risk of securitized financial instruments is limited to the value of the security.

### OTC derivatives

The management company may engage in transactions with derivatives approved for trading on a stock exchange or another organized market as well as in so-called over-the-counter (OTC) transactions. The management company may only engage in transactions with derivatives not traded on a stock exchange or on another organized market if such business is conducted with suitable credit or financial services institutions on the basis of standardized master agreements. The counterparty risk involved in trading OTC derivatives shall be limited to 5% of the assets of the UCITS. If the contractual party is a credit institute domiciled in the European Union, the European Economic Area or a third country with a comparable level of supervision, the counterparty risk may be increased to a maximum of 10% of the assets of the UCITS. Transactions with OTC derivatives concluded with a central clearinghouse of a stock exchange or another organized market as the contractual party do not count against the counterparty risk if the derivatives are subject to daily market pricing with daily margining.

However, the limits are to be adjusted by the receivables that the UCITS can claim from a broker, also if the derivative is traded on a stock exchange or another organized market.

#### 6.5.3 Securities lending

The management company is entitled to lend portions of the securities held by the UCITS to third parties ("**Securities Lending**"). In general, securities lending transactions shall be handled only via recognized clearing organizations such as Clearstream International or Euroclear, as well as via prime banks, brokerage firms, financial service providers or insurance companies specialized in securities lending, and within the specific baseline conditions. Basically, in securities lending transactions, the management company or the depositary of the UCITS must receive sureties whose value corresponds at least to the total valuation of the securities lent and accrued interest, if any. These sureties must be extended in a permissible form of financial collateral. Such sureties are not mandatory if the securities lending transaction is handled via Clearstream International or Euroclear or another comparable organization which can assure the management company that the value of the lent securities will be paid.

Loaned securities continue to be subject to compliance with investment regulations.

#### 6.5.4 Annuities transactions

The management company does not carry out annuities transactions.

#### 6.5.5 Collateral policy and investment of collateral

##### General

In conjunction with transactions in OTC financial derivatives and efficient portfolio management techniques, the management company can accept collateral in the name and for the account of the UCITS to reduce its counterparty risk. Collateral received shall be held in safekeeping for the UCITS by the depositary or its agent. This section explains the collateral policy

applied by the management company in such cases. Within the meaning of this section, all assets received by the management company in the name and for the account of the UCITS (securities lending, asset-based annuities transactions, reverse annuity transactions) within the scope of efficient portfolio management techniques shall be treated as collateral.

#### **Permissible collateral**

The management company can use the collateral it receives to reduce the counterparty risk provided it abides by the criteria set forth in the applicable laws, regulations, and FMA-issued guidelines, particularly with respect to liquidity, valuation, issuer credit rating, correlation, risks in conjunction with the administration of collateral and realizability. Mainly, collateral should fulfill the following conditions:

All non-cash forms of collateral should be of good quality and high liquidity and be traded on a regulated market or a multilateral trading system with transparent pricing so that they can quickly be sold at a price that roughly corresponds with the valuation prior to a sale.

They should be valued at least daily, and assets subject to high price volatility should be accepted as collateral only if an adequately conservative discount (haircut) is applied.

They should be issued by an entity that is not affiliated with the counterparty and is therefore not likely to exhibit any strong correlation with the performance of the counterparty.

They should be sufficiently diversified across countries, markets, and issuers and correspond to a maximum aggregate commitment of 20% of the net asset value (NAV) of the UCITS in any single issuer under consideration of all collateral received. If it complies with the rules in 6.3.5 – 6.3.7 above, the UCITS may deviate from that benchmark.

At all times, they should be realizable by the management company without recourse to or approval by the counterparty.

#### **Worth of collateral**

The management company shall determine the required worth of the collateral for transactions with OTC derivatives and for efficient portfolio management techniques under consideration of the limits set forth in the prospectus for counterparty risks and under consideration of the nature and features of the transactions, creditworthiness, identity of the counterparties, and prevailing market conditions.

#### **Rules for haircuts**

Collateral shall be valued on a daily basis based on available market prices and under consideration of adequately conservative discounts (haircuts) that the management company will determine for each investment class based on its rules for haircuts. Depending on the type of collateral received, these rules take into account various factors, such as the issuer's creditworthiness, the duration, the currency, the price volatility of the assets, and, if applicable, the results of liquidity stress tests that the management company performs under normal and extraordinary liquidity conditions. The table below lists the haircuts that the management company deems adequate on the issue date of this prospectus. The values are subject to change.

<b>Collateral instrument</b>	<b>Valuation rate (%)</b>
Account balance (in the reference currency of the UCITS)	95
Account balance (not in the reference currency of the UCITS)	85
Government bonds [debt securities issued or expressly guaranteed by the following countries (without implicitly guaranteed liabilities, for example): Austria, Belgium, Denmark, France, Germany, the Netherlands, Sweden, the United Kingdom, and the USA to the extent that these countries have a minimum rating of AA-/Aa3 and such debt securities can be valued at market prices daily (mark to market)]	
Duration ≤ 1 year	90
Duration > 1 year and residual duration ≤ 5 years	85
Duration > 5 years and residual duration ≤ 10 years	80
Corporates (debt securities issued or expressly guaranteed by a company (except financial institutes) and (i) rated at least AA-/Aa3, (ii) with a residual duration of no more than 10 years and (iii) denominated in an OECD currency)	
Duration ≤ 1 year	90
Duration > 1 year and residual duration ≤ 5 years	85
Duration > 5 years and residual duration ≤ 10 years	80

### **Investment of collateral**

If the management company accepts collateral other than cash, it is not allowed to sell, invest, or encumber the collateral.

If the management company accepts collateral in cash, it can:

- ◆ be invested as deposits with credit institutes headquartered in a member state or, if headquartered in a third country, are subject to conservative supervisory rules that are deemed by the FMA as being equivalent to the supervisory rules of member states;
- ◆ be invested in top-quality government bonds;
- ◆ be used for reverse annuities transactions if they are conducted with credit institutes subject to a conservative supervisory authority and the management company is always in a position to demand the full cash repayment including amounts accrued thereon; and/or
- ◆ be invested in short-term money market funds according to the definition in the Guidelines on a Common Definition of European Money Market Funds.

The invested cash collateral should be diversified in accordance with the diversification requirements that apply to collateral which is not provided in the form of account balances and as described above.

The UCITS may incur losses when investing cash collateral received. Such a loss can incur as a result of the depreciation of the investment instruments purchased with the cash collateral. If the value of the invested cash collateral declines, this reduces the collateral amount that was made available to the UCITS and is subsequently due for repayment to the counterparty. The UCITS would have to offset the monetary difference between the originally received collateral and the amount repayable to the counterparty, so the UCITS would incur a loss.

#### 6.5.6 Investments in units of another UCITS or of other undertakings for collective investment that are comparable with a UCITS

The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a UCITS. These other undertakings for collective investment shall be bound by their prospectuses and/or constitutive documents to invest no more than 10% of their assets in units of another UCITS or another comparable undertaking for collective investment.

Investors must take into account that at the level of indirect investments, further indirect costs and charges are incurred and that fees and remunerations are paid – these expenses are debited directly to the individual indirect investments.

If units are managed directly or indirectly by the management company of the UCITS or by any other company with which the management company of the UCITS is affiliated by common management, control, or qualified participation, neither the management company of the UCITS nor the other company may charge fees for the subscription or redemption of units of the UCITS.

## 7 Risk advisories

### 7.1 Fund-specific risks

**The performance of the units depends on the investment policy as well as the market development of the individual investments of the UCITS and cannot be determined in advance. In this context, it must be pointed out that the value of the units can rise or fall versus the issue price at any time. It cannot be guaranteed that the investors will be able to recover their invested capital.**

The fund-specific risks of the UCITS are indicated in Annex A "The UCITS at a glance".

### 7.2 General risks

In addition to the fund-specific risks, the investments of the UCITS may incur general risks.

All investments in a UCITS are associated with risks. Risks may include, or be associated with, stock and bond market risks, foreign currency translation risks, interest-rate risks, credit risks, volatility risks, and political risks. Any of these risks may occur together with other risks. Some of these risks are briefly discussed in this section. It should be noted, however, that this is not an inclusive list of all possible risks.

**Potential investors should be clearly aware of the risks incurred by an investment in units and not make any investment decisions before having received comprehensive advice by their legal, fiscal, and financial consultants, auditors or other experts on the suitability of an investment in units of this UCITS, taking into consideration their personal financial and fiscal situation as well as other circumstances, and on the information contained in this prospectus and trust agreement and the investment policy of the UCITS.**

#### Derivative financial instruments

The UCITS may deploy derivative financial instruments. These may be used not only for hedging purposes but may also be deployed as part of the investment strategy. The deployment of derivative financial instruments for hedging purposes may change the



general risk profile as a result of smaller opportunities and risks. The deployment of derivative financial instruments for investment purposes may change the general risk profile as a result of additional opportunities and risks.

Derivative financial instruments are not standalone investment instruments; they are rights valued chiefly on the basis of the price and price fluctuations and price expectations of an underlying instrument. Investments in derivatives are exposed to the general market risk, the management risk, the credit risk, and the liquidity risk.

Due to the special features of derivative financial instruments, the above-mentioned risks can be of a different nature and in some cases may be more serious than the risks associated with investment in the underlying instrument.

For this reason, the deployment of derivatives not only requires an understanding of the underlying instrument but also in-depth familiarity with the derivatives themselves.

Derivative financial instruments also incur the risk of a loss by the UCITS because another party participating in the derivative financial instrument (usually a "counterparty") does not meet its obligations.

The credit risk involved in derivatives traded on a stock exchange is generally lower than the risk of over-the-counter derivatives because the clearinghouse that acts as the issuer or counterparty of any derivative traded on the stock market provides a settlement guarantee. To reduce the total default risk, this guarantee is backed by a daily payment system operated by the clearinghouse with which the assets needed for coverage are calculated. For over-the-counter derivatives, there are no comparable clearinghouse guarantees, and the UCITS must take into account the creditworthiness of each counterparty when assessing the potential credit risks involved in such over-the-counter derivatives.

Moreover, a liquidity risk exists because certain instruments may be difficult to buy or sell. In particularly large derivative transactions, or when the respective market is illiquid (as may be the case with over-the-counter derivatives), it may not always be possible to completely implement transactions or the liquidation of positions might be possible only with a higher expense.

Further risks in conjunction with derivatives can arise from incorrect pricing or valuation of derivatives. It is also conceivable that derivatives do not fully correlate with their underlying instruments, interest rates, and indices. Many derivatives are complex and often subjectively valued. Inappropriate valuations may lead to increased cash claims from counterparties or result in a value loss for the UCITS. Derivatives are not always valued in a direct or parallel correlation with the value of the assets, interest rates, or indices from which they are derived. For this reason, the deployment of derivatives by the UCITS is not always an effective way to achieve the investment objective of the UCITS and in some instances might even achieve the opposite effect.

#### **Collateral management**

If the UCITS transacts over-the-counter (OTC) trades, it may be exposed to risks in conjunction with the creditworthiness of the OTC counterparties: when concluding forward contracts, options, and swap transactions or otherwise using derivative techniques, the UCITS is exposed to the risk that an OTC counterparty does not (or cannot) meet its obligations from a certain contract or from several contracts. The counterparty risk can be reduced by a collateral deposit. If the UCITS is owed collateral under a given agreement, it shall be held in safekeeping for the account of the UCITS by or for the depositary. Cases of bankruptcy and insolvency or other credit default events involving the depositary or an entity of its subdepository/correspondent bank network can entail a shift or another type of restriction of the rights of the UCITS with respect to the collateral. If the UCITS owes the OTC counterparty collateral under



a given agreement, then it shall be transferred to the OTC counterparty as agreed between the UCITS and the OTC counterparty. Cases of bankruptcy and insolvency or other credit default events involving the OTC counterparty, the depositary or an entity of its subdepositary/correspondent bank network can entail a delay, a restriction or even the exclusion of the rights or of the recognition of the UCITS with respect to the collateral, which would force the UCITS to meet its obligations within the scope of the OTC transaction regardless of any collateral that may have been provided in advance to cover such obligations.

#### **Issuer risk (solvency risk)**

A deterioration in solvency or even the bankruptcy of an issuer may entail at least a partial loss of the assets.

#### **Counterparty risk**

The risk arises when the delivery on transactions concluded for the account of the assets is jeopardized by liquidity problems or bankruptcy of the respective counterparty.

#### **Inflation risk**

Inflation may diminish the value of the invested assets. The purchasing power of the invested capital decreases when the inflation rate exceeds the yield of the investments.

#### **Cyclical risks**

These refer to the risk of price losses arising when at the time of the investment decision, the development of the economic cycle is not, or not correctly, taken into consideration, so that securities investments are made at the wrong time or securities are being held during an unfavorable phase of the economic cycle.

#### **Country or transfer risk**

When a foreign borrower cannot meet obligations on time or fails to do so entirely despite solvency because of non-transferability or non-cooperation of the borrower's country of domicile (due to foreign exchange restrictions, transfer risks, moratoriums, embargos, etc.), this is referred to as a country risk. Thus, payments rightfully due to the UCITS may fail to be remitted or may be remitted in a currency that due to foreign exchange restrictions is no longer convertible.

#### **Transaction risk**

Investments particularly in unlisted securities involve the risk that settlement through a transfer system cannot be executed as expected due to delayed or non-compliant payments or deliveries.

#### **Liquidity risk**

The UCITS may also acquire subjects of investment that are not approved for trading on a stock exchange or integrated in another organized market. The acquisition of such subjects of investment is associated with the risk that problems may arise especially when such subjects of investment are to be sold to third parties.

Equities of smaller companies (small caps) incur the risk that the market may not be liquid during some phases. The result may be that equities cannot be traded at the desired time and/or in the desired quantities and/or at the expected price.

#### **Possible investment spectrum**

Under consideration of the investment principles and limits specified by UCITS and by the trust agreement, which offers the UCITS a very broad spectrum, the actual investment policy may also be focused on the acquisition mainly of assets in only very few industries, markets, regions, or countries, for example. This focus on just a few specific sectors can be associated with special opportunities but also with

corresponding risks (such as narrow markets, high fluctuation bandwidths with certain economic cycles). Investment policy details are disclosed in the annual report in retrospect for the financial year that it covers.

#### **Cluster risk**

Further risks can arise from the fact that the investments are clustered in certain asset classes or markets. In such cases, the UCITS is highly dependent on the development of these assets or markets.

#### **Market risk (price risk)**

This is a general risk associated with all investments which implies a possible change of the value of a certain investment against the interests of the UCITS.

#### **Psychological market risk**

Sentiment, opinions, and rumors may cause a significant price drop although the profit situation and future prospects of the companies under investment has not necessarily changed in any sustainable way. Equities are especially vulnerable to psychological market risks.

#### **Settlement risk**

This refers to the UCITS's risk of loss due to the failure of settlement of concluded transactions because a counterparty fails to pay or deliver, or due to errors in the operational execution of a transaction.

#### **Legal and fiscal risk**

Purchasing, holding, or selling of investments of the UCITS may be subject to fiscal regulations (e.g. source taxation) outside the country of domicile of the UCITS. Moreover, the legal and fiscal treatment of a UCITS may change in unexpected ways that cannot be influenced. The identification of an error in the tax appraisal of the UCITS for past financial years (for instance in conjunction with external tax audits) may, if the subsequent correction is basically to the disadvantage of the investor, force the investor to bear the tax burden arising from the correction for past financial years even though he may not have been invested in the UCITS during the periods of time involved. Conversely, if a correction that is basically to the advantage of the investor for the current and for those past fiscal years during which he was invested in the UCITS, the investor might no longer be able to benefit from the correction if the units were redeemed or sold prior to the implementation of the respective correction. Additionally, a correction of tax data may result in the recognition of taxable income or tax benefits in a fiscal assessment period other than the period actually involved, and this may have a negative impact on the individual investor.

#### **Entrepreneurial risk**

Investments in equities represent a direct participation in the business success or failure of a company. In the extreme case – bankruptcy – this may mean the total loss of value of such an investment.

#### **Currency translation risk**

If the UCITS holds assets denominated in a foreign currency or currencies, it is exposed to a direct currency translation risk (to the extent that the foreign currency positions are not hedged). Falling exchange rates lead to a value reduction of the foreign currency investments. Conversely, the foreign exchange market also offers opportunities of gains. In addition to the direct currency translation risks, there are also indirect currency translation risks. Internationally active companies depend to a more or less significant degree on the development of exchange rates, and this may have an indirect effect on the price development of investments.

