

As of: August 2010

## SALES PROSPECTUS

(including appendices and fund management regulations)

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**PPF**  
**("PMG Partners Funds")**

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Subfund:

PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund

PPF ("PMG Partners Funds") – CP Global BioPharma Fund

PPF ("PMG Partners Funds") – LPActive Value Fund

Management company:

**Alceda Fund Management S.A.**

Custodian bank:

**HSBC Trinkaus & Burkhardt (International) SA**

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## **Management, sales and consulting**

### **Management company:**

#### **Alceda Fund Management S.A.**

36, avenue du X Septembre  
L-2550 Luxembourg

Equity when founded on 9 January 2007: EUR 125,000

### **Supervisory board of management company**

#### **Chairman of the supervisory board:**

Roman Rosslbroich  
Managing partner of  
Aquila Capital Holding GmbH

#### **Members of the supervisory board:**

Michael Sanders  
Managing director of  
Aquila Capital Advisors GmbH  
Hamburg

Jost Rodewald  
Managing director of  
Aquila Capital Management GmbH  
Hamburg

Marc Kriegsmann  
Managing director of  
Alceda Fund Management S.A.  
Luxemburg

### **Directors of the management company**

Michael Sanders

Marc Kriegsmann

Helmut Hohmann

**Custodian bank, transfer agent and registrar**

**HSBC Trinkaus & Burkhardt (International) SA**  
8, rue Lou Hemmer  
L-1748 Findel – Golf

**Central administration agent**

**HSBC Trinkaus Investment Managers SA**  
8, rue Lou Hemmer  
L-1748 Findel – Golf

**Grand Duchy of Luxembourg**

**Paying agency**

**HSBC Trinkaus & Burkhardt (International) SA**  
8, rue Lou Hemmer  
L-1748 Findel – Golf

**Switzerland**

**Paying agency**

**InCore Bank AG**  
Dreikönigstrasse 8  
CH-8022 Zürich

**Representative**

**PMG Fonds Management AG**  
Sihlstrasse 95  
CH-8001 Zürich

**Germany**

**Paying agency and information office**

**HSBC Trinkaus & Burkhardt AG**  
Königsallee 21-23  
D-40212 Düsseldorf  
and other branches in Germany

**Fund managers**

for the subfund PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund

**GHP Arbitrium AG**  
Freigutstrasse 27  
CH-8022 Zürich

for the subfunds PPF ("PMG Partners Funds") – CP Global BioPharma Fund and PPF („PMG Partners Funds“) – LPActive Value Fund

**PMG Fonds Management AG**

Siehlstrasse 95  
CH-8001 Zürich

**Investment advisors**

for the subfund PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund

**Ajia Partners Asset Management (HK) Limited**

78<sup>th</sup> Floor, The Center  
99 Queen's Road  
Central Hong Kong

for the subfund PPF ("PMG Partners Funds") – CP Global BioPharma Fund

**FirmInvest AG**

Stockerstrasse 48  
CH-8022 Zürich

for the subfund PPF ("PMG Partners Funds") – LPActive Value Fund

LPX GmbH  
Florastrasse 17  
CH-8008 Zürich

**Auditors of the fund and the fund management company**

**PriceWaterhouseCoopers**

Réviseurs d'entreprise  
400, Route d'Esch  
L-1014 Luxembourg

The investment fund described in this sales prospectus (including appendices and fund management regulations) ("detailed sales prospectus") is a Luxembourg investment fund (*fonds commun de placement*) set up pursuant to Part I of the Luxembourg law of 20 December 2002 regulating Undertakings for Collective Investment ("Law of 20 December 2002") in the form of an umbrella fund with several subfunds for an unlimited period of time.

This detailed sales prospectus is only valid in combination with the last-published annual report that must have been issued within the last sixteen months. The investor must also be provided with the half-yearly report if the reporting date is more than eight months old. The current detailed sales prospectus and the corresponding simplified prospectuses form the legal basis for the acquisition of units. The acquisition of units implies acceptance by the investor of the detailed sales prospectus, the respective simplified prospectus and all approved and published amendments to same.