### **Changes to the investment policy**

A modification of the investment policy within the scope of the legally and contractually permissible investment spectrum may change the risk exposure of the UCITS. Within the scope of the applicable trust agreement, the management company is entitled to make significant changes to the investment policy of the UCITS at any time by changing the prospectus and trust agreement including Annex A "The UCITS at a glance".

### **Changes to the trust agreement**

In the trust agreement, the management company reserves the right to amend the trust provisions. Furthermore, pursuant to the trust agreement, it is entitled to fully dissolve the UCITS or to merge it with another UCITS. For the investor, this entails the risk that the intended holding duration may be shortened.

### **Risk of suspension of repurchase**

Basically, investors may request the management company to repurchase their units according to the valuation interval of the UCITS. Under exceptional circumstances, however, the management company may temporarily suspend a repurchase of units and redeem the units at a later date at the then applicable price (see details in "Suspension of the calculation of the net asset value and of the issue, repurchase, and exchange of units"). This price may be lower than the price prior to the suspension of repurchase.

### **Key persons risk**

Among other factors, a UCITS whose investment result is highly positive in a certain period also owes this success to the suitability of the acting persons and thus to the correct decisions of its management. However, there may be changes as regards the persons who constitute the fund's management. New decision-makers may then act with less success.

### **Interest-rate risk**

To the extent that the UCITS invests in interest-bearing securities, it is exposed to an interest-rate risk. When the market level of the interest rate rises, the price value of the interest-yielding securities of the assets may fall substantially. This is even more the case if the portfolio also contains interest-yielding securities with longer maturities and lower nominal interest.

### **Hedging risk**

Unit classes whose reference currency is not the portfolio currency can be hedged against exchange rate fluctuations. The intention is to protect investors of the respective unit class against possible losses due to negative exchange rate developments to the greatest extent possible, but at the same time, they cannot fully benefit from positive exchange rate developments. Due to fluctuations of the volumes hedged in the portfolio as well as ongoing subscriptions and redemptions, it is not always possible to implement hedges of exactly the same scope as the net asset value of the unit class to be hedged. It is therefore possible that the net asset value per unit of a hedged unit class will not perform exactly like the net asset value per unit of a non-hedged unit class.

## **8 Participation in the UCITS**

### **8.1 Sales restrictions**

The units of the UCITS are not admitted for distribution in all countries.

Local regulations shall apply in cases where units are issued, exchanged, and redeemed abroad. In particular, in the United States of America (USA), the units were **not** registered pursuant to the United States Securities Act of 1933 and can therefore be neither offered nor sold in the USA and neither offered nor sold to US citizens.

Among others, the term US citizen includes natural persons who (a) were born in the USA or one of its territories or possessions, (b) are nationalized citizens (or Green Card holders), (c) were born abroad as the child of a US citizen, (d) live predominantly in the USA without being US citizens), (e) are married to a US citizen, or (f) are subject to taxation in the USA.

The term US citizen also encompasses: (a) Investment companies and capital companies established under the laws of one of the 50 US states or of the District of Columbia, (b) an investment company or business partnership founded under an "Act of Congress", (c) a pension fund incorporated as a US Trust, (d) an investment company subject to taxation in the USA, or (e) investment companies recognized as such by Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act.

In general, units of UCITS must not be offered in jurisdictions where and to persons for whom this is not permissible.

## 8.2 General information on the units

The units exist only in the company's books, i.e. no certificates are issued.

The management company is authorized to create units of different unit classes within the UCITS, as well as to relinquish or merge existing unit classes.

The individual unit classes differ mostly with respect to the reference currency, including the deployment of exchange-rate hedging transactions. The currently existing unit classes are designated "EUR-A", "USD-A", "CHF-A", "GBP-A", "EUR-D", "USD-D", "CHF-D" as well as "GBP-D". Units of the "EUR-A" and "EUR-D" classes are issued and repurchased in euros, the fund's accounting currency, units of the "USD-A" and "USD-D" classes in US dollars, and units of the "CHF-A", and "CHF-D" classes in Swiss francs, and "GBP-A", and "GBP-D" classes in British pounds. The currency risks of the unit classes denominated in USD, CHF and GBP can be fully or partially hedged; this may have a negative effect on the NAV of the unit class denominated in EUR. The costs of currency hedges in the USD, CHF and GBP unit classes, if any, are assigned to the respective class.

The unit classes offered by the UCITS as well as the charges and reimbursements incurred in conjunction with the units of the UCITS are indicated in Annex A "The UCITS at a glance." Institutional investors who have signed a separate contract with the management company or the asset manager are entitled to invest in the unit classes "EUR-D", "USD-D", "CHF-D" and "GBP-D" subject to a minimum investment amount.

Moreover, certain other fees, reimbursements, and costs are debited to the assets of the UCITS. In this context, please refer to sections 10 and 11 (Taxation and Costs and charges).

## 8.3 Calculation of the net asset value per unit

The net asset value (NAV) per unit of the respective unit class shall be calculated by the management company at the end of the accounting year as well as on the respective valuation day on the basis of the last known prices, taking into account the valuation interval.

The NAV of a unit in a unit class of the UCITS is expressed in the UCITS's accounting currency or, if different, in the reference currency of the respective unit class and is equivalent to the quota of the UCITS's assets allocated to the respective unit class, less debt liabilities of the UCITS, if any, divided by the number of outstanding units in the respective unit class. It is rounded as follows on the occasion of the issue and redemption of units:

- ◆ to EUR 0.01 if the euro is the currency;
- ◆ to USD 0.01 if the US dollar is the currency;
- ◆ to CHF 0.01 if the Swiss franc is the currency; and
- ◆ to GBP 0.01 if the British pound is the currency.

The fund's net assets are valued according to the following principles:

1. Securities that are officially traded on a stock exchange are valued at the last available price. If a security is officially traded at several exchanges, the last available price shall be the price at the exchange that represents the main market for that security.
2. Securities that are not officially listed on an exchange but are traded on a market accessible to the public are valued at the last available price. If a security is traded on various markets accessible to the public, the last available price on the market with the highest liquidity shall be chosen.
3. Securities or money market instruments with a residual duration of less than 397 days can be valued by linear depreciation or appreciation with the difference between the cost (purchase) price and the repurchase price (price on maturity). The valuation at the current market price can be omitted if the repurchase price is known and fixed. Credit-rating changes, if any, shall be accounted for additionally.
4. Investments whose price is not in conformity with the market, and assets that do not fall under nos. 1, 2, and 3 above, are calculated at the price that would have most likely been attained if the investment had been sold with due diligence at the time of valuation and is determined in good faith by the executive board of the management company or under their direction or supervision by authorized agents.
5. OTC derivatives shall be valued on a day to day basis with the then probably attainable sales price using a verifiable valuation model specified in good faith by the management company which is in line with generally recognized valuation models that can be validated by auditors.
6. UCITS or other undertakings for collective investment (UCI) shall be valued at the last noted and available net asset value. If the repurchase of units is suspended or if no repurchase price is specified, these units shall be valued, as all other assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
7. If no trading price is available for the respective assets, they shall be valued, as is the case with the other legally permissible assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
8. Cash and cash equivalents shall be valued at the par value plus accrued interest.

9. The market value of securities and other investments denominated in a currency other than the currency of the UCITS shall be converted into the currency of the UCITS at the last known median exchange rate.

The management company shall be entitled to use other reasonable valuation principles to value the assets of the UCITS if, as a result of extraordinary circumstances, valuation on the basis of the criteria described above should become impossible or impracticable. In the case of very large numbers of redemption requests, the management company may value the units of the UCITS on the basis of the prices at which the necessary securities will likely have to be sold. In this case, the same calculation method shall be used for simultaneously submitted subscription and redemption requests.

## 8.4 Issue of units

Units shall be issued on each valuation day (issue day) at the net asset value per unit of the respective unit class of the UCITS plus the issue premium, if any, and plus taxes and charges, if any.

The units are not securitized.

Subscription requests must be received by the depositary on the acceptance deadline by the latest. If a subscription request is received after the acceptance deadline, it will be processed on the next following issue day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributors will provide pertinent information.

Information on the issue day, the valuation interval, the acceptance deadline, and the maximum issue premium, if any, is provided in Annex A "The UCITS at a glance".

The payment must be received within 3 banking days after the respective issue day.

The management company shall assure that the issue of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

All taxes and fees incurred in conjunction with the issue of units shall be charged to the investor as well. If units are purchased via banks that are not entrusted with the distribution of the units, it cannot be excluded that such banks will charge additional transaction costs.

If the payment is made in a currency other than the reference currency, the equivalent value from the conversion of the payment currency into the reference currency, less expenditures if any, shall be credited for the purchase of units.

The minimum investment to be held by an investor in a specific unit class is indicated in Annex A "The UCITS at a glance".

Contributions in kind are not permitted.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

The depositary and/or the management company and/or the distributor may at any time reject a subscription request or temporarily limit or suspend or discontinue the issue of units if this appears to be necessary in the public interest or to protect the management company or the UCITS or the investors. In this case, the depositary will instantly refund, less interest, incoming payments for subscription requests that have yet to be fulfilled, and for this purpose may enlist the help of the paying agents if necessary.

The issue of units shall be temporarily suspended in particular if the calculation of the net asset value per unit is suspended. If the issue of units is suspended, investors shall be immediately informed of the reasons and duration of the suspension via the official gazette as well as the media mentioned in the prospectus or via durable media (letter, fax, e-mail or similar).

## 8.5 Redemption of units

Units shall be redeemed on each valuation day (repurchase day) at the net asset value per unit of the respective unit class of the UCITS less the redemption charge, if any, and less taxes and charges, if any.

Repurchase requests must be received by the depositary on the acceptance deadline at the latest. If a repurchase request is received after the acceptance deadline, it will be scheduled for the next following repurchase day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributor will provide pertinent information.

Information on the redemption day, the valuation interval, the acceptance deadline, and the maximum redemption premium, if any, is provided in Annex A "The UCITS at a glance".

Since the UCITS must maintain an adequate amount of liquidity, the payment of redeemed units will take place within three bank business days after the respective redemption day. This does not apply in case the transfer of the redemption sum proves impossible due to legal constraints such as currency export and cross-border payment restrictions or due to other circumstances beyond the control of the depositary.

If, on request by the investor, the payment is to be made in a currency other than the currency in which the respective units are denominated, the amount payable shall be calculated on the basis of the proceeds from the conversion of the reference currency into the payment currency, less fees and charges, if any.

When the repurchase price is paid, the respective unit shall become void.

The management company and/or the depositary may unilaterally redeem units against payment of the repurchase price to the extent that this appears to be in the interest of or for the protection of investors, the management company or the UCITS, particularly when

1. there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors,
2. the investor does not fulfill the conditions for purchasing units, or



- units are being distributed in a country in which the UCITS is not approved for distribution or have been purchased by a person who is not allowed to purchase units.

The management company shall assure that the repurchase of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

If the execution of a repurchase request causes the respective investor's holdings to fall below the minimum holdings of the respective unit class as indicated in Annex A "The UCITS at a glance", the management company may, without notifying the investor, treat the repurchase request as a request for redeeming all units of the respective unit class held by the investor or as a request to exchange the remaining units into another unit class of the UCITS with the same reference currency, provided the investor fulfills its terms of participation.

Redemptions in kind are not permitted.

## 8.6 Exchange of units

To the extent that different unit classes are offered, and subject to the provisions indicated in the trust agreement and in Annex A "The UCITS at a glance", investors may switch from one unit class to another at any time.

If an exchange of units is not possible for a given asset class, this will be mentioned in Annex A "The UCITS at a glance" for the given unit class. There is no exchange fee for switching from unit class to another unit class.

The number of units into which the investor wishes to exchange his holdings shall be calculated according to the following equation:

$$A = \frac{(B \times C)}{(D \times E)}$$

- A = Number of units of the target unit class
- B = Number of units of the source unit class
- C = Net asset value or repurchase price of the units submitted for exchange
- D = Currency exchange rate between the respective unit classes. If both unit classes are valued with the same accounting currency, this coefficient is 1
- E = Net asset value per unit of the target unit class plus taxes, fees, and other charges

From case to case, unit class swaps may in some countries be subject to charges, taxation and stamp duties.

The management company may reject an exchange request for a unit class at any time if this appears to be necessary and in the interest of the UCITS, the management company, or the investors, particularly when:

- there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors;
- the investor does not fulfill the conditions for purchasing units; or
- units are being distributed in a country in which the UCITS is not approved for distribution or have been purchased by a person who is not allowed to purchase units.



The management company shall assure that the exchange of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

## **8.7 Late trading and market timing**

If a requester is suspected of pursuing late trading or market timing, the management company and/or the depositary shall refuse to honor the subscription, exchange, or repurchase request until the requester has eliminated all doubts with respect to the request.

### **8.7.1 Late trading**

Late trading is understood to mean the acceptance of a subscription, exchange, or repurchase request received after the acceptance deadline for such orders (cut-off time) of the respective day for execution at the price that is based on the applicable net asset value on that day. Late trading allows investors to benefit from their awareness of events or information published after the acceptance deadline for orders but that are not yet factored into the price at which the investor's order is executed. Thus, such investors have an advantage over investors who complied with the official deadline. Such investors stand to gain even more if they can combine late trading with market timing.

### **8.7.2 Market timing**

Market timing is understood to mean an arbitrage process with which an investor systematically buys and resells or exchanges units of the same UCITS on a short-term basis and utilizes time differences and/or errors or weaknesses of the system used to calculate the net asset value of the UCITS.

## **8.8 Prevention of money laundering and terrorism financing**

The management company shall assure that domestic authorized distributors are obliged to comply with the provisions of the law and ordinance on occupational diligence and due care (Sorgfaltspflichtgesetz, Sorgfaltspflichtverordnung) applicable in the Principality of Liechtenstein, as well as the FMA guidelines in the edition in force.

To the extent that domestic distributors receive monies from investors, they are obliged, in their capacity as agents subject to due diligence obligations and in compliance with the Due Diligence Act and the Due Diligence Ordinance, to identify the subscriber and the beneficiary, to prepare a dossier on the business relationship, and to abide by all local laws related to the prevention on money laundering.

Furthermore, the distributors and their sales agents shall respect all laws related to the prevention of money laundering and terrorism financing that apply in the respective countries of distribution.

## **8.9 Suspension of the calculation of the net asset value and of the issue, repurchase and exchange of units**

The management company may temporarily suspend the calculation of the net asset value, the issue, the repurchase, and the exchange of units of the UCITS if this is justified in the interest of the investors, especially:

1. if a market which forms the basis for the calculation of a substantial part of the assets of the UCITS is closed, or if trading on such a market is restricted or suspended;

2. in case of political, economic, or other emergencies; or
3. if transactions are not executable by the UCITS due to restrictions on the transfer of assets.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

The issue of units shall be temporarily suspended in particular if the calculation of the net asset value per unit is suspended. If the issue of units is suspended, investors shall be immediately informed of the reasons and duration of the suspension via notifications in the official gazette as well as the media mentioned in the prospectus and trust agreement or via durable media (letter, fax, e-mail or similar).

Additionally, under consideration of the interests of the investors, the management company is entitled to postpone substantial redemptions, i.e. to temporarily suspend repurchases, until adequate assets of the UCITS can be sold without delay under consideration of the interests of the investors.

No new units of the UCITS shall be issued as long as the repurchase of units is suspended. Units subject to a temporary repurchase suspension cannot be exchanged.

The management company shall assure that the assets of the UCITS include enough cash and cash equivalents to allow the immediate repurchase or exchange of units under normal circumstances at the request of investors.

The management company shall immediately notify the FMA, and, with suitable means, the investors, if the redemption and repurchase of units is suspended. Subscription, repurchase, and exchange requests shall be fulfilled after resumption of the calculation of the net asset value. Until unit trading is resumed, investors are entitled to revoke their subscription and/or repurchase requests.

## 9 Use of proceeds

The proceeds of the UCITS consist of net income and realized price gains.

The management company may pay out the income generated in a unit class to the investors of that unit class or invest the proceeds in the respective unit class.

As set forth in Annex A "The UCITS at a glance", the proceeds generated by the UCITS or by the respective unit class are continuously reinvested.

## 10 Taxation

### 10.1 Fund assets

All Liechtenstein UCITS in the legal form of the (contractual) investment fund or unit trust are fully taxable in Liechtenstein and subject to income tax payments. Income from managed assets is tax-exempt income.

### **Issue and revenue taxation<sup>1</sup>**

The establishment (issue) of units of such a UCITS does not entail an issue charge or revenue taxation. The paid transfer of title to units is subject to revenue taxation provided one party or agent is a domestic broker. The repurchase of units from investors is exempt from revenue taxation. The contractual common fund or the unit trust is deemed the revenue-tax-exempt investor.

### **Source or paying agent taxation**

Depending on the persons who directly or indirectly hold units of the UCITS, both income and capital gains, whether paid out or reinvested, may be fully or partially subject to a so-called paying agent tax (e.g. abolition tax, European savings tax, Foreign Account Tax Compliance Act).

The UCITS, in the legal form of a contractual common fund or unit trust, is not otherwise subject to a retention tax obligation in the Principality of Liechtenstein; in particular, no coupon or withholding taxes are payable. Foreign income and capital gains generated by the UCITS in the legal form of a contractual common fund or unit trust, or, as the case may be, by an investment compartment of the fund, may be subject to withholding tax deductions in the investment country. Double-taxation agreements may apply.

The UCITS has the following tax status:

### **EU savings tax**

With respect to the UCITS, a paying agent in Liechtenstein may be obliged to withhold taxes in regard to certain interest payments of the UCITS applicable to both yield distributions and to the sale or redemption of units if the recipient is a natural person whose fiscal domicile is in an EU member state (EU savings tax). If applicable, a Liechtenstein paying agent may, if explicitly requested by the beneficiary, use a reporting method instead of withholding amounts for taxes due.

### **FATCA**

The UCITS is subject to the provisions of the Liechtenstein FATCA Agreement as well as to the respective executive provisions of the Liechtenstein FATCA Law.

## **10.2 Natural persons subject to taxation in Liechtenstein**

Private investors domiciled in the Principality of Liechtenstein shall declare their units as wealth and they are subject to wealth tax. Payouts or reinvested profits, if any, of the UCITS in the legal form of a contractual common fund or unit trust, or, as the case may be, by an investment compartment of the fund, are income-tax-exempt. The capital gains incurred when the units are sold are income-tax-exempt. Capital losses cannot be deducted from taxable gains.

## **10.3 Persons with tax domiciles outside Liechtenstein**

For investors domiciled outside the Principality of Liechtenstein, taxation and other fiscal consequences involved in holding and buying or selling units are governed by the fiscal legislation of the respective country of domicile and, particularly with respect to EU interest taxation, by the laws of the domicile country of the paying agent.

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<sup>1</sup> Under the customs affiliation agreement between Switzerland and Liechtenstein, Swiss stamp duty jurisdiction also extends to Liechtenstein. With respect to Swiss stamp duty legislation, the Principality of Liechtenstein is thus considered domestic territory.

### Disclaimer

The fiscal considerations are based on the currently applicable legal situation and practice. They are explicitly subject to change due to changes of legislation, jurisdiction, edicts, and the practices adopted by the tax authorities.

**Investors are urged to consult their own professional advisors with respect to fiscal consequences. Neither the management company nor the depositary nor their authorized agents can assume any responsibility for the investor's individual fiscal consequences arising from the purchase, ownership, or sale of units.**

## 11 Costs and charges

### 11.1 Costs and charges borne by the investors

#### 11.1.1 Issue premium

To cover the costs incurred by the placement of units, the management company may charge an issue commission on the net asset value of the newly issued units to be credited to the management company, the depositary, and/or authorized domestic or foreign distributors according to Annex A "The UCITS at a glance".

#### 11.1.2 Redemption charge

For the repurchase of units, the management company shall levy a redemption charge on the net asset value of the redeemed units as set forth in Annex A "The UCITS at a glance".

#### 11.1.3 Exchange fee

The management company shall levy a fee on the net asset value of the original unit class for an exchange requested by the investor of units of one unit class for units of another unit class as set forth in Annex A "The UCITS at a glance".

### 11.2 Costs and charges borne by the UCITS

#### A. Depending on asset volume (individual charge)

**11.2.1** The management company is remunerated for administration, the investment decision (asset management and investment consulting), risk management, and distribution of the UCITS as set forth in Annex A "The UCITS at a glance". These charges are calculated on the basis of the average net asset value of the UCITS or of the respective asset class on the occasion of each valuation and deducted from the assets of the UCITS quarterly in retrospect. The charges applicable to the respective unit class are indicated in Annex A "The UCITS at a glance". The annual report discloses the charges actually levied. The management company is at liberty to specify different administration fees for one or several unit classes.

This also includes the trailer fees that may be payable to third parties for investor referral and support services.

**11.2.2** For its activities, the depositary shall be remunerated from the assets of the UCITS pursuant to Annex A "The UCITS at a glance". The depositary charges are calculated on the basis of the average net asset value of the UCITS or of the respective asset class on the occasion of each valuation and deducted from the assets of the UCITS quarterly in retrospect. The management

company is at liberty to specify different depositary charges for one or several unit classes.

### **11.2.3 Performance fee**

Furthermore, the management company is entitled to receive a performance-linked remuneration (performance fee) pursuant to Annex A "The UCITS at a glance" on the unit value gain in the respective unit class adjusted for dividends or capital measures, if any, provided the value trend of the fund's net assets in the respective unit class exceeds the hurdle rate according to Annex A "The UCITS at a glance."

A performance fee, if any, shall be determined on each valuation day on the basis of the number of outstanding units of the respective unit class and deferred, provided the unit price in the respective unit class cumulatively exceeds the hurdle rate and the high watermark. An underwrite of the hurdle rate at the end of a prior financial year does not have to be compensated in the financial year that follows it.

A deferred performance fee shall be payable in retrospect per quarter (March, June, September, December).

The high watermark principle is used as a basis for calculations. If the UCITS or its unit classes sustain a value loss, the performance fee will not be levied again until the value per unit of the respective unit class, adjusted for dividends and capital measures, if any, and less all costs, has reached a new high (high watermark). The high watermark is understood to be an all-time high watermark.

A schematic calculation example is provided in Annex A "The UCITS at a glance".

## **B. Not depending on asset volume (individual charge)**

Apart from the remuneration as described above, the following expenses that are not dependent on the asset volume can be charged to the assets of the UCITS:

- 11.2.4** Costs for auditing the UCITS;
- 11.2.5** Charges and costs for permits and the supervision of the UCITS in Liechtenstein and abroad;
- 11.2.6** All taxes levied on the assets of the UCITS as well as its earnings and expenses charged to the assets of the UCITS;
- 11.2.7** Taxes, if any, incurred in conjunction with the administration and depositary costs;
- 11.2.8** Costs incurred in the preparation, printing, and dispatch of annual and semi-annual reports as well as other legally required publications;
- 11.2.9** Costs incurred in the publication of messages by the UCITS to the investors in official gazettes and in additional newspapers or electronic media determined by the management company, including price publications;
- 11.2.10** Costs incurred in conjunction with the fulfillment of the prerequisites and consequential obligations of any distribution of units at home and abroad e.g. charges for paying agents and other agents or representatives with

similar functions, charges levied by fund platforms, such as listing fees and setup costs, as well as consulting, legal, and translation costs;

- 11.2.11** Costs for the preparation or amendment, translation, deposition, printing, and distribution of the prospectus and constitutive documents (trust agreement, KIID, SRRI calculation, etc.) in those countries where the units are distributed;
- 11.2.12** Costs incurred in conjunction with the registration, sustainment, and termination of stock market listings of the units;
- 11.2.13** Costs for the preparation, the announcement of taxation fundamentals and the accreditation that the fiscal data was compiled according to the rules of the respective foreign country's tax legislation;
- 11.2.14** Internal and external costs for the recovery of foreign withholding taxes to the extent they were withheld for the account of the UCITS. As regards the recovery of foreign withholding taxes, it must be pointed out that the management company is not obliged to institute recovery proceedings and will only do so if the process justifies the effort according to the criteria of substantiveness of the amounts and reasonableness of the ratio of costs to the possible recoverable amounts. With respect to investments that constitute securities lending, the management company will abstain from recovering withholding taxes;
- 11.2.15** Expenditures in conjunction with the exercise of voting rights or creditor rights by the UCITS, including fees charged by external consultants;
- 11.2.16** Administrative fees and charges levied by government authorities;
- 11.2.17** Costs for legal and fiscal counsel;
- 11.2.18** Costs for assessing the creditworthiness of the assets of the UCITS and its target investments by nationally or internationally recognized rating agencies;
- 11.2.19** A reasonable share of costs for printed matter and advertising directly associated with the offering and sale of units;
- 11.2.20** Charges and costs incurred as a result of other legal or supervisory rules that need to be fulfilled by the management company within the scope of its implementation of the investment strategy (such as reporting and other costs incurred in the fulfillment of the European Market Infrastructure Regulation (EMIR, EC directive 648/2012));
- 11.2.21 Transaction costs**

In addition, the UCITS shall bear all ancillary costs for the purchase and sale of investment instruments arising from the management of the assets (customary brokerage fees, commissions, duties) as well as all taxes and duties levied on the assets of the UCITS as well as on its income and expenditures (e.g. withholding taxes on foreign income). Furthermore, the UCITS shall bear external costs, if any, i.e. third-party charges incurred in conjunction with the purchase and sale of investments. Such costs are directly offset against the historic cost or sales price of the respective instruments.

#### **11.2.22 Currency-hedging charges, if any, for unit classes**

The costs, if any, of a currency translation hedge of a unit class are allocated to that class.

#### **11.2.23 Costs of incorporation**

The costs for the incorporation of the UCITS and the initial issue of units (e.g. admission fees, preparation and printing of the prospectuses and constitutive documents in all required languages) shall be amortized across three years at the expense of the assets of the UCITS.

#### **11.2.24 Liquidation fees**

In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor. In addition to this amount, the UCITS shall bear all costs levied by authorities, the auditor, and the depositary.

#### **11.2.25 Extraordinary disposal costs**

Additionally, the management company may encumber the assets of the UCITS with costs for extraordinary disposals. Extraordinary disposal costs consist of expenses incurred exclusively by safeguarding the investors' interests, which arise in the course of regular business and which were not foreseeable when the UCITS was established. In particular, costs for legal proceedings in the interest of the UCITS or of the investors are extraordinary disposal costs. Additionally, this includes all costs for extraordinary disposals that may be necessary pursuant to UCITSA and UCITSO.

#### **11.2.26 Ongoing charges (total expense ratio, TER)**

The total of ongoing charges before performance-dependent expenditures, if any (total expense ratio before performance fee; TER) is calculated according to general, code-of-conduct principles and with the exception of transaction costs encompasses all costs and charges that are deducted from the assets of the UCITS on an ongoing basis. The TER of the UCITS or of the unit classes shall be indicated in the semi-annual and annual reports and, when the next semi-annual or annual report is published, on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

## **12 Information for investors**

The official gazette of the UCITS is the website of the LAFV Liechtenstein Investment Fund Association [www.lafv.li](http://www.lafv.li) as well as other media mentioned in the prospectus.

All notices to investors, including announcements regarding amendments to the trust agreement and Annex A "The UCITS at a glance", shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and electronic media mentioned in the prospectus.

On every valuation day, the net asset value as well as the issue and redemption prices of the units of the UCITS and its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and electronic media (letter, fax, e-mail, or similar) mentioned in the prospectus.

The audited annual report and the semi-annual report, which needs not be audited, shall be made available to investors free of charge at the domiciles of the management company and of the depositary.



## **13 Duration, dissolution, merger, and structural measures of the UCITS**

### **13.1 Duration**

The UCITS is established for an unlimited period.

### **13.2 Message**

The UCITS shall be imperatively dissolved in the cases provided by law. In addition, the management company is authorized to dissolve the UCITS or individual unit classes at any time.

Investors, heirs, and other beneficiaries cannot demand the split or dissolution of the UCITS or of an individual unit class.

The resolution to dissolve the UCITS or one of its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and durable media (letter, fax, e-mail, or similar) mentioned in the prospectus. Once the decision to dissolve the fund has been taken, no further units shall be issued, exchanged, or redeemed.

If the UCITS is dissolved, the management company may immediately liquidate the assets of the UCITS in the best interest of the investors. Apart from these provisions, the dissolution of the UCITS shall be executed pursuant to the provisions of the Liechtenstein Persons and Companies Act (PGR).

If the management company dissolves a unit class without dissolving the UCITS, all units of this class shall be redeemed at the then applicable net asset value. This redemption shall be published by the management company, and the redemption price shall be credited by the depositary to the former investors.

### **13.3 Merger**

Pursuant to Art. 38 UCITSA, the management company is at liberty at any time with approval of the respective supervisory authority to resolve the merger of the UCITS with one or several other UCITS regardless of the legal form of the UCITS and whether or not the other UCITS is domiciled in Liechtenstein. Fund compartments, if any, and unit classes of the UCITS can be merged with each other or with one of several other UCITS or their investment compartments or unit classes.

A split of the UCITS or its fund compartments, if any, and unit classes is also possible.

Additionally, other structural measures pursuant to Art. 49 UCITSA are permissible.

Details are provided in the trust agreement.

### **13.4 Structural measures**

Pursuant to Art. 38 UCITSA, the UCITS is at liberty at any time with approval of the respective supervisory authority to resolve the merger of the UCITS with one or several other UCITS regardless of the legal form of the UCITS and whether or not the other UCITS is domiciled in Liechtenstein. Unit classes of the UCITS can be merged with each other or with one of several other UCITS or their investment compartments or unit classes.



It is also possible to split the UCITS or its unit classes.

Additionally, other structural measures pursuant to Art. 49 UCITSA are permissible.

Unless otherwise stipulated below, the legal provisions of Arts. 36 ff of the UCITSA and the relevant provisions of the associated ordinance shall apply.

## **14 Applicable law and jurisdiction and binding language**

The UCITS is subject to Liechtenstein law. The sole venue for all disputes between investors, the management company, and the depositary shall be Vaduz.

However, with respect to claims submitted by investors in other countries where the units are offered and sold, the management company and/or the depositary may submit themselves to the jurisdictions of such countries. Appeals may also be submitted in other jurisdictions if so required by law.

German is the legally binding language for the prospectus, the trust agreement, and Annex A "The UCITS at a glance".

This prospectus shall enter into force on May 11, 2017.

## **15 Specific information for individual countries of distribution**

According to the applicable laws in the Principality of Liechtenstein, the FMA must approve the constitutive documents. This approval extends only to information pertaining to the implementation of the regulations contained in the UCITSA. For this reason, the following Annex B entitled "Specific information for individual countries of distribution", based on foreign laws, is not subject to review by the FMA and is excluded from the approval.

# PART II: THE TRUST AGREEMENT

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## Preamble

The trust agreement and Annex A "The UCITS at a glance" constitute a material entity.

To the extent that it is not governed by this trust agreement, the legal relationship between the investors and the management company is governed by the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and the Ordinance dated July 5, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSO) and, if a matter is not regulated there, by the provisions related to trusts in the Persons and Companies Act (PGR).

## I. General provisions

### Art. 1 The UCITS

The **H.A.M. Global Convertible Bond Fund** (hereinafter: UCITS) received a concession from the Liechtenstein government on March 14, 2000, and was entered into the Liechtenstein commercial register on March 21, 2000.

The fund was created according to Art. 3 §. 2 of the Liechtenstein Investment Undertakings Act of May 3, 1996 ("Law of May 3, 1996") as a legally dependent, open-ended investment fund with the legal status of a collective trust.

The FMA approved the trust agreement and Annex A "The UCITS at a glance", adjusted for compliance with the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (hereinafter: UCITSA) on June 13, 2012. The trust agreement and Annex A "The UCITS at a glance" were first ratified on June 30, 2012.

This trust agreement and Annex A "The UCITS at a glance" were last amended with the approval of the FMA dated May 5, 2017. The amendments were published in the official gazette of the UCITS on May 10, 2017, and entered into force on May 11, 2017. The current applicable edition is available on the web site of the LAFV Liechtenstein Investment Fund Association under [www.lafv.li](http://www.lafv.li) and can also be obtained free of charge from the management company and the depositary.

The UCITS is subject to the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA).

The UCITS has the legal form of a unit trust. A unit trust is the adoption of an identical trust agreement by an indefinite number of investors for the purpose of investing and managing assets for the account of the investors, whereby the individual investors participate in the trust pro rata and are personally liable only for the amount invested.

The UCITS does not have an umbrella structure and is thus a single fund.