The dissemination of information and issue of statements that deviate from this detailed sales prospectus and the simplified prospectuses is prohibited. The management company is not liable if, and in so far as, information is disseminated or statements are issued that deviate from the current detailed sales prospectus and the simplified prospectuses.

The detailed sales prospectus and the simplified prospectuses, as well as the annual and half-yearly fund reports, can be obtained free of charge from the head office of the management company, the custodian bank, the paying agents and from any appointed representatives. Further information is available from the management company at any time during normal office hours.

## Information for investors in Switzerland

### 1. The representative in Switzerland is:

**PMG Fonds Management AG**  
Talstrasse 20  
CH-8022 Zürich

### 2. The paying agency in Switzerland is:

**InCore Bank AG**  
Dreikönigstrasse 8  
CH-8022 Zürich

### 3. Where to obtain the relevant documentation

The detailed sales prospectus, simplified prospectuses, fund management regulations agreement and the half- and full-year reports are available, free of charge, from the representative.

### 4. Publications

1. Information relating to foreign collective investments is published in Switzerland in the Swiss Official Gazette of Commerce ("Schweizerisches Handelsamtsblatt" (SHAB)) and on the "Swiss Fund Data" electronic platform ([www.swissfunddata.ch](http://www.swissfunddata.ch))
2. The net asset value (accompanied by the note "excluding fees") is published every Friday, and each time units are issued or redeemed, in "Swiss Fund Data" ([www.swissfunddata.ch](http://www.swissfunddata.ch)). These prices are also published on the PMG Fonds Management AG website ([www.pmg-fonds.ch](http://www.pmg-fonds.ch)).

### 5. Payment of reimbursements and trailer fees

1. The management company may issue reimbursements in respect of the sale of units in Switzerland to the following specific groups of investors who, from an economic perspective, hold the collective capital investment units on behalf of third parties:
  - Life insurance companies
  - Pension funds and other provident organisations
  - Investment foundations
  - Swiss fund management companies
  - Foreign fund management companies and providers
  - Investment companies
2. The management company may pay trailer fees to the following distributors and distribution partners in respect of the sale of units in Switzerland:
  - approved sales partners as defined in Art. 19 para. 1 KAG (Swiss Collective Capital Investments Act)

- sales partners not subject to mandatory approval by the supervisory authority as defined in Art. 19 para. 4 KAG and Art. 8 KKV (Swiss Collective Capital Investment Ordinance)
- sales partners who only place collective capital investment units with institutional investors with a professional treasury operation.
- sales partners who only place collective capital investment units in response to a written asset management order.

## **6. Place of fulfilment and place of jurisdiction**

For units sold in or from Switzerland, the place of fulfilment and place of jurisdiction is the registered office of the representative.

## Notes for investors in the Federal Republic of Germany

Pursuant to Article 132 of the German Investment Law, (Investmentgesetz) the management company has notified the Federal Financial Services Supervisory Authority in Frankfurt of its intention to sell units in the fund in Germany.

### Paying agency and information office

#### HSBC Trinkaus & Burkhardt AG

Königsallee 21-23  
D-40212 Düsseldorf  
and other branches in Germany

### The right of revocation, pursuant to Article 126 InvG

If investment shares are purchased on the basis of verbal negotiations conducted outside the permanent business premises of the person selling the shares or brokering the sale, the purchaser may revoke his decision to buy within two weeks by informing the foreign investment company of this fact in writing (**right of revocation**); this also applies if the person selling the shares, or brokering the sale, does not have permanent business premises. If the transaction is a **telesales transaction** as defined by Article 312b of the German Civil Code (Bürgerliches Gesetzbuch - BGB), revocation is excluded when purchasing financial services that are subject to price fluctuations on the financial markets (Section 312d, Para. 4 No. 6 BGB).

The date the revocation declaration is sent shall determine whether it meets the deadline. Notice of revocation must be submitted in writing to Alceda Fund Management S.A., 36, avenue du X Septembre, L-2550 Luxembourg, together with the name and signature of the person declaring the revocation; there is no requirement to give reasons for the revocation.

The revocation period only starts once a copy of the application for a contract has been handed to the buyer, or when he/she has received a statement of purchase, which contains advice on the right of revocation in line with the information given here.