In accordance with its investment policy, the UCITS can invest in securities and other assets. The investment policy of the UCITS is defined on the basis of its investment objective. The net assets of the UCITS and of each unit class as well as the net asset value of the units of the UCITS or the net asset values of its unit classes, if any, shall be expressed in the respective reference currency.

The respective rights and obligations of the owners of the units (hereinafter: "investors"), the management company, and the depositary are governed by this trust agreement.

The purchase of units of the UCITS (the "units") constitutes the agreement of the investor with the trust agreement that governs the contractual relationships between the investors, the management company, and the depositary as well as the duly executed amendments to this document.

## **Art. 2 Management company**

The UCITS is managed pursuant to this trust agreement by IFM Independent Fund Management AG, a joint stock company headquartered in Vaduz, Liechtenstein. The management company is approved under the provisions of the UCITSA by the Financial Market Authority Liechtenstein (FMA) and registered in the official list of management companies approved in Liechtenstein as published by the FMA.

The management company manages the UCITS for the account and in the exclusive interest of the investors according to the principle of risk diversification and pursuant to the provisions of the trust agreement as well as of Annex A "The UCITS at a glance".

Pursuant to legal provisions and to this trust agreement, the management company is entitled in its own name to dispose of all assets belonging to the UCITS and to exercise all rights resulting herefrom.

## **Art. 3 Delegation of functions**

In compliance with the provisions of the UCITSA and the UCITSO, the management company may delegate to third parties a part of its functions for the purpose of efficient conduct of business. The accurate implementation of the mandate is governed by a contract concluded between the management company and the appointed agent.

## **Art. 4 Depositary**

For the UCITS, the management company has appointed as depositary a bank or an investment firm authorized under the Banking Act and domiciled or with registered offices in the Principality of Liechtenstein. The function of the depositary is governed by the UCITSA, the depositary agreement, and this trust agreement.

## **Art. 5 Auditors**

The review of the annual reports of the UCITS is to be entrusted to an auditor authorized to operate in the Principality of Liechtenstein.

## **Art. 6 Calculation of the net asset value per unit**

The net asset value (NAV) per unit of the respective unit class shall be calculated by the management company at the end of the accounting year as well as on the respective valuation day on the basis of the last known prices, taking into account the valuation interval.

The NAV of a unit in a unit class of the UCITS is expressed in the UCITS's accounting currency or, if different, in the reference currency of the respective unit class and is equivalent to the quota of the UCITS's assets allocated to the respective unit class, less debt liabilities of the UCITS, if any, divided by the number of outstanding units in the respective unit class. It is rounded as follows on the occasion of the issue and redemption of units:

- ◆ to EUR 0.01 if the euro is the currency;
- ◆ to USD 0.01 if the US dollar is the currency;
- ◆ to CHF 0.01 if the Swiss franc is the currency; and
- ◆ to GBP 0.01 if the British pound is the currency.

The assets of the UCITS are valued according to the following principles:

1. Securities that are officially traded on a stock exchange are valued at the last available price. If a security is officially traded at several exchanges, the last available price shall be the price at the exchange that represents the main market for that security.
2. Securities that are not officially listed on an exchange but are traded on a market accessible to the public are valued at the last available price. If a security is traded on various markets accessible to the public, the last available price on the market with the highest liquidity shall be chosen.
3. Securities or money market instruments with a residual duration of less than 397 days can be valued by linear depreciation or appreciation with the difference between the cost (purchase) price and the repurchase price (price on maturity). The valuation at the current market price can be omitted if the repurchase price is known and fixed. Credit-rating changes, if any, shall be accounted for additionally.
4. Investments whose price is not in conformity with the market, and assets that do not fall under nos. 1, 2, and 3 above, are calculated at the price that would have most likely been attained if the investment had been sold with due diligence at the time of valuation and is determined in good faith by the executive board of the management company or under their direction or supervision by authorized agents.
5. OTC derivatives shall be valued on a day to day basis with the then probably attainable sales price using a verifiable valuation model specified in good faith by the management company which is in line with generally recognized valuation models that can be validated by auditors.
6. UCITS or undertakings for collective investment (UCI) shall be valued at the last noted and available net asset value. If the repurchase of units is suspended or if the UCI is closed and no redemption right exists or if no repurchase prices are specified, these units shall be valued, as all other assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
7. If no trading price is available for the respective assets, they shall be valued, as is the case with the other legally permissible assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
8. Cash and cash equivalents shall be valued at the par value plus accrued interest.
9. The market value of securities and other investments denominated in a currency other than the currency of the UCITS shall be converted into the currency of the UCITS at the last known median exchange rate.

The valuation process is handled by the management company.

The management company shall be entitled to use other reasonable valuation principles to value the assets of the UCITS if, as a result of extraordinary circumstances, valuation on the basis of the criteria described above should become impossible or impracticable. In the case of very large numbers of redemption requests, the management company may value the units of the UCITS on the basis of the prices at which the necessary securities will likely have to be sold. In this case, the same calculation method shall be used for simultaneously submitted subscription and redemption requests.

## **Art. 7 Issue of units**

Units shall be issued on each valuation day (issue day) at the net asset value per unit of the respective unit class of the UCITS plus the issue premium, if any, and plus taxes and charges, if any.

The units are not securitized.

Subscription requests must be received by the depositary on the acceptance deadline by the latest. If a subscription request is received after the acceptance deadline, it will be processed on the next following issue day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributors will provide pertinent information. Information on the issue day, the acceptance deadline, and the maximum issue premium, if any, is provided in Annex A "The UCITS at a glance".

The payment must be received within 3 banking days after the respective issue day.

The management company shall assure that the issue of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

All taxes and fees incurred in conjunction with the issue of units shall be charged to the investor as well. If units are purchased via banks that are not entrusted with the distribution of the units, it cannot be excluded that such banks will charge additional transaction costs.

If the payment is made in a currency other than the reference currency, the equivalent value from the conversion of the payment currency into the reference currency, less expenditures if any, shall be credited for the purchase of units.

The minimum investment to be held by an investor in a specific unit class is indicated in Annex A "The UCITS at a glance".

Contributions in kind are not permitted.

The depositary and/or the management company and/or the distributor may at any time reject a subscription request or temporarily limit or suspend or discontinue the issue of units if this appears to be necessary in the public interest or to protect the management company or the UCITS or the investors. In this case, the depositary will instantly refund, less interest, incoming payments for subscription requests that have yet to be fulfilled, and for this purpose may enlist the help of the paying agents.

Trading can be suspended in cases pursuant to Art. 12.

## Art. 8 Repurchase of units

Units shall be repurchased on each valuation day (repurchase day) at the net asset value per unit of the respective unit class of the UCITS, and the net asset value shall be calculated as at the valuation day, less repurchase charges, taxes and fees, if any.

Repurchase requests must be received by the depositary on the acceptance deadline at the latest. If a repurchase request is received after the acceptance deadline, it will be scheduled for the next following repurchase day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributors will provide pertinent information.

Information on the redemption day, the valuation interval, the acceptance deadline, and the maximum redemption premium, if any, is provided in Annex A "The UCITS at a glance".

Since the UCITS must maintain an adequate amount of liquidity, the payment of redeemed units will take place within three bank business days after the respective redemption day. This does not apply in case the transfer of the redemption sum proves impossible due to legal constraints such as currency export and cross-border payment restrictions or due to other circumstances beyond the control of the depositary.

If, on request by the investor, the payment is to be made in a currency other than the currency in which the respective units are denominated, the amount payable shall be calculated on the basis of the proceeds from the conversion of the reference currency into the payment currency, less fees and charges, if any.

When the repurchase price is paid, the respective unit shall become void.

If the execution of a repurchase request causes the respective investor's holdings to fall below the minimum holdings of the respective unit class as indicated in Annex A "The UCITS at a glance", the management company may, without notifying the investor, treat the repurchase request as a request for redeeming all units of the respective unit class held by the investor or as a request to exchange the remaining units into another unit class of the UCITS with the same reference currency, provided the investor fulfills its terms of participation.

The management company and/or the depositary may redeem units without the investor's consent against payment of the repurchase price to the extent that this appears to be in the interest of or for the protection of investors, the management company or the UCITS, particularly when

1. there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors,
2. the investor does not fulfill the conditions for purchasing units, or
3. units are being distributed in a country in which the UCITS is not approved for distribution or have been purchased by a person who is not allowed to purchase units.

The management company shall assure that the repurchase of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

The repurchase of fund units may be suspended in cases pursuant to Art. 12.

Redemptions in kind are not permitted.

## Art. 9 Exchange of units

An exchange of units into another unit class is only permissible if the investor fulfills the conditions of direct purchase of units of the respective unit class.

Provided different unit classes are available, units of one unit class can also be exchanged for units in another unit class. No exchange fee shall be charged for exchanging units of one unit class to units of another unit class.

If an exchange of units is not possible for a given unit class, this will be mentioned in the fund-specific Annex A "The UCITS at a glance" of the prospectus for the given unit class.

The number of units into which the investor wishes to exchange his holdings shall be calculated according to the following equation:

$$A = \frac{(B \times C)}{(D \times E)}$$

A = Number of units of the target unit class

B = Number of units of the source unit class

C = Net asset value or repurchase price of the units submitted for exchange

D = Currency exchange rate between the respective unit classes. If both unit classes are valued with the same reference currency, this coefficient is 1.

E = Net asset value per unit of the target unit class plus taxes, fees, and other charges

From case to case, unit class swaps may in some countries be subject to charges, taxation and stamp duties.

The management company may reject an exchange request for a unit class at any time if this appears to be necessary and in the interest of the UCITS, the management company, or the investors, particularly when:

1. there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors;
2. the investor does not fulfill the conditions for purchasing units; or
3. units are distributed in a country in which the UCITS is not approved for distribution or have been purchased by a person who is not allowed to purchase units.

The management company shall assure that the exchange of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

## Art. 10 Late trading and market timing

If a requester is suspected of pursuing late trading or market timing, the management company and/or the depositary shall refuse to honor the subscription, exchange, or repurchase request until the requester has eliminated all doubts with respect to the request.

### Late trading

Late trading is understood to mean the acceptance of a subscription, exchange, or repurchase request received after the acceptance deadline for such orders (cut-off



time) of the respective day for execution at the price that is based on the applicable net asset value on that day. Late trading allows investors to benefit from their awareness of events or information published after the acceptance deadline for orders but that are not yet factored into the price at which the investor's order is executed. Thus, such investors have an advantage over investors who complied with the official deadline. Such investors stand to gain even more if they can combine late trading with market timing.

### **Market timing**

Market timing is understood to mean an arbitrage process with which an investor systematically buys and resells or exchanges units of the same unit class on a short-term basis and utilizes time differences and/or errors or weaknesses of the system used to calculate the net asset value of the unit class.

## **Art. 11 Prevention of money laundering and terrorism financing**

The management company shall assure that domestic authorized distributors are obliged to comply with the provisions of the law and ordinance on occupational diligence and due care (Sorgfaltspflichtgesetz, Sorgfaltspflichtverordnung) applicable in the Principality of Liechtenstein, as well as the FMA guidelines in the edition in force.

To the extent that domestic distributors receive monies from investors, they are obliged, in their capacity as agents subject to due diligence obligations and in compliance with the Due Diligence Act and the Due Diligence Ordinance, to identify the subscriber and the beneficiary, to prepare a dossier on the business relationship, and to abide by all local laws related to the prevention on money laundering.

Furthermore, the distributors and their sales agents shall respect all laws related to the prevention of money laundering and terrorism financing that apply in the respective countries of distribution.

## **Art. 12 Suspension of the calculation of the net asset value and of the issue, repurchase, and exchange of units**

The management company may temporarily suspend the calculation of the net asset value, the issue, the repurchase, and the exchange of units of the UCITS if this is justified in the interest of the investors, especially:

1. if a market which forms the basis for the calculation of a substantial part of the assets of the UCITS is closed, or if trading on such a market is restricted or suspended;
2. in case of political, economic, or other emergencies; or
3. if transactions are not executable by the UCITS due to restrictions on the transfer of assets.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

The issue of units shall be temporarily suspended in particular if the calculation of the net asset value per unit is suspended. If the issue of units is suspended, investors shall be immediately informed of the reasons and duration of the suspension via notifications in the official gazette as well as the media mentioned in the prospectus and trust agreement or via durable media (letter, fax, e-mail or similar).

Additionally, under consideration of the interests of the investors, the management company is entitled postpone substantial redemptions, i.e. to temporarily suspend repurchases, until adequate assets of the UCITS can be sold without delay under consideration of the interests of the investors.

No new units of the UCITS shall be issued as long as the repurchase of units is suspended. Units subject to a temporary repurchase suspension cannot be exchanged.

The management company shall assure that the assets of the UCITS include enough cash and cash equivalents to allow the immediate repurchase or exchange of units under normal circumstances at the request of investors.

The management company shall immediately notify the FMA, and, with suitable means, the investors, if the redemption and repurchase of units is suspended. Subscription, repurchase, and exchange requests shall be fulfilled after resumption of the calculation of the net asset value. Until unit trading is resumed, investors are entitled to revoke their subscription, repurchase and/or exchange requests.

### **Art. 13 Sales restrictions**

The units of the UCITS are not admitted for distribution in all countries. Local regulations shall apply in cases where units are issued, redeemed, and exchanged abroad. Details are indicated in the prospectus.

## **II. Structural measures**

### **Art. 14 Merger**

Pursuant to Art. 38 UCITSA, the management company is at liberty at any time with approval of the respective supervisory authority to resolve the merger of the UCITS with one or several other UCITS regardless of the legal form of the UCITS and whether or not the other UCITS is domiciled in Liechtenstein. Unit classes of the UCITS can be merged with each other or with one of several other UCITS or their investment compartments or unit classes.

It is also possible to split the UCITS or its unit classes.

At the end of a financial year (transfer date), with the approval of the respective supervisory authority, all assets of the UCITS may be transferred to another existing UCITS or to a new UCITS or fund compartment established by the merger. The UCITS may also be merged with a UCITS or fund compartment established in another EU or EEA state that also complies with the provisions of Directive 2009/65/EC. A different transfer date may be chosen with the approval of the Financial Market Authority Liechtenstein (FMA). All the assets of another UCITS or of a foreign, directive-compliant UCITS can be transferred to a UCITS at the end of a financial year or on another transfer date. Finally, it is also possible to transfer only the assets of a foreign directive-compliant UCITS but not its liabilities to a UCITS.

The portfolio administrators of the investors shall transmit to them no later than 35 working days prior to the planned transfer date, on paper or in electronic form, information about the reasons for the merger, the potential effects for investors, their rights in conjunction with the merger, and relevant procedural aspects. The investors shall also receive the key investor information for the separate fund or for UCITS that remains in existence or that is newly established by the merger.

Until five working days prior to the planned transfer date, the investors may either redeem their units without a redemption charge or exchange their units against units of another UCITS that is also managed by the management company and has a similar investment policy as the UCITS to be merged.

On the transfer date, the net worth of the receiving and the merging separate fund or UCITS are calculated, the exchange ratio is defined, and the entire process is audited by the auditor. The exchange ratio is determined on the basis of the net asset values of the receiving and merging separate fund on the date of the merger. The investor shall receive the number of units of the new separate fund which corresponds to the value of his units in the merging separate fund. It is also possible that up to 10% of the value of their units will be paid in cash to the investors of the merging separate fund. If the merger takes place during the ongoing financial year of the merging separate fund, its respective management company must prepare a report as at the transfer date that fulfills the requirements of an annual report.

The management company shall announce in the official gazette of the UCITS, the website of the LAFV Liechtenstein Investment Fund Association [www.lafv.li](http://www.lafv.li), when the UCITS received another UCITS and when the merger became effective. Should the UCITS be discontinued due to the merger, the announcement shall be made by the management company that manages the receiving or newly established UCITS.

The transfer of all assets of this UCITS to another domestic UCITS or another foreign UCITS can only be implemented with the approval of the Financial Market Authority Liechtenstein (FMA).

## **Art. 15 Investor information, approval, and investor rights**

The investors shall be adequately and precisely informed about the planned merger. The investor information must make it possible for investors to make an informed judgment of the effects of the plan on their investments and allow them to exercise their rights pursuant to Arts. 44 and 45 UCITSA.

The investors do not have the right to vote on structural measures.

Without incurring costs other than those retained by the UCITS to cover dissolution costs, investors are entitled to demand

- a) the resale of their units;
- b) the repayment of their units; or
- c) the exchange of their units into units of another UCITS with a similar investment policy.