If the commencement date of this period is a matter of dispute, the burden of proof lies with the seller.

The right of revocation does not apply if the seller can provide proof, either that the buyer has purchased the shares within the scope of his business enterprise or that the seller visited the buyer to conduct the negotiations that resulted in the sale of the shares on the basis of a prior order in terms of Article 55, Para. 1 of the Trade, Commerce and Industry Regulation Act (Gewerbeordnung).

If the right of revocation has been exercised and the purchaser has already made payments, the foreign investment company shall be obliged to return any costs paid together with a sum corresponding to the value of the shares paid for on the day after receipt of the notice of revocation was received. Where necessary, this shall be paid out at the same time as retransfer of the purchased shares.

The right of revocation cannot be waived.

## **Publications**

In order to facilitate the sale of units in Germany, issue and redemption prices for fund units will be published each exchange trading day on the management company's website at [www.alceda.lu](http://www.alceda.lu). All other announcements concerning the fund will be published in the Börsenzeitung financial daily.

## **Information concerning the German paying agency and information office**

All payments to unitholders (sales revenues, dividends – as relevant – and all other payments) can be made by the German paying agency and information office.

Applications for subscription, redemption and conversion of fund units can be submitted to the German paying agency and information office.

The detailed sales prospectus, fund management regulations, the latest version of the simplified sales prospectus and the latest annual and half-yearly financial statements, as well as the issue and redemption prices, can be obtained free of charge from the German paying agency and information office.

Furthermore, the management company's articles of association, the custodian bank agreement and the principle administration agreement may be viewed free of charge at the offices of the management company and of the paying agency and information office.

## **Particular risks arising from new obligations to publish tax details in Germany.**

Whenever requested to do so, the fund management company is obliged to provide the German tax authorities with any documents that may enable the tax authorities to verify tax information published by the fund.

The basis for calculating tax-relevant data is subject to a variety of interpretations. Therefore, it cannot be guaranteed that German tax authorities will accept the fund management company's calculation methods in all respects.

If, given such circumstances, it should be proved that tax details published by the fund are incorrect, the investor should be aware that corrections will not have retrospective consequences and, as a general rule, only apply to the current tax year. For this reason, corrections can only have a positive or negative effect for the investor in respect of the current tax year in which dividends accrued or dividend-equivalent income is to be allocated.

## Notes for investors relating to the United States of America

The management company can restrict or prohibit the possession of units by any person registered as a taxpayer in the United States of America ("USA"). Natural persons who are taxpayers in the USA include, for example, persons who

- a) were born in the USA or in one of its territories or sovereign territories;
- b) are naturalised citizens (or green card holders),
- c) were born abroad to parents, or to one parent, who is/are (a) USA citizen(s);
- d) without being a citizen of the USA, are predominantly resident in the USA;
- e) are married to a citizen of the USA.

The following list contains examples of investors who will be treated as taxable legal entities in the USA:

- a) companies or incorporated firms founded under the laws of one of the 50 federal states or the District of Columbia;
- b) a company or partnership founded under an Act of Congress;  
or
- c) a pension fund, founded as a US trust.

## Sales Prospectus

The investment fund ("the Fund") described in this detailed prospectus was floated on the initiative of **PMG Fonds Management AG**, Zürich (the "Initiator") and is managed by **Alceda Fund Management S.A.** The initiator is not entitled to accept monies for this fund.

Appendices relating to the respective subfunds and the fund management regulations are enclosed with this prospectus.

The fund management regulations came into force on 04 May 2009 and have been filed with the Luxembourg Commercial Register. A reference to this was published in the "*Mémorial, Recueil des Sociétés et Associations*", the official gazette of the Grand Duchy of Luxembourg, on 10 June 2009. The latest amendment to the fund management regulations entered into force on 23 August 2010 and a respective agreement was deposited with the Commercial Register. A reference to this was published on 26 August 2010.

The prospectus (including appendices) and the fund management regulations form a logical unit and complement each other.

### Management company

The fund management company is Alceda Fund Management S.A. (the "Management company"), a public limited company pursuant to the laws of the Grand Duchy of Luxembourg. Its registered office is located at 36, avenue du X Septembre, L-2550 Luxembourg. The company was founded on 9 January 2007, for an indefinite period of time, with its articles of association published in the *Mémorial* on 27 February 2007. The first amendment of the articles of association came into effect on 31 December 2007 and was published in the *Mémorial* on 28 February 2008.

The management company is registered in the Luxembourg Commercial Register under the number Luxembourg B-123356. The management company's financial year ends on 31 December of each year. When founded, the management company held equity of EUR 125,000.

The fund management company may not carry out any activities other than those of fund administration of undertakings for collective investments in securities (UCITS) in accordance with Directive 85/611/EEC as amended (hereafter: Directive 85/611/EEC); an exception to this rule is the additional administration of other undertakings for collective investments (UCI) that do not fall under this directive, in respect of which the fund management company is subject to supervision, but the shares of which cannot be sold in other member states of the European Union in accordance with Directive 85/611/EEC, as well as other Luxembourg and foreign investment vehicles (including SICARs).

The fund management company may carry out all activities that are necessary or useful to promote the marketing of such shares and the administration of these UCITS/UCI and SICAR. It may enter into any transactions and take any measures that promote its interests or otherwise serve its purpose, provided that they correspond to Chapter 13 of the Act dated 2002.

The management company is responsible for the day to day administration and management of the fund. It is entitled to perform, for the account of the fund, all management and administrative activities and to exert all rights directly or indirectly associated with the fund assets.

In carrying out its duties, the management company acts independently of the custodian bank.

The management company complies with the requirements of amended Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to specific undertakings for collective investment in transferable securities.

In addition to the fund described in this detailed sales prospectus, the management company also currently manages the following investment funds:

One World Tactics, Osprey Fonds, Lucro, Trana, AC INVEST, Adelca Invest, Glogger Fonds, Absolut Fund, Delta Fonds Group, ASI, H2Fonds, 1st Capital Group Fund, ASI II, Pellucida, Prometheus, Logilinvest, Aquila Capital Fonds, HV Fonds, BCA Fund, Obsidian, Global Response, Prometheus AI, NV Strategie, Hakala Fonds, ASI Funds, AC, VB Karlsruhe Premium Invest, GCC Fund, FU Fonds, R&S Fonds, UFP Timing Global Select, HB Fonds, NDACinvest, MAV Invest, ICM Portfolio, Promont, General Investment Fund, A/VENTUM family office Fonds, KCM Fund, Alpha Top Select Vorsorge, MAS Value, ASM Asset Special Management Fund, M.E.T. Fonds, Francken Fonds, Ourworld Fonds, Avalon Multi Asset Fund, Value Select Fund, HWB Invest, Vilico, AC Alternative, HuserInvest Fonds, PPF („PMG Partners Fonds“), AC Absolute Return, StrategySelect, David Fund, Astanum, Ardour Fund, amandea MK, m4 Alpha, Real Estate MK, AC Multistrategy

In relation to the management of the assets of the respective subfund, the management company may, under its own responsibility and control and at the cost of the respective subfund, engage the services of a fund manager or an investment advisor.

The management company is also entitled to subcontract services to third parties while retaining its own responsibility for, and control of, such services. Any such transfer of tasks must not in any way impair the Management Company's ability to effectively supervise the fund. In particular, any such transfer of tasks must not impede the Management Company's ability to act in the interest of investors. With regard to management of the assets of individual subfunds, the management company may appoint an additional fund manager while retaining responsibility and control. The cost of this appointment is chargeable to the subfund in question. In this event, the present sales prospectus shall be adapted accordingly.

#### **Custodian bank, transfer agent and registrar**

The custodian bank, the transfer agent and registrar of the fund is the **HSBC Trinkaus & Burkhardt (International) SA** with its registered office at 8, rue Lou Hemmer, L-1748 Findel – Golf.

The custodian bank is a public limited company pursuant to the laws of the Grand Duchy of Luxembourg that operates a banking business. The function of the custodian bank is governed by the law of 20 December 2002, the custodian bank agreement, the fund

management regulations (Article 3) and this sales prospectus (including appendices). It acts independently of the management company and exclusively in the interest of the investors.

The tasks of the registrar and transfer agent consist of processing applications or orders for the subscription, redemption, conversion and transfer of units and in maintaining a register of fund units.