The exchange right exists only to the extent that the UCITS with a similar investment policy is managed by the same management company or by a company closely affiliated with the management company. The investors may be entitled to an offset payment.

This right begins with the transmission of the information of investors and expires five days prior to the date on which the exchange ratio is calculated.

## **Art. 16 Costs of merger**

Legal, consulting, or management costs associated with the preparations for and implementation of the merger shall be borne neither by one of the UCITS involved in the merger nor by the investors.

This applies analogously to structural measures pursuant to Art. 49 lit. a to c of the UCITSA.

If a UCITS exists as a master UCITS, a merger can only become effective if the UCITS provides its investors and the competent authorities of the home member state of its feeder UCITS with the legally prescribed information no later than 60 days prior to the proposed date of effectiveness. In this case, the master UCITS shall also grant to the feeder UCITS the option to redeem and repurchase all units prior to the merger, except if the competent authority of the home member state of the feeder UCITS does not approve the investment in units of the master UCITS created by the merger.

### **III. Dissolution of the UCITS or its unit classes**

#### **Art. 17 In general**

The provisions regarding the dissolution of the UCITS shall also apply to its unit classes.

Investors shall be notified of the decision of the management company in the same way as described further above under the heading "Structural measures".

#### **Art. 18 Resolution to dissolve**

The UCITS shall be imperatively dissolved in the cases provided by law. In addition, the management company is authorized to dissolve the UCITS or individual unit classes at any time.

Investors, heirs, and other beneficiaries cannot demand the split or dissolution of the UCITS or of an individual unit class.

The resolution to dissolve the UCITS or one of its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and durable media (letter, fax, e-mail, or similar) mentioned in the prospectus. Once the decision to dissolve the fund has been taken, no further units shall be issued, exchanged, or redeemed.

If the UCITS is dissolved, the management company may immediately liquidate the assets of the UCITS in the best interest of the investors. Apart from these provisions, the dissolution of the UCITS shall be executed pursuant to the provisions of the Liechtenstein Persons and Companies Act (PGR).

If the management company dissolves a unit class without dissolving the UCITS, all units of this class shall be redeemed at the then applicable net asset value. This redemption shall be published by the management company, and the redemption price shall be credited by the depositary to the former investors.

#### **Art. 19 Reasons for dissolution**

If the assets of the UCITS drop below a level required for cost-effective management, and in the event of significant changes in the political, economic, or monetary environment, or within the scope of streamlining measures, the management company may resolve to either repurchase or annul all units of the UCITS at the net asset value (under consideration of the actually realized prices and actually incurred costs) determined on the valuation day on which the respective resolution becomes effective.

## **Art. 20 Costs of dissolution**

The costs of dissolution shall be deducted from the net assets of the UCITS.

## **Art. 21 Dissolution and bankruptcy of the management company or the depositary**

In the event of a dissolution and bankruptcy of the management company, the assets managed for the purpose of collective capital investments for the account of the investors shall not become part of the company's bankruptcy estate and shall not be dissolved together with its own assets. The UCITS shall form a separate fund for the benefit of its investors. Subject to approval by the FMA, each separate fund shall be transferred to another management company or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

In the event of a bankruptcy of the depositary, subject to approval by the FMA, the managed assets of the UCITS shall be transferred to another depositary or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

## **Art. 22 Termination of the depositary agreement**

In the event of a termination of the depositary agreement, subject to approval by the FMA, the net assets of the UCITS shall be transferred to another depositary or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

# **IV. Creation of unit classes and investment compartments**

## **Art. 23 Creation of unit classes**

The management company may create several unit classes within the UCITS. The creation of unit classes is possible at any time at the discretion of the management company. The prospectus as well as the trust agreement including the fund-specific Annex A "The UCITS at a glance" shall be amended accordingly.

## **Art. 24 Characteristics of the unit classes**

Unit classes can be created within the UCITS that differ from existing unit classes with respect to the use of proceeds, the issue premium, the reference currency and the deployment of currency hedging instruments, the management fee, the minimum amount to be invested, or a combination of these characteristics. The rights of investors who purchased units assigned to existing unit classes are not affected by the creation of new unit classes.

The unit classes offered by the UCITS as well as the charges and reimbursements incurred in conjunction with the units of the UCITS are indicated in Annex A "The UCITS at a glance."

## **Art. 25 Creation of investment compartments**

The UCITS does not have an umbrella structure, so no investment compartments exist. The management company may resolve at any time to convert the UCITS into an umbrella structure and thus create investment compartments. The prospectus as well as the trust agreement including the fund-specific Annex A "The UCITS at a glance" shall be amended accordingly.

## **Art. 26 Structural measures involving unit classes**

The management company may perform all structural measures provided for in this trust agreement in Art. 14 ff.

## **V. General investment principles and restrictions**

### **Art. 27 Investment policy**

The fund-specific investment policy of the UCITS is described in Annex A "The UCITS at a glance".

The following general investment principles and restrictions apply to the UCITS unless otherwise stipulated for the UCITS in Annex A "The UCITS at a glance".

### **Art. 28 General investment principles and restrictions**

Under consideration of the principle of risk diversification pursuant to the provisions of the UCITSA, the assets of the UCITS shall be invested according to the following investment policy principles and within the investment restrictions.

### **Art. 29 Permitted investments**

For the account of its investors, the UCITS is allowed to invest its assets only in one or several of the following types of instruments:

1. Securities and money market instruments:
  - a) that are listed or traded on a regulated market as referred to in Art. 4, para. 1 section 21 of Directive 2014/65/EU;
  - b) that are traded at another regulated market of an EEA member country which is recognized, accessible to the public, and operates regularly;
  - c) that are officially listed on the stock exchange of a third country or traded on another market anywhere in the world that is recognized, accessible to the public, and operates regularly.
2. Securities from new issues, provided:
  - a) the issue terms include the obligation to have applied for authorization for official listing and trading on one of the securities markets mentioned in section 1 a) to c) or another regulated market there, and
  - b) this authorization is granted no later than one year after the issue date.
3. Units of a UCITS and of other undertakings for collective investment pursuant to Art. 3 Para. 1 Section 17 UCITSA that are comparable with a UCITS, provided they are bound by their constitutive documents to invest no more than 10% of their assets in units of another UCITS or comparable undertaking for collective investment;
4. Sight deposits or callable deposits with a maximum duration of twelve months held with credit institutions domiciled in an EEA member state or in another country in which supervisory legislation is equivalent to EEA law;
5. Derivatives whose underlying assets are subjects of investment as set forth in this article or financial indices, interest rates, foreign exchange rates, or currencies. In the event of transactions with OTC derivatives, the counterparties must be institutions of a type approved by the FMA, and the OTC derivatives shall be subject to reliable and verifiable valuation on a daily basis, and it must be possible

to sell, liquidate, or close them by an offsetting transaction at any time at a fair value at the initiative of the UCITS;

6. Money market instruments not traded on a regulated market, provided the issue or the issuer of these instruments is obliged to abide by regulations regarding deposit or investor protection, subject to the following:
  - a) the issue has been made or guaranteed by a central, regional or local entity or the central bank of an EEC member state, the European Central Bank, the European Union, the European Investment Bank, a third-party state, or, if this is a federal state, a member state of the federation, or an international public-sector institution with which at least one EEC member state is affiliated;
  - b) the issue has been made by a company whose securities are traded on the regulated markets listed in para. a;
  - c) the issue has been made by an institute subject to supervision aligned with criteria as stipulated by EEA law or made or guaranteed by an institute that is subject to supervision equivalent to EEA law and obliged to comply with such law; or
  - d) the issue has been made by an issuer belonging to an FMA-approved category provided that investor protection regulations equivalent to those described in points a to c apply to investments in these instruments, and provided that the issuer is a company whose equity capital amounts to at least 10 million euros and which presents and publishes its annual accounts in accordance with the rules of Directive 78/660/EEA, implemented in Liechtenstein by the PGR, or which is a group-affiliated entity that is responsible for the financing of a group of companies with at least one listed company or is an entity required to securitize liabilities by utilizing a line of credit granted by a bank.
7. Additionally, the management company may hold cash and cash equivalents.

### **Art. 30 Non-permitted investments**

The management company must not:

1. invest more than 10% of the assets of the UCITS in securities and money market instruments other than those mentioned in Art 29;
2. purchase precious metals or precious metal certificates;
3. transact uncovered short sales.

### **Art. 31 Deployment of derivatives, techniques, and instruments**

The total risk associated with derivatives shall not exceed the total net asset value of the UCITS. As part of its investment policy and within the limits specified in Art. 53 UCITSA, the UCITS may invest in derivatives provided the aggregate risk of the underlying assets does not exceed the investment limits set forth in Art. 54 UCITSA. The risk is calculated taking into account the market value of the underlying assets, the counterparty risk, future market fluctuations, and the time available to liquidate the positions.

Unless prevented by the protection of investors and the public interest, investments of the UCITS in index-based derivatives shall not be taken into account with regard to the upper limits defined in Art. 54 UCITSA.

If a derivative is embedded in a security or a money market instrument, it must be considered with respect to compliance with the provisions of Art. 54 UCITSA.



With the approval of the FMA, the UCITS may, for efficient portfolio management purposes and in compliance with the provisions of the UCITSA, deploy techniques and instruments involving securities and money market instruments.

Borrowing, securities lending, and annuities transactions are permitted within the scope of the UCITSA and the respective ordinance.

## **Art. 32 Investment limits**

### **A. The UCITS must observe the following investment limits:**

1. The UCITS must not invest more than 5% of its assets in securities or money market instruments of the same issuer and not more than 20% of its assets in deposits of the same issuer.
2. The default risk in transactions of the UCITS with OTC derivatives with a credit institution as the counterparty domiciled in an EEA member country or a third country whose supervisory legislation is comparable with EEA law must not exceed 10% of the assets of the UCITS; for other counterparties, the maximum default risk is 5% of its assets.
3. Provided the total value of securities and money market instruments of the issuers with whom the UCITS invests more than 5% of its assets does not exceed 40% of its assets, the issuer limit mentioned in section 1 shall be raised from 5% to 10%. The 40% limitation does not apply to deposits or transactions involving OTC derivatives with supervised financial institutions. If the issuer limit is raised, the securities and money market instruments pursuant to section 5 and the debt securities pursuant to section 6 shall not be considered.
4. Regardless of the upper individual limits pursuant to sections 1 and 2, a UCITS shall not enter into the following combinations if this would lead to an investment of more than 20% of its assets in one and the same body:
  - a) securities or money market instruments issued by that body;
  - b) deposits with that body;
  - c) OTC derivatives purchased from that body;
5. If the securities or money market instruments are issued or guaranteed by an EEA member state, by such a state's local authorities, by a third country, or by an international public body to which at least one EEA member state belongs, the 5% limit stipulated in section 1 can be raised to a maximum of 35%.
6. The 5% limit set forth in section 1 shall be raised to a maximum of 25% where debt securities are issued by a credit institution domiciled in an EEA member state and which is subject by law to special public supervision designed to protect the owners of such securities, and in particular must invest sums deriving from the issue of those debt securities in assets which, during their whole period of validity, are capable of covering claims attaching to the bonds and which, in the event of a default of the issuer, would be used on a priority basis for the repayment of the principal and of the accrued interest. In this case, the total value of the investments shall not exceed 80% of the assets of the UCITS.
- 7a. The limits set forth in sections 1 to 6 shall not be cumulated. The maximum issuer limit is 35% of the assets of the UCITS.
- 7b. If approved in exceptional cases by the FMA, this limit may also exceed 35%. This must be clearly mentioned in the prospectus and in advertising.

8. When calculating the investment limits as provided for in this article, companies belonging to the same group shall be deemed a single issuer. For investments in securities and money market instruments of the same group of companies, the issuer limit shall be increased to 20% of the assets of the UCITS.
9. The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a UCITS.
10. If the investments pursuant to section 9 constitute a major portion of the assets of the UCITS, the fund-specific Annex A "The UCITS at a glance" must state the maximum amount and the annual report must state the maximum share of the management fees to be borne by the UCITS itself and by the undertakings for collective investment according to section 9 whose units were purchased.
11. If units are managed directly or indirectly by the management company or by any other company with which the management company is affiliated by common management, control, or qualified participation, neither the management company nor the other company may charge fees for the subscription or redemption of units of the UCITS.
12. A management company shall not acquire for any of the UCITS managed by it any shares carrying voting rights which would enable it to exercise significant influence over the management of the issuer. A significant influence is deemed associated with more than 10% of the voting rights of the issuer. If a lower limit applies in another EEA member state for the acquisition of voting shares of the same issuer, that limit shall also be binding on the management company if it acquires for a UCITS any shares of an issuer domiciled in that EEA member state.
13. The maximum exposure of the UCITS in financial instruments of the same issuer is:
  - a) 10% of the share capital of the issuer to the extent that non-voting shares are involved;
  - b) 10% of the total par value of the outstanding debt securities or money market instruments of the issuer to the extent that debt securities or money market instruments are involved. This limit need not be observed if the total par value cannot be determined at the time of purchase;
  - c) 25% of the units of the same undertaking are purchased, to the extent that units of another UCITS or of an undertaking for collective investment comparable with a UCITS are involved. This particular limit need not be observed if the net amount cannot be determined at the time of purchase.
14. Sections 12 and 13 do not apply:
  - a) to securities and money market instruments issued or guaranteed by a government issuer;
  - b) to shares held by a UCITS in the capital of a company in a third country, that invests its assets mainly in the securities of issuers domiciled in that country, where under the legislation of that country such interest positions represent the only way in which the UCITS can lawfully invest in the securities of issuers of that country. In this context, the provisions of the UCITSA must be observed;
  - c) to shares held by management companies in the capital of their subsidiaries which in the country of domicile are devoted exclusively to organizing on behalf of the management company the repurchase of shares at the request of investors.

In addition to the limitations set forth in Art. 32, lit. A, sections 1 to 14, further restrictions in Annex A "The UCITS at a glance" shall be respected, if any.

**B. Deviations from the investment limits are allowed in the following cases:**

1. The UCITS does not need to comply with the investment limits when exercising the subscription rights derived from securities or money market instruments that belong to its assets.
2. If the above-mentioned limits are exceeded, the UCITS shall adopt as a priority objective for its sales transactions to normalize that situation in the interest of its investors.
3. Within the first six months after it is authorized, the UCITS must not comply with the investment limits. The principle of risk diversification continues to apply.

**C. Active investment limit violations:**

Losses or damages incurred due to an active violation of investment limits/regulations must be reimbursed to the UCITS immediately as mandated by the then valid codes of conduct.

**D. Special techniques and instruments based on securities and money market instruments**

As mentioned in Art. 29 section 5 of this trust agreement, the management company may deploy special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments as a central element of the investment policy of the UCITS, under the legally specified conditions and within the legally specified limits.

The management company must use a **risk management procedure** which allows it to monitor and measure at all times the risk involved in its investments as well as their respective exposure within the overall risk profile of the portfolio; furthermore, it must use a procedure that allows the precise and independent valuation of the values of the OTC derivatives. At least once a year, the management company shall submit to the FMA reports with information that reflects a true and fair assessment of the derivatives managed for the UCITS, their underlying risks, the investment limits, and the methods used to estimate the risks associated with derivatives transactions.

Additionally, the management company is entitled, subject to the conditions and limits imposed by the FMA, to use techniques and instruments whose underlying assets are securities and money market instruments, provided that the use of such techniques and instruments serves the purpose of efficient portfolio management. If such transactions are related to derivatives, the conditions and limits described in the provisions of the UCITSA must be complied with.

Under no circumstances must the UCITS deviate from its investment objectives when implementing such transactions.

The management company shall assure that the total risk associated with derivatives does not exceed the total net asset value of the UCITS. The associated risks are calculated taking into account the market value of the underlying assets, the default risk, future market fluctuations, and the time available to liquidate the positions.

As part of its investment strategy and within the limits specified in Art. 29 section 5, the management company may invest in derivatives provided the aggregate risk of the underlying assets does not exceed the investment limits set forth in Art. 32 "Investment Limits". Investments of the UCITS in index-based derivatives are not relevant as regards the investment limits of Art. 32 "Investment limits".

If a derivative is embedded in a security or a money market instrument, it must be considered with respect to compliance with the provisions of Art. 32 "Investment limits".