### Central administration agent

The central administration agent for the fund is **HSBC Trinkaus Investment Managers SA** with registered office at 8, rue Lou Hemmer, L-1748 Findel – Golf.

The central administration agent is responsible for fund accounting, the calculation of unit values and compilation of the annual report.

It is also entitled to subcontract services to third parties at its own risk and subject to its own control procedures .

### The fund manager

Following its appointment by the management company, the fund manager of the **PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund** is **GHP Arbitrium AG** with registered office at Freigutstrasse 27, CH-8022 Zürich.

In its capacity as a trader of securities according to the Swiss Exchange and Securities Trading Act (Börsen- und Effektenhandelsgesetz (BEHG)), GHP Arbitrium is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA). It serves private and institutional clients in the fields of asset management and brokerage. GHP Arbitrium AG has implemented a sustainable investment policy. In addition to its status as a trader of securities, GHP Arbitrium AG is an associate member of the Swiss Exchange and a member of the Swiss Bankers' Association. The fund manager is therefore authorised to manage assets and is subject to appropriate regulatory supervision.

Following its appointment by the management company, the fund manager of the **PPF ("PMG Partners Funds") – CP Global BioPharma Fund** and the **PPF ("PMG Partners Funds") – LPActive Value Fund** is **PMG Fonds Management AG** (hereinafter "PMG") with registered office at Sihlstrasse 95, 8001 Zürich, Schweiz.

PMG Fonds Management AG is a fund manager (*Fondsleitung*) as defined by the Swiss Collective Investment Act (Kollektivanlagegesetz - KAG) and as such is subject to supervision by the FINMA. PMG manages a number of funds under Swiss law and acts as fund manager for a number of funds under Luxembourg law.

On a day-to-day basis, the main role of the fund manager is to implement the investment policy of the respective subfund and to carry out asset management transactions; it also provides other related services.

In fulfilling these duties, it must observe the investment policy guidelines and any investment restrictions of the respective subfund as laid out in this detailed prospectus, as well as any investment restrictions imposed by law.

Fund managers are entitled to select agents or brokers to process transactions in the assets of the subfund. Responsibility for making investment decisions and issuing orders lies with the fund managers.

Fund managers are entitled, at their own cost and under their own responsibility, to seek advice from third parties. Subject to approval by the management company, fund managers may reassign some or all of their contractual duties to third parties. In such cases, the fund managers shall be fully responsible for the remuneration payable to those third parties.

Fund managers are liable for all expenses they incur in connection with the services they provide on behalf of the investment company. Agent commissions, transaction costs and other business costs that arise in connection with the purchase and sale of assets are payable by the respective subfund.

#### **Investment advisors**

The following investment advisors have also been appointed for the above subfunds.

The firm **Ajia Partners Asset Management (HK) Limited** with registered office at 78th Floor, The Center, 99 Queen's Road, Central Hong Kong, will act as investment advisor to the **PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund**. Ajia Partners Asset Management (HK) Limited belongs to the Ajia Partners group of companies, which was founded in 2000 in order to respond to and participate in growing wealth in the Asia region. Thanks to its Asian network, Ajia Partners Asset Management (HK) Limited is able to provide investors (mainly financial institutions and family offices in Europe, the Middle East, Asia and North America) with access to premium and often unique investments in the region.

The investment advisor appointed for the **PPF ("PMG Partners Funds") – CP Global BioPharma Fund** is **Firminvest AG**, Stockerstrasse 48, CH-8002 Zürich. Firminvest was founded in 1995 and has since specialised in the area of asset management and private equity. As a member of the "VFQ" (Verein zur Qualitätssicherung von Finanzdienstleistungen - Association for the Quality Assurance of Financial Services), Firminvest has joined a voluntary self-regulatory organisation (SRO) in Switzerland.

The investment advisor appointed for the **PPF ("PMG Partners Funds") – LPActive Value Fund** is **LPX GmbH**, Florastrasse 17, CH-8008 Zürich. LPX launched the first index family to measure the performance of listed private equity firms (LPEs). Unlike "conventional" private equity firms, LPEs are traded on the stock market. This makes it possible to construct share indices based on these companies. These indices were created in 2004 using a comprehensive database. In addition to its indices, LPX offers a range of other services in the fields of benchmarking, asset allocation, research and financial products.