The management company is also entitled to lend portions of the securities held by the UCITS to third parties ("**Securities Lending**"). In general, securities lending transactions shall be handled only via recognized clearing organizations such as Clearstream International or Euroclear, as well as via prime banks, brokerage firms, financial service providers or insurance companies specialized in securities lending, and within the specific baseline conditions. Basically, in securities lending transactions, the management company or the depositary of the UCITS must receive sureties whose value corresponds at least to the total valuation of the securities lent and accrued interest, if any. These sureties must be extended in the form of financial securities in compliance with provisions of Liechtenstein law. Such sureties are not mandatory if the securities lending transaction is handled via Clearstream International or Euroclear or any other organization which can assure the management company that the value of the lent securities will be paid.

The management company does not carry out **annuities transactions**.

## VI. Costs and charges

### Art. 33 Ongoing charges

#### A. Depending on asset volume (individual charge)

##### **Administration, investment decision, risk management, and distribution**

The management company is remunerated for administration, the investment decision (asset management and investment consulting), risk management, and distribution of the UCITS as set forth in Annex A "The UCITS at a glance". These charges are calculated on the basis of the average net asset value of the UCITS or of the respective asset class on the occasion of each valuation and deducted from the assets of the UCITS quarterly in retrospect. The charges applicable to the respective unit class are indicated in Annex A "The UCITS at a glance". The annual report discloses the charges actually levied. The management company is at liberty to specify different administration fees for one or several unit classes.

This also includes the trailer fees that may be payable to third parties for investor referral and support services.

##### **Depositary**

For its activities, the depositary shall be remunerated from the assets of the UCITS pursuant to Annex A "The UCITS at a glance". The depositary charges are calculated on the basis of the average net asset value of the UCITS or of the respective asset class on the occasion of each valuation and deducted from the assets of the UCITS quarterly in retrospect. The management company is at liberty to specify different depositary charges for one or several unit classes.

The charges as per Art. 33 of this trust agreement include remuneration, if any, for mandated third parties.

#### B. Not depending on asset volume (individual charge)

Apart from the remuneration as described above, the following expenses that are not dependent on the asset volume can be charged to the assets of the UCITS:

- ◆ Costs for auditing the UCITS;
- ◆ Charges and costs for permits and the supervision of the UCITS in Liechtenstein and abroad;
- ◆ All taxes levied on the assets of the UCITS as well as its earnings and expenses charged to the assets of the UCITS;
- ◆ Taxes, if any, incurred in conjunction with the administration and depositary costs;
- ◆ Costs incurred in the preparation, printing, and dispatch of annual and semi-annual reports as well as other legally required publications;
- ◆ Costs incurred in the publication of messages by the UCITS to the investors in official gazettes and in additional newspapers or electronic media determined by the management company, including price publications;
- ◆ Costs incurred in conjunction with the fulfillment of the prerequisites and consequential obligations of any distribution of units at home and abroad e.g. charges for paying agents and other agents or representatives with similar functions, charges levied by fund platforms, such as listing fees and setup costs, as well as consulting, legal, and translation costs;
- ◆ Costs for the preparation or amendment, translation, deposition, printing, and distribution of the prospectus and constitutive documents (trust agreement, KIID, SRRI calculation, etc.) in those countries where the units are distributed;
- ◆ Costs incurred in conjunction with the registration, sustainment, and termination of stock market listings of the units;
- ◆ Costs for the preparation, the announcement of taxation fundamentals and the accreditation that the fiscal data was compiled according to the rules of the respective foreign country's tax legislation;
- ◆ Internal and external costs for the recovery of foreign withholding taxes to the extent they were withheld for the account of the UCITS. As regards the recovery of foreign withholding taxes, it must be pointed out that the management company is not obliged to institute recovery proceedings and will only do so if the process justifies the effort according to the criteria of substantiveness of the amounts and reasonableness of the ratio of costs to the possible recoverable amounts. With respect to investments that constitute securities lending, the management company will abstain from recovering withholding taxes;
- ◆ Expenditures in conjunction with the exercise of voting rights or creditor rights by the UCITS, including fees charged by external consultants;
- ◆ Administrative fees and charges levied by government authorities;
- ◆ Costs for legal counsel and tax consulting related to the assets of the UCITS;
- ◆ Costs for assessing the creditworthiness of the assets of the UCITS and its target investments by nationally or internationally recognized rating agencies;
- ◆ A reasonable share of costs for printed matter and advertising directly associated with the offering and sale of units;
- ◆ Charges and costs incurred as a result of other legal or supervisory rules that need to be fulfilled by the management company within the scope of its implementation

of the investment strategy (such as reporting and other costs incurred in the fulfillment of the European Market Infrastructure Regulation (EMIR, EC directive 648/2012)).

#### **Transaction costs**

In addition, the UCITS shall bear all ancillary costs for the purchase and sale of investment instruments arising from the management of the assets (customary brokerage fees, commissions, duties) as well as all taxes levied on the assets of the UCITS as well as on its income and expenditures (e.g. withholding taxes on foreign income). Furthermore, the UCITS shall bear external costs, if any, i.e. third-party charges incurred in conjunction with the purchase and sale of investments. Such costs are directly offset against the historic cost or sales price of the respective instruments.

#### **Currency-hedging charges, if any, for unit classes**

The costs, if any, of a currency translation hedge of a unit class are allocated to that class.

#### **Liquidation fees**

In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor. In addition to this amount, the UCITS shall bear all costs levied by authorities, the auditor, and the depositary.

#### **Extraordinary disposal costs**

Additionally, the management company may encumber the assets of the UCITS with costs for extraordinary disposals.

Extraordinary disposal costs consist of expenses incurred exclusively by safeguarding interests, which arise in the course of regular business and which were not foreseeable when the UCITS was established. In particular, costs for legal proceedings in the interest of the UCITS or of the investors are extraordinary disposal costs. Additionally, this includes all costs for extraordinary disposals that may be necessary pursuant to UCITSA and UCITSO.

#### **Ongoing charges (total expense ratio, TER)**

The total of ongoing charges before performance-dependent expenditures, if any (total expense ratio before performance fee; TER) is calculated according to general, code-of-conduct principles and with the exception of transaction costs encompasses all costs and charges that are deducted from the assets of the UCITS on an ongoing basis. The TER of the UCITS or of the unit classes shall be indicated in the semi-annual and annual reports and, when the next semi-annual or annual report is published, on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

### **Art. 34 Costs borne by the investors**

Issue, redemption, and exchange fees as well as related taxes and charges, if any, shall be borne by the investor.

### **Art. 35 Performance fee**

Furthermore, the management company is entitled to receive a performance-linked remuneration (performance fee) pursuant to Annex A "The UCITS at a glance" on the unit value gain in the respective unit class adjusted for dividends or capital measures, if any, provided the value trend of the fund's net assets in the respective unit class exceeds the hurdle rate according to Annex A "The UCITS at a glance."

A performance fee, if any, shall be determined on each valuation day on the basis of the number of outstanding units of the respective unit class and deferred, provided the



unit price in the respective unit class cumulatively exceeds the hurdle rate and the high watermark. An underwrite of the hurdle rate at the end of a prior financial year does not have to be compensated in the financial year that follows it.

A deferred performance fee shall be payable in retrospect per quarter (March, June, September, December).

The high watermark principle is used as a basis for calculations. If the UCITS or its unit classes sustain a value loss, the performance fee will not be levied again until the value per unit of the respective unit class, adjusted for dividends and capital measures, if any, and less all costs, has reached a new high (high watermark). The high watermark is understood to be an all-time high watermark.

A schematic calculation example is provided in Annex A "The UCITS at a glance".

### **Art. 36 Costs of incorporation**

The costs for the incorporation of the UCITS and the initial issue of units shall be amortized across three years at the expense of the assets of the UCITS.

## **VII. Final provisions**

### **Art. 37 Use of proceeds**

The proceeds of the UCITS consist of net income and realized price gains.

The management company can use the proceeds generated by a UCITS or one of its unit classes to pay dividends to the investors of the UCITS or its respective unit class or reinvest the proceeds into the UCITS or its respective unit class.

The income generated by those unit classes designated as the type that reinvests proceeds according to Annex A "The UCITS at a glance" shall be reinvested on an ongoing basis.

### **Art. 38 Benefits**

The management company reserves the right to benefits to third parties for the acquisition of investors and/or for services rendered. As a rule, the basis of assessment for such benefits includes the commissions, charges, etc. borne by the investors and/or assets/asset components placed with the management company. The respective amounts are percentages of the applicable basis of assessment. On request, the management company shall disclose further details regarding the agreements concluded with third parties. Investors herewith explicitly waive any further rights to disclosures on the part of the management company, and in particular, the management company shall not have the obligation to submit detailed accounts on benefits actually paid.

The investor takes note of and accepts the fact that the management company may be the beneficiary of trailer fees from third parties (including group companies) in conjunction with the referral of investors, the purchase/distribution of collective capital investments, certificates, notes, etc. (hereinafter: products, including such products that are managed and/or issued by a group company), generally in the form of trailer fees. The respective amounts depend on the product and the product provider. As a rule, trailer fees are assessed on the basis of the volume of a product or product group held by the management company. The amounts in question are usually a percentage of the administrative fees charged for the respective product and periodically paid during



the holding duration. Additionally, securities issuers may grant distribution commissions also in the form of rebates on the issue price or in the form of non-recurring payments expressed as a percentage of the issue price. Unless otherwise stipulated, the investor is entitled at all times prior to and after the rendering of the service (purchase of product) to request further details from the management company regarding agreements concluded with third parties in conjunction with such benefits. However, the entitlement to further details regarding historic transactions is limited to the 12-month period preceding the date of the request. The investor explicitly waives any further disclosure claims. If the investor does not request further details prior to the rendering of the service or makes use of the service after having requested further details, this shall constitute a waiver of a disclosure claim, if any, as provided in § 1009 ABGB (Allgemeines Bürgerliches Gesetzbuch).

### **Art. 39 Information for investors**

The official gazette of the UCITS is the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as well as other media mentioned in the prospectus.

All notices to investors, including announcements regarding amendments to the trust agreement and Annex A "The UCITS at a glance", shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and electronic media mentioned in the prospectus.

On every valuation day, the net asset value as well as the issue and redemption prices of the UCITS and its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and electronic media (letter, fax, e-mail, or similar) mentioned in the prospectus.

The audited annual report and the semi-annual report, which needs not be audited, shall be made available to investors free of charge at the domiciles of the management company and of the depositary.

### **Art. 40 Reports**

For each UCITS, the management company shall prepare an audited annual report as well as a semi-annual report in compliance with the legal provisions of the Principality of Liechtenstein.

Within four months after the close of each financial year at the latest, the management company shall publish an audited annual report in compliance with the provisions of the Principality of Liechtenstein.

Two months after the end of the first six months of the financial year, the management company shall publish an unaudited semi-annual report.

Further audited and unaudited intermediate reports may be prepared.

### **Art. 41 Financial year**

The financial year of the UCITS begins on January 1 of each year and ends on December 31 of the same year.

### **Art. 42 Amendments to the trust agreement**

This trust agreement can be fully or partially amended or supplemented by the management company at any time.

Amendments to the trust agreement require prior approval by the FMA.

### **Art. 43 Statute of limitations**

The period during which claims can be brought forth by investors against the management company, the liquidator, the administrator, or the depositary expires five years after the damage was incurred but no later than one year after the repayment of the unit or after the damage became known.

### **Art. 44 Applicable law and jurisdiction and binding language**

The UCITS is subject to Liechtenstein law. The sole venue for all disputes between investors, the management company, and the depositary shall be Vaduz.

However, with respect to claims submitted by investors in other countries where the units are offered and sold, the management company and/or the depositary may submit themselves and the UCITS to the jurisdictions of such countries. Appeals may also be submitted in other jurisdictions if so required by law.

German is the legally binding language for this trust agreement.

### **Art. 45 General**

In all other respects, the provisions of the UCITSA, the provisions of the ABGB, the provisions of the Persons and Companies Act (PGR) on trusts, and the general provisions of the PGR shall apply as set forth in the latest versions thereof.

### **Art. 46 Entering into force**

This trust agreement shall enter into force on May 11, 2017.

Vaduz, May 5, 2017

#### **The management company:**

IFM Independent Fund Management Aktiengesellschaft, Vaduz

#### **The depositary:**

Liechtensteinische Landesbank AG, Vaduz

# Annex A: The UCITS at a glance

The trust agreement and this Annex A "The UCITS at a glance" constitute a complementary entity.

## H.A.M. Global Convertible Bond Fund

### A. The UCITS at a glance

Master data and information on the UCITS and its unit classes				
	Unit classes of the UCITS			
Unit classes <sup>1</sup>	EUR-A	USD-A	CHF-A	GBP-A
ISIN number	LI0010404585	LI0028897788	LI0045967341	LI0364737259
Security number	1.040.458	2.889.778	4.596.734	36.473.725
Suitable as a UCITS target fund	Yes	Yes	Yes	Ja
Duration of the UCITS	Unlimited			
Listed	No			
Accounting currency of the UCITS	Euro (EUR)			
Reference currency of the unit classes	Euro (EUR)	US dollar (USD)	Swiss franc (CHF)	British Pound (GBP)
Minimum investment	1 unit			
Initial issue price	EUR 1000	USD 1000	CHF 1000	GBP 1000
First subscription day	24.03.2000	06.04.2007	07.12.2008	24.05.2017
Payment (first value day)	29.03.2000	11.04.2007	10.12.2008	24.05.2017
Valuation day <sup>2</sup> (T)	Wednesday			
Valuation interval	Weekly			
Issue and redemption day <sup>3</sup>	Every valuation day			
Value date issue and redemption day (T+3)	Three bank business days after calculation of the net asset value (NAV)			
Acceptance deadline for unit transactions (T)	On the valuation day by no later than 12 noon (CET)			
Denomination	Three decimal places			
Securitization	On the books / no certificates issued			
Close of accounting year	On December 31			
End of first financial year	December 31, 2000			
Use of proceeds	Reinvested			

<sup>1</sup> The currency translation risk of the CHF, USD and GBP currency classes may be fully or partially hedged.

<sup>2</sup> If the valuation day should coincide with a bank holiday in Liechtenstein, the valuation day shall be rescheduled to the next following banking business day in Liechtenstein.

<sup>3</sup> The issue and redemption day is skipped on December 31. This valuation day is the closing date for the annual report of the UCITS.

## Costs borne by the investors

	Unit classes of the UCITS			
Unit classes	EUR-A	USD-A	CHF-A	GBP-A
Max. issue premium <sup>4</sup>	3%	3%	3%	3%
Max. repurchase charge in favor of the UCITS <sup>4</sup>	0.25%	0.25%	0.25%	0.25%
Exchange fee for switching from one unit class to another	None	None	None	None

## Costs payable with the assets of the UCITS<sup>5,6</sup>

	Unit classes of the UCITS											
Unit classes	EUR-A			USD-A			CHF-A			GBP-A		
Max. charge for administration, investment decision, risk management, and distribution <sup>4</sup>	1.2% p.a.			1.2% p.a.			1.2% p.a.			1.2% p.a.		
Max depositary fee <sup>4</sup>	0.15% p.a.			0.15% p.a.			0.15% p.a.			0.15% p.a.		
Performance fee	From	To	Perf.-Fee	From	To	Perf.-Fee	From	To	Perf.-Fee	From	To	Perf.-Fee
	0%	7.5%	0%	0%	7.5%	0%	0%	7.5%	0%	0%	7.5%	0%
	7.5%	15%	10%	7.5%	15%	10%	7.5%	15%	10%	7.5%	15%	10%
	15%		15%	15%		15%	15%		15%	15%		15%
Hurdle rate	Yes, 7.5% for performance fee			Yes, 7.5% for performance fee			Yes, 7.5% for performance fee			Yes, 7.5% for performance fee		
High watermark	Yes			Yes			Yes			Yes		
Benchmark: launch date	29.03.2000			11.04.2007			10.12.2008			24.05.2017		

<sup>4</sup> The commissions and charges actually levied are published in the semi-annual and annual reports.

<sup>5</sup> Plus taxes as well as other costs and charges: Transaction costs as well as expenses incurred by the management company and the depositary in the fulfillment of their functions. Details are provided in the prospectus in sections 10 (Taxation) and 11.2 (Costs and charges borne by the UCITS).

<sup>6</sup> In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor.