As investment advisors, Ajia Partners Asset Management (HK) Limited and Firminvest AG monitor the financial markets, analyse the structure of the investments made by their

subfunds and provide recommendations to the management company on how to invest the assets of the subfunds with due regard for the investment policy and investment restrictions established for each subfund. The management company is not bound by investment recommendations submitted by the investment advisor.

As an investment advisor, LPX GmbH monitors the financial markets, analyses the structure of the investments made by the subfund in question and provides recommendations to the fund manager on how to invest the assets of the subfund with due regard for the investment policy and investment restrictions established for that subfund. The fund manager is not bound by investment recommendations submitted by the LPX GmbH.

The firms Ajia Partners Asset Management (HK) Limited and FirmInvest AG are entitled to obtain outside advice at their own expense. However, the advisor is not authorised to assign the fulfilment of its responsibilities to a third party without the prior written consent of the management company. In the event that Ajia Partners Asset Management (HK) Limited and FirmInvest AG transfer their contractual obligations to a third party with the prior consent of the management company, Ajia Partners Asset Management (HK) Limited and FirmInvest AG will themselves be responsible for paying any associated costs.

**Fund managers and investment advisors are not authorised to procure ownership or possession of monies or securities from investors.**

#### **Legal status of investors**

The monies invested in the subfunds are invested by the management company, in its own name, for the joint account of investors and according to the principle of risk diversification, in securities and/or other authorised assets pursuant to Article 41 (1) of the law of 20 December 2002. The invested funds and the assets acquired herewith represent the respective subfund assets which are held separately from the management company's own assets.

Investors participate in the respective subfund assets as co-owners in parity with units held. Bearer units shall be issued in the form of global certificates and exclusively as whole units. Registered units are issued in fractions of up to three decimal places.

Registered units, if issued, are entered in the unit register maintained for the fund by the registrar and transfer agent. In this case, investors shall receive confirmation of the entry in the unit register, which is sent to the address listed in the register. Investors are not entitled to request a physical holder's certificate on the issue of bearer or registered units. The types of unit for the respective subfund are indicated in the relevant appendix to the sales prospectus.

All units in a subfund enjoy the same fundamental rights, unless the management company decides to issue different classes of unit within a subfund in accordance with Article 5, No. 3 of the fund management regulations.

Whether or not subfund units are approved for trading on a stock market is indicated in the relevant appendix to the sales prospectus.

It is also possible that units in a subfund are traded on other markets (e.g. units are included in unofficial regulated trading on a stock market).

The market price underlying market trading or trading in other markets is not solely determined by the value of assets held in the respective subfund, but by the principles of supply and demand. Therefore, this market price may vary from the calculated unit price.

### **General notes on trading subfund units**

Investing in the subfund is seen as a long-term investment. The systematic purchase and sale of units, exploiting time differences and/or possible weaknesses or gaps in the valuation system of the net portfolio value – so-called market timing – can only jeopardise the interests of other investors. The management company rejects such arbitrage techniques.

In order to avoid such practises, the management company reserves the right to withdraw, to revoke or to suspend an investor's subscription or conversion orders, if there are grounds to suspect that the investor is involved in market timing.

If this is the case, the management company shall take appropriate measures to protect the other investors in the respective subfund.

### **Investment policy**

The goal of the investment policy for the individual subfund is to secure reasonable performance in the respective subfund currency (as defined in Article 6, No. 2 of the fund management regulations). The specific investment policy for each sub-fund is described in the relevant annex to the prospectus.

General investment principles and restrictions outlined in Article 4 of the fund management regulations apply to all subfunds, unless deviations are provided for in the relevant appendix for the respective subfund.

Relevant subfund assets are invested in compliance with the principles of the spread of risk within the meaning of rules provided for in Part I of the law of 20 December 2002 and in accordance with investment principles described in Article 4 of the fund management regulations as well as within investment restrictions.

### **Notes on techniques and instruments**

In illustration of the general investment policy provisions as described in Article 4 of the fund management regulations, the management company can make particular use of the following techniques and instruments for the respective subfund:

#### **1. Options**

An option conveys the right to buy ('buy option'/'call') or to sell ('sale option'/'put') a specific asset at a price specified in advance (the strike or exercise price) on a specific date in the future (expiry date) or during a specified period in the future . The price of a call or put option is the option premium.

Both call and put options can be bought or sold for the respective subfund provided that the respective subfund is entitled to invest in the underlying asset in accordance with the investment goals mentioned in the fund management regulations.

## 2. Financial futures

Financial futures are unconditionally binding agreements between both contracting parties to buy or to sell a specific amount of an underlying asset at a price agreed upon in advance on a specified date.

Subfund assets may only be used to enter into financial futures agreements if the subfund in question is authorised by its stipulated investment targets (as defined in the fund management regulations) to invest in the underlying assets.

## 3. Securities lending

In accordance with CSSF circular 08/356, each subfund may lend up to 50% of the securities held in its asset portfolio to a borrower for a period of up to thirty days either directly or indirectly through a standardised securities lending system organised by a recognised clearing institution or a securities lending system organised by a financial institution subject to prudential rules of supervision regarded by the CSSF as equivalent to those prescribed by Community law.

The counterparty risk of a UCI vis-à-vis one and the same counterparty in relation to one or more securities lending transactions may not exceed 10% of the subfund's net assets where the counterparty is a financial institution as defined by Article 41 Para. 1 Letter f) of the law of 20 December 2002; or 5% of the subfund's net assets in other cases. It is not intended that the monies received by way of guarantee will be reinvested.

In addition, a guarantee must be provided to the fund in accordance with II b) of the above circular prior to, or on, the transfer of the lent securities.

In all cases the borrower must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law.

If the agreement provides that the respective fund can make use of its rights relating to withdrawal and surrender at any time, more than 50% of the securities held in the respective subfund can be lent.

## 4. Repurchase agreements

The management company may engage in repurchase agreements for the respective subfund. These consist of the purchase and sale of securities in which the agreements

grant the purchaser the right or the duty to buy back securities sold at a price and within a period agreed in contract by the parties.

When deploying such repurchase agreements, the management company can operate either as the purchaser or the seller. However, such transactions are subject to the following guidelines:

a) Securities may only be bought or sold through repurchase agreements when the counterparty is a first-rate financial institution specialised in this type of business.

b) during the term of a repurchase agreement, the securities may not be sold before the right to repurchase the securities has been exercised, or before the expiry of the repurchase period.

With respect to the extent of the fund's obligations in repurchase agreements, the management company needs to ensure that the relevant fund is capable of meeting its obligations to repurchase units at any time.

The management company can make suitable arrangements and can accept further investment restrictions (with the consent of the custodian bank) as are, or may become, necessary to meet the requirements on those countries in which fund units are to be sold.

In addition to the above provisions, the management company may, as a means of ensuring that the respective subfund's assets are efficiently managed and in accordance with the stipulations of Circular 08/356 of the Commission de Surveillance du Secteur Financier, employ the techniques and instruments related to securities repurchase agreements.

In the event that the management company receives sureties in the form of cash as part of such an agreement, these sureties may be reinvested for the fund in accordance with the rules laid out in the above circular.

## 5. Currency futures

The management company may enter into contracts for currency futures in relation to the relevant subfund.

Currency futures are unconditionally binding agreements between both contracting parties to buy or to sell a specific amount of an underlying currency at a price agreed upon in advance on a specified date, the maturity date.

## 6. Swaps

The management company is authorised to conclude swaps on behalf of the relevant subfund assets within the scope of the investment principles.

A swap is an agreement between two parties that entails exchanging the flow of payments, assets, revenues or risks. Swaps that can be concluded for the respective subfund include, but are not restricted to, interest, currency, asset and credit default swaps..

An interest swap is a transaction in which two parties exchange flows of payment that are related to fixed or variable interest payments. The transaction can be compared to accepting funds at a fixed rate of interest and the simultaneous lending of funds at a variable rate of interest. The nominal amounts of the assets are not exchanged.

Currency swaps mainly comprise the exchange of nominal amounts of assets. They