## Master data and information on the UCITS and its unit classes

	Unit classes of the UCITS			
Unit classes <sup>7</sup>	EUR-D	USD-D	CHF-D	GBP-D
ISIN number	LI0336894352	LI0336894360	LI0336894378	LI0364737267
Security number	33.689.435	33.689.436	33.689.437	36.473.726
Suitable as a UCITS target fund	Yes	Yes	Yes	Ja
Duration of the UCITS	Unlimited			
Listed	No			
Accounting currency of the UCITS	Euro (EUR)			
Reference currency of the unit classes	Euro (EUR)	US dollar (USD)	Swiss franc (CHF)	British Pound (GBP)
Minimum investment	Equivalent of EUR 20 million			
Initial issue price	EUR 1000	USD 1000	CHF 1000	GBP 1000
First subscription day	31.08.2016	31.08.2016	31.08.2016	open
Payment (first value day)	31.08.2016	31.08.2016	31.08.2016	open
Valuation day <sup>8</sup> (T)	Wednesday			
Valuation interval	Weekly			
Issue and redemption day <sup>9</sup>	Every valuation day			
Value date issue and redemption day (T+3)	Three bank business days after calculation of the net asset value (NAV)			
Acceptance deadline for unit transactions (T)	On the valuation day by no later than 12 noon (CET)			
Denomination	three decimal places			
Securitization	On the books / no certificates issued			
Close of accounting year	On December 31			
End of first financial year	December 31, 2000			
Use of proceeds	Reinvested			

## Costs borne by the investors

	Unit classes of the UCITS			
Unit classes	EUR-D	USD-D	CHF-D	GBP-D
Max. issue premium <sup>10</sup>	3%	3%	3%	3%
Max. repurchase charge in favor of the UCITS <sup>10</sup>	0.25%	0.25%	0.25%	0.25%
Exchange fee for switching from one unit class to another	None	None	None	None

<sup>7</sup> The currency translation risk of the CHF and USD currency classes may be fully or partially hedged.

<sup>8</sup> If the valuation day should coincide with a bank holiday in Liechtenstein, the valuation day shall be rescheduled to the next following banking business day in Liechtenstein.

<sup>9</sup> The issue and redemption day is skipped on December 31. This valuation day is the closing date for the annual report of the UCITS.

<sup>10</sup> The commissions and charges actually levied are published in the semi-annual and annual reports.

## Costs payable with the assets of the UCITS<sup>11,12</sup>

Unit classes	Unit classes of the UCITS											
	EUR-D			USD-D			CHF-D			GBP-D		
Max. charge for administration, investment decision, risk management, and distribution <sup>4</sup>	0.90%			0.90%			0.90%			0.90%		
Max depositary fee <sup>4</sup>	0.10% p.a.			0.10% p.a.			0.10% p.a.			0.10% p.a.		
Performance fee	From	To	Perf.-Fee	From	To	Perf.-Fee	From	To	Perf.-Fee	From	To	Perf.-Fee
	0%	7.5%	0%	0%	7.5%	0%	0%	7.5%	0%	0%	7.5%	0%
	7.5%	15%	10%	7.5%	15%	10%	7.5%	15%	10%	7.5%	15%	10%
	15%		15%	15%		15%	15%		15%	15%		15%
Hurdle rate	Yes, 7.5% for performance fee			Yes, 7.5% for performance fee			Yes, 7.5% for performance fee			Yes, 7.5% for performance fee		
High watermark	Yes			Yes			Yes			Yes		
Benchmark: launch date	31.08.2016			31.08.2016			31.08.2016			open		

## B. Delegation of functions

### a) Asset manager

The asset manager for the UCITS is Holinger Asset Management AG  
Gotthardstrasse 21, CH-8002 Zürich.

### b) Distributor

The distributor appointed for the UCITS is HighValue Partners AG, Gagoz 73, FL-9496 Balzers.

## C. Depositary

The depositary function for the UCITS is handled by Liechtensteinische Landesbank AG, Städtle 44, FL-9490 Vaduz.

## D. Auditor

The auditor for this UCITS is Ernst & Young AG, Schanzenstrasse 4a, CH-3008 Bern.

## E. Investment principles of the UCITS

The following provisions govern the fund-specific investment principles of the **H.A.M. Global Convertible Bond Fund**.

### a) Investment objective and policy

The primary investment objective of the **H.A.M. Global Convertible Bond Fund** is to generate long-term capital gains by investing globally in **convertible bonds and bonds with warrants**. To the extent that no contradictory investment principles are specified for the UCITS in lit. E of this annex, section V of the trust agreement "General investment principles and restrictions" shall apply. **No guarantee can be given that the investment objective will be achieved.**

To achieve this objective, the UCITS invests **at least two-thirds of its assets in convertible bonds, warrants, and similar securities as well as securities with conversion and option rights** issued by private, mixed, and public-sector debtors. Of this exposure, at least 40% must be constantly invested in convertible bonds and warrants with an investment grade rating of at least BBB- (Standard & Poor's) or at least Baa3 (Moody's) or for which an analogous rating was determined.

<sup>11</sup> Plus taxes as well as other costs and charges: Transaction costs as well as expenses incurred by the management company and the depositary in the fulfillment of their functions. Details are provided in the prospectus in sections 10 (Taxation) and 11.2 (Costs and charges borne by the UCITS).

<sup>12</sup> In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor.

The UCITS is not subject to any restrictions regarding currency allocations. The portion of the UCITS's assets that is not invested in euro-denominated securities will vary depending on the market situation. To minimize the currency translation risk, assets not denominated in the accounting currency of the UCITS can be temporarily or permanently hedged. The currency risks of the unit classes denominated in USD, CHF and GBP can be fully or partially hedged; this may have a negative effect on the NAV of the unit class denominated in EUR. The costs of currency hedges in the USD, CHF and GBP unit classes, if any, are assigned to the respective class.

The UCITS may invest up to 10% of its assets in equities and securities. Moreover, the UCITS is entitled, within the scope of the investment limits set forth in section V of the trust agreement "General investment principles and restrictions", to invest in other permissible instruments.

The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a UCITS. These other undertakings for collective investment shall be bound by their prospectuses and/or constitutive documents to invest no more than 10% of their assets in units of another UCITS or another comparable undertaking for collective investment.

The international stock and bond markets as well as the exchange rates of international currencies versus the euro are important factors that influence the value development of the assets of the UCITS.

Convertible bonds are bonds that the holder is generally free to convert into equities or other securities during a specific period of time and at predetermined terms and conditions. Convertible bonds offer the safety of a bond together with an option of potential capital gains. In principle, every convertible bond securitizes the right of conversion as well as the same claims as an ordinary bond.

Warrants are fixed-income securities that entitle the holder to purchase equities or participation certificates at a predetermined price within a fixed period of time. Bonds with warrants differ from convertible bonds in that the equity subscription right is not inseparably tied to the bond but instead is represented by a separate subscription certificate, option certificate, or warrant.

With respect to the investments described herein, the following criteria of a regulated, recognized, and regularly operating market are complied with:

- ◆ Regular trading that allows the placement of purchase or sell orders on a daily basis, at least at certain times of day;
- ◆ Transparent pricing that is comprehensible by third parties;
- ◆ A minimum set of trading conventions that are accepted by all parties and result in sanctions if violated;
- ◆ Settlement of transactions by a recognized clearinghouse; and
- ◆ Recognition of the market by an authority and/or a self-regulating organization.

**No guarantee can be given that the investment objective will be achieved. Accordingly, the value of the units and the returns may increase or decrease.**

**The fund-specific risks listed in lit. G of this annex and the general risks listed in section 7.2 of the prospectus must be observed.**



**b) Accounting/reference currency**

The accounting currency of the UCITS as well as the reference currency for each unit class are stated in Annex A "The UCITS at a glance".

The accounting currency is the currency in which the UCITS keeps its books. The reference currency is the currency used to calculate the performance and the net asset value of the respective unit class of the UCITS and not the investment currency of the respective unit class of the UCITS. Investments are made in the currencies optimally suited to the performance of the UCITS.

**c) Profile of a typical investor**

The **HAM Global Convertible Bond Fund** is suitable for investors with a long-term investment horizon who wish to invest in a diversified portfolio of convertible bonds and bonds with warrants.

**F. Valuation**

The valuation process is handled by the management company.

**G. Risks and risk profiles of the UCITS**

**a) Fund-specific risks**

**The performance of the units depends on the investment policy as well as the market development of the individual investments of the UCITS and cannot be determined in advance. In this context, it must be pointed out that the value of the units can rise or fall versus the issue price at any time. It cannot be guaranteed that the investors will be able to recover their invested capital.**

**It must be pointed out that the assets of the UCITS are partly invested in convertible bonds of small and medium-sized companies whose equities are traded at local stock exchanges or "over-the-counter". Various rating firms assess the credit rating of convertible bonds of these companies as speculative. Convertible bonds usually offer a clearly lower fixed interest rate (coupons) than ordinary bonds. As a result, the market value of the convertible bond during its duration strongly depends on the development of the share price of the company to which the conversion right applies.**

Due to the predominant investment of the assets of the **HAM Global Convertible Bond Fund** in convertible bonds and bonds with warrants, this investment type is associated with an interest-rate risk, but also a market risk. This may have a negative effect on the net asset value. In addition, other risks may be incurred, such as issuer risk, liquidity risk, but also currency translation risk.

Increased risks may be incurred with the deployment of derivative financial instruments that are not used for hedging purposes. The risk associated with derivative financial instruments must not exceed 100% of the fund's net assets. Hereby, the total risk must not exceed 200% of the fund's net assets. In a borrowing transaction that is permissible pursuant to UCITSA, the total risk shall not exceed 210% of the fund's net assets. The management company utilizes the generally accepted Modified Commitment approach as its risk management procedure.

**b) General risks**

In addition to the fund-specific risks, the investments of the UCITS may be exposed to general risks. A typical but not exhaustive list is provided in section 7.2 of the prospectus.

## **H. Costs payable by the UCITS**

An overview of costs payable by the UCITS is provided in the table "Master data and information on the UCITS and its unit classes" in lit. A of this Annex "The UCITS at a glance".

Vaduz, May 5, 2017

### **The management company:**

IFM Independent Fund Management Aktiengesellschaft, Vaduz

### **The depositary:**

Liechtensteinische Landesbank AG, Vaduz

## I. Calculation examples for the performance fee

The following examples schematically explain the calculation of the performance fee at the level of the respective unit class:

<b>Hurdle rate 1</b>	<b>7.50%</b>	<b>Performance fee 1</b>	<b>10.00%</b>
<b>Hurdle rate 2</b>	<b>15.00%</b>	<b>Performance fee 2</b>	<b>15.00%</b>
<b>Hurdle rate approach</b>	<b>Yes</b>	<b>High watermark</b>	<b>Yes</b>

Valuation day	NAV Start	Hurdle 1	Hurdle 2	High NAV before Watermark	Perf. fee	Cum. Perf. fee	NAV after Perf. fee
<b>Year 1</b>							
Day 1	100.00	107.50	115.00	100.00	105.00	0.00	105.00
Day 2	105.00	107.50	115.00	100.00	110.00	0.25	109.75
Day 3	109.75	107.50	115.00	110.00	120.00	1.25	118.75
Day 4	118.75	107.50	115.00	120.00	105.00	0.00	105.00
Day 5	105.00	107.50	115.00	120.00	100.00	0.00	100.00
Day 6	100.00	107.50	115.00	120.00	95.00	0.00	95.00
<b>Year 2</b>							
Day 1	95.00	102.13	109.25	120.00	97.00	0.00	97.00
Day 2	97.00	102.13	109.25	120.00	102.00	0.00	102.00
Day 3	102.00	102.13	109.25	120.00	112.00	0.00	112.00
Day 4	112.00	102.13	109.25	120.00	120.00	0.00	120.00
Day 5	120.00	102.13	109.25	120.00	111.00	0.00	111.00
Day 6	111.00	102.13	109.25	120.00	102.00	0.00	102.00
<b>Year 3</b>							
Day 1	102.00	109.65	117.30	120.00	113.00	0.00	113.00
Day 2	113.00	109.65	117.30	120.00	115.00	0.00	115.00
Day 3	115.00	109.65	117.30	120.00	122.00	0.30	121.70
Day 4	121.70	109.65	117.30	122.00	124.00	0.30	123.70
Day 5	123.70	109.65	117.30	124.00	121.00	0.00	121.00
Day 6	121.00	109.65	117.30	124.00	119.00	0.00	119.00

In **year 1**, a performance fee was charged although the performance of the unit class for that year was negative. The performance fee was calculated and deferred on every valuation day and in principle debited at the end of each quarter.

In **year 2**, no performance fee was charged because the high-watermark principle was applied. A performance fee, if any, shall only be charged when the value per unit of the unit class after deduction of all costs attains a record mark.

In **year 3**, a performance fee is levied. It is limited to the difference between the highest respective net asset value and the current respective high watermark of the unit class.

**It should be noted that a performance fee may be levied on non-realized gains although the non-realized gains may never be realized subsequently.**

# Annex B: Specific information for individual countries of distribution

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## Information for investors in Switzerland

**1. Representative**

1741 Fund Solutions AG, Burggraben 16, CH-9000 St. Gallen, is the representative in Switzerland.

**2. Paying agent**

The paying agent for Switzerland is Notenstein La Roche Privatbank AG, Bohl 17, CH-9004 St. Gallen.

**3. Availability of applicable documents**

The prospectus, the trust agreement, the Key Investor Information Document (KIID), as well as the respective annual and semi-annual reports (if already published) can be obtained free of charge from the representative. These documents are also available free of charge from the Swiss paying agent or from the management company of the UCITS.

**4. Publications**

4.1 In Switzerland, publications related to the foreign collective investment pool are posted on the Internet at [www.fundinfo.com](http://www.fundinfo.com).

4.2 The issue and redemption prices and the net asset value with the remark "excluding commissions" regarding all unit classes are published daily at [www.fundinfo.com](http://www.fundinfo.com).

**5. Payments of trailer fees and discounts**

5.1 The management company and its agents as well as the depositary may pay trailer fees to cover fund unit distribution and referral activities in Switzerland or from Switzerland. In particular, distribution and referral activities are activities intended to promote the distribution or referral of fund units, such as the organization of road shows, participation at events and trade shows, the production of advertising materials, training for distribution personnel, etc.

5.2 Trailer fees are not considered discounts even if ultimately, they are fully or partially credited to the investors.

5.3 The recipients of trailer fees pledge transparent disclosure and will voluntarily inform investors, free of charge, about the amounts of remuneration they may receive for distribution activities.

5.4 On request, the recipients of trailer fees will disclose the amounts actually received for the distribution of the collective capital investments of these investors.

5.5 The management company and its agents as well as the depositary do not pay any discounts arising from distribution in or from Switzerland to reduce the charges and costs imposed on the fund that would be borne by the investors.

**6. Place of fulfillment and legal venue**

For units distributed in and from Switzerland, the place of fulfillment and legal venue is the domicile of the representative.

## Notes for investors in Germany

The company has notified the authorities of its intention to distribute units in the Federal Republic of Germany and has been authorized to do so since the notification procedure was concluded.

### 1. Paying and information agent in the Federal Republic of Germany

The function of the German paying and information agent has been assumed by

Hauck & Aufhäuser Privatbankiers KGaA  
Kaiserstrasse 24  
D-60311 Frankfurt am Main

In Germany, the Key Investor Information Document, the prospectus, the trust agreement, the annual/semiannual reports as well as other information can be obtained free of charge on paper from the paying and information agent.

The paying and information agent also provides all further information to which investors in the Principality of Liechtenstein are entitled. The issue and redemption prices are available free from the paying and information agent as well.

### 2. Repurchase of units and payments to investors in Germany

The repurchase of units and payments to investors in Germany (redemption proceeds, distributions, if any, and other payments) can be handled by the paying and information agent.

### 3. Publications

Issue and redemption prices and other information for investors are published on the fund information platform [www.fundinfo.com](http://www.fundinfo.com).

In the cases mentioned below, investors are also informed with a durable medium pursuant to § 167 KAGB:

- a) suspension of redemption of units or shares representing investment assets,
- b) termination of the management of investment assets or liquidation,
- c) amendments of investment provisions that are not compatible with existing investment principles, that affect essential investor rights, or relate to remuneration and reimbursement of expenditures that can be debited from the invested assets, including reasons of the changes and the rights of investors in an intelligible manner; the announcement must also specify where and how further relevant information can be obtained,
- d) the merger of investment assets in the form of merger information to be prepared in accordance with Art. 43 of Directive 2009/65/EC, and
- e) the conversion of investment assets into a feeder fund or the changes of a master fund in the form of information to be prepared in accordance with Art. 64 of Directive 2009/65/EC.

## Information for investors in Austria

### Supplementary information for Austrian investors

The following information is provided for potential buyers of the **H.A.M. Global Convertible Bond Fund** in the Republic of Austria; it adds details to the prospectus and the trust agreement with regard to distribution in Austria:

#### 1. Paying and information agent as well as representatives in Austria

The paying and information agent as well as the representative in Austria is Erste Bank der oesterreichischen Sparkassen AG, Am Belvedere 1, A-1100 Vienna (Telephone 0043 (0) 50100 12139, Fax 0043 (0) 50100 9 12139)

The above institute is a credit institute pursuant to § 141 of the Federal Law on Capital Investment Funds (InvFG 2011) and has confirmed that it complies with the provisions of § 41 para. 1 InvFG 2011.

Units can be purchased from and returned to the paying agent. The prospectus, the trust agreement, the Key Investor Information Document (KIID), and the most recent annual and, if subsequently published, the most recent semi-annual report are available free of charge from the above-mentioned institute.

#### 2. Publications

Unitholders ("investors") can obtain the prescribed information pursuant to § 141 InvFG 2011 from the paying and information agent at the following address:

Erste Bank der oesterreichischen Sparkassen AG  
Am Belvedere 1, A-1100 Vienna  
Telephone 0043 (0) 50100 12139  
Fax 0043 (0) 50100 9 12139

All issue and redemption prices of the UCITS as well all other announcements are published on the website of the management company at [www.ifm.li](http://www.ifm.li) and on the website of the Liechtenstein Investment Funds Association at [www.lafv.li](http://www.lafv.li).

The German versions of the prospectus, the trust agreement, the Key Investor Information Document (KIID) and of all other documents and announcements are binding.

## Information for investors in the United Kingdom:

### 1. Sales restrictions

The UCITS is a recognized investment scheme in the United Kingdom ("UK") as of the effective date indicated by the Financial Services Authority in the UK ("UK FSA") within the meaning of Section 264 of the UK Financial Services and Markets Act 2000 in its respective valid version ("FSMA"). This prospectus is being issued in the UK by the UCITS. Accordingly, the UCITS may be marketed to the general public in the UK. Certain rules made under the FSMA for the protection of private investors are not applicable to investments in the UCITS. Compensation under the Financial Services Compensation Scheme will generally not be available.

UCITS units confer rights vis-a-vis the UCITS in accordance with the constituting documents of the UCITS. Amongst other rights, investors shall have the right to be informed about significant events in the operation of the UCITS and shall have the right to require the management company to supply at any time the necessary information regarding the basis upon which the issue and redemption of units are to be calculated.

In conjunction with the recognition of the UCITS under Section 264 of the FSMA, the UCITS shall maintain the facilities required of a recognized scheme by the rules contained in the UK FSA's New Collective Investment Schemes Sourcebook, at the offices of **Société Générale Securities Services**, Exchange House, 12 Primrose Street, London EC2A 2EG, UK. Such facilities enable, inter alia:

- a) an investor to redeem his UCITS units and to obtain the payment of the price upon redemption;
- b) information to be obtained in English orally and in writing about the most recently published unit prices;
- c) any person who has a complaint to make about the operation of the UCITS to submit this complaint in writing for presentation to the UCITS; and
- d) the inspection (free of charge) and the obtaining (free of charge in the case of Figs. 3., 4. and 5. below, and otherwise at no more than a reasonable charge) of copies in English of:
  - 1. the founding documents of the UCITS;
  - 2. any documents relating to the amendment of the founding documents of the UCITS;
  - 3. the contractual conditions;
  - 4. the prospectus;
  - 5. the Key Investor Information Document (KIID), and
  - 6. the latest annual and semi-annual reports.

### 2. Tax issues relating to the UCITS and the investors

Dividends and other distributions made by a UCITS as well as payments of the proceeds of the sale or the redemption of fund units are subject (depending on the investment portfolio of the UCITS) to withholding tax or to a cross-border system of providing information on the basis of the Directive 2003/48/EC of the EU Council of 3 June 2003 for the purpose of taxing savings income ("Savings Income Directive") if payments are made to unit holders (or to a "residual entity" established in a member state) who are natural persons domiciled in an EU member state, and these payments are made by a payment agent in another EU member state. Certain other countries (including Switzerland) have or are planning to introduce a corresponding withholding tax or notification system in respect of payments made by a payment agent.

This summary should not be taken to constitute legal or tax advice, and any prospective Shareholder should consult their own professional advisers as to the UK tax treatment of returns from the holding of Shares in the UCITS.

#### The UCITS

The UCITS is planning to manage and to conduct its transactions in such a way that it does not become resident in the United Kingdom for tax purposes. This consequently means that the UCITS is not subject to United Kingdom corporation tax or income tax on its profits – provided the UCITS is not distributed in the United Kingdom through fixed places of business or agents constituting a "permanent establishment" for United Kingdom taxation purposes, and that all trading transactions in the United Kingdom are performed through a broker or investment manager whose regular exercise of his activities has an independent status. Both the UCITS as well as the management company are planning to settle the respective UCITS transactions in such a way that these criteria are met, insofar as this is within their respective control. At the same time, however, it is not possible to guarantee that the necessary conditions will be fulfilled at all times.

Certain interest and other income generated by the UCITS which has a United Kingdom source may be subject to withholding tax in the United Kingdom.



## Investors

Subject to their personal circumstances, investors in the fund resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax or corporation tax in respect of their units in the UCITS – irrespective of whether such income is distributed or reinvested.

The Offshore Funds (Tax) Regulations in force in the United Kingdom at the time of the respective sale, of the respective redemption or alienation provide that if a participant holds an interest in an offshore fund, and that if this offshore fund does not qualify as a reporting fund, then all earnings accruing to the investor at the time of the sale, or the redemption or any other alienation of this participation (which may also include a redemption by the UCITS) shall be taxed as income ("offshore income gain") and not as a capital gain. Insofar as a participant holds an interest in an offshore fund, and that offshore fund qualifies as a reporting fund, any gain accruing to the investor upon the sale, redemption or other alienation of that interest (which may include a redemption by the Fund) will be taxed at the time of the sale, redemption or alienation as a capital gain.

In the case of umbrella structures, each part of the umbrella structure is to be treated as a separate entity. In addition, each participation class constitutes a separate participation in an offshore fund within the meaning of the provisions.

The management company of the UCITS is planning to apply to be certified as a reporting UCITS fund and to meet the annual reporting requirements that such certification requires.

Obtaining certification as a reporting fund would require investors to be subject to income tax on their share of the reporting fund's income attributable to them on an annual basis, whether or not this was distributed. Gains arising out of the alienation of their participations would be subject to capital gains tax. In calculating the gain arising out of the alienation, a sum equal to the offshore income gain shall be deducted from the amount or value, representing the equivalent of the alienation.

Persons within the United Kingdom who are subject to corporation tax should note that the regime for taxation of most corporate bonds contained in Section 5 of the Corporation Tax Act 2009 ("loan relationship regime") provides that, if at any time in an accounting period such a person holds an interest in an offshore fund within the meaning of the corresponding provisions in Section 6 of the Corporation Tax Act 2009, and if there is a time in this period when this UCITS fails to satisfy the "qualifying investments test", the interest held by this person will be treated for that accounting period as it were rights under a creditor relationship for the purposes of the loan relationships regime." An offshore fund fails to satisfy the "qualifying investments test" insofar as more than 60% of its assets by market value at any one time comprise government and corporate bonds, cash deposits, specific derivative contracts or participations in other collective investment vehicles which at any time during the relevant accounting period do not themselves satisfy the "qualifying investments test". In this case, the units constitute participations in an offshore fund and, on the basis of the investment policies of the UCITS, the UCITS could invest more than 60% of its assets in government and corporate bonds, cash deposits, specific derivative contracts or participations in other vehicles for collective investment which at any time during the relevant accounting period do not themselves satisfy the "qualifying investments test", with the result that the UCITS could fail to satisfy the "qualifying investments test". If this is the case, then the units shall be treated for corporation tax purposes as being within the "loan relationship regime", meaning that all returns on these units in respect of such a person's accounting period (including gains, profits and losses) will be taxed or relieved as income or expenses, and will be revalued on a daily basis. Accordingly, such a person who acquires units in the UCITS may, depending on their circumstances, incur a corporation tax charge for unrealized gains in the value of their fund units (by the same token, they may obtain corporation tax relief on an unrealized reduction of their fund units).

The attention of natural persons ordinarily resident in the United Kingdom for tax purposes is drawn to Section II of Part XIV of the Income Taxes Act 2007, which may render them liable for income tax in respect of undistributed investment fund income.

The attention of companies resident in the United Kingdom for tax purposes is drawn to the fact that the "controlled foreign companies" legislation contained in Section IV of Part XVII of the Income and Corporation Taxes Act may be applicable to any company based in the United Kingdom which is, either alone or together with persons associated with it for taxation purposes, deemed to have an interest of 25% or more in any possible taxable profits of the UCITS during an accounting period, insofar as the UCITS is simultaneously controlled by persons (companies, natural persons or others) within the meaning of the definition set out under Section 755D of the Income and Corporation Taxes Act, who are resident in the United Kingdom for tax purposes; this also applies insofar as the UCITS is controlled by two persons jointly, one of whom is resident in the United Kingdom for tax purposes and has at least 40% of the interests, rights and powers by which these persons control the UCITS, and the other of whom has at least 40% (not more than 55%) of such interests, rights and powers. The "taxable profits" of the UCITS do not encompass its capital gains. These provisions could mean that such UCITS in the United Kingdom are subject to corporation tax in respect of undistributed fund income.

Transfers of units are not subject to stamp duty in the United Kingdom – unless the instrument for a transfer of this nature is applied in the United Kingdom, insofar as the transfer is subject to an ad valorem stamp duty of 0.5% of the paid performance, whereby this sum shall be rounded off to the nearest five pounds. No "stamp duty reserve tax" is payable on such transfers or agreements to perform such transfers.

It should be noted that the tax levels, tax bases and tax relief are subject to change.

# Annex C: Regulatory disclosure

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## Conflicts of interest

The following conflicts of interest can occur within the UCITS:

The interests of the investor could collide with the following interests:

- ◆ Interests of the management company and companies and persons closely affiliated with it
- ◆ Interests of the management company and its clients
- ◆ Interests of the management company and its investors
- ◆ Interests of different investors of the management company
- ◆ Interests of an investor and a fund
- ◆ Interests of two funds
- ◆ Interests of the management company's employees

Circumstances or relationships that can entail conflicts of interest mainly include:

- ◆ Incentive systems for employees
- ◆ Employee transactions
- ◆ Churning in the UCITS
- ◆ Positive portrayal of fund performance
- ◆ Transactions between the management company and the funds or individual portfolios that it manages
- ◆ Transactions between the funds and/or individual portfolios managed by the management company
- ◆ Bundling of several orders (so-called block trades)
- ◆ Appointment of closely affiliated companies and persons
- ◆ Single investments of significant magnitude
- ◆ Frequent shifting / trading of assets
- ◆ Specification of cut-off time
- ◆ Suspension of redemptions
- ◆ IPO allocation

In handling conflicts of interest, the management company deploys the following organizational and administrative measures to avoid conflicts of interest and, if applicable, resolve, investigate, prevent, settle, observe and disclose them:

- ◆ Establishment of a compliance department that monitors compliance with laws and rules and to which conflicts of interest must be reported
- ◆ Obligation to disclose
- ◆ Organizational measures such as
  - Definition of responsibilities to prevent undue exertion of influence
  - Rules of conduct for employees regarding personal account trading
  - Rules of conduct governing the acceptance and granting of gifts, invitations, other benefits and donations
  - Ban on insider trading
  - Ban on front and parallel running
- ◆ Establishment of remuneration policy and practice
- ◆ Principles for considering client interests
- ◆ Principles for monitoring agreed investment guidelines
- ◆ Principles for executing trade decisions (best execution policy)
- ◆ Principles for splitting partial executions
- ◆ Establishment of order acceptance (cut-off) times

## Handling of complaints

The investors are entitled, free of charge and orally or in writing, to submit complaints to the management company or its employees in conjunction with funds that are managed by the management company as well as to express their concerns, wishes, and needs.

The management company's complaints policy as well as the procedure in dealing with the complaints of investors are described on the website of the management company at [www.ifm.li](http://www.ifm.li) and can be viewed there free of charge.

## Principles of voting policy at general meetings

The management company shall exercise the shareholder and creditor rights associated with the investments of the fund's managed assets independently and in the exclusive interest of the investors.

As regards individual transactions, the management company is at liberty to decide whether to directly exercise shareholder and creditor rights for the respective fund or delegate this function to the depositary or a third party or to forfeit the exercising of such rights.

In the absence of explicit instructions by the management company, the respective depositary is entitled, but not obliged, to exercise the shareholder, co-owner and other rights embodied in the investments.

In transactions that have a significant influence on investor interests, the management company may exercise the voting rights itself or issue explicit instructions.

The active exercise of voting rights shall apply in particular when a need to safeguard the interests of the investors has been clearly identified. The exercise of voting rights is mandatory only when significant interests are impacted. Interests are not sustainably impacted if the respective equity positions do not constitute a significant portion of market capitalization.

The objective of the management company is to prevent conflicts of interest resulting from the exercise of voting rights or to resolve or manage them in the interest of the investors.

When exercising voting rights, the management company shall consider the interests of the investors of the assets of the UCITS as well as the understanding that the exercise of voting rights must comply with the investment policy objectives for the respective assets.

The voting rights policy of the management company (strategy for exercising voting and creditor rights, measures, details on the avoidance of conflicts of interest, etc.) can be accessed free of charge on the website of the management company at [www.ifm.li](http://www.ifm.li).

## Best execution of trading decisions

When executing trading decisions for the portfolios entrusted to it, the management company shall act in the best interest of its managed funds. Under consideration of pricing, costs, execution speed, probability of execution and settlement, the scope and nature of the order and other aspects of relevance for order execution, the management company shall implement all measures needed to assure the best possible result for the funds (best execution).

To the extent that asset managers are authorized to execute transactions, they shall be contractually bound to apply the appropriate best execution principles unless they are already obliged by relevant laws and legal provisions to abide by best execution principles.

The principles governing the execution of trading decisions (best execution policy) can be accessed on the website of the management company at [www.ifm.li](http://www.ifm.li).

## Remuneration principles and practices

With respect to the structure of its remuneration principles and practices, IFM Independent Fund Management AG ("IFM") is subject to supervisory guidelines applicable to management companies pursuant to the Act pertaining to Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and pursuant to the Act on the Management of Alternative Investment Funds (AIFMA) that applies to AIFMs. The details of the structure are governed by an internal directive issued by IFM. Its goal is to assure a sustainable remuneration system which avoids misleading incentives to enter into undue risks. The remuneration principles and practices adopted by IFM are reviewed by the members of the board at least once a year to verify their adequacy and compliance with all legal provisions. They encompass fixed and variable (performance-linked) remuneration elements.

IFM has specified a remuneration policy that reconciled with its business and risk policy. In particular, no incentives for entering into undue risks are in place. The calculation of performance-linked remuneration is based either on the overall result generated by IFM and/or the personal performance of a staff member and his or her department. In the effectiveness quantified during personal performance assessments, the focus is mainly on sustainable business development and the protection of the company against undue risks. The variable remuneration elements are not linked with the value development of the funds managed by IFM. Employer voluntary non-cash benefits or fringe benefits are permissible.

Furthermore, the definition of overall remuneration bandwidths assures that no significant dependences on the variable component can occur and that the ratio of variable to fixed remuneration is reasonable. The fixed salary component is such that it alone will support a full-time employee's living (under consideration of market-conforming salaries). When allocating variable remuneration elements, the members of the Executive Board and the Chairman of the Board of Directors have the final say. The Chairman is responsible for reviewing the remuneration principles and practices.

Special rules apply to IFM Executive Board members and employees whose activities significantly influence the overall risk profile of IFM and the funds it manages (risk takers). Risk takers are employees who can decisively influence the risk and the business policy of IFM. The variable remuneration component due to such risk-relevant employees is paid out in arrears across several years. A portion of at least 40% of the variable remuneration is mandatorily retained across a period of at least three years. During this period, the retained portion of the remuneration is risk-dependent. The variable remuneration, including the retained portion, is paid out or earned only if it is supportable in view of the overall financial situation of IFM and justified on the basis of the performance of the respective department or individual. Generally, a weak or negative financial result achieved by IFM will result in a substantial reduction of the aggregate remuneration, under consideration both of ongoing compensation and reduction of payouts of previously generated amounts.



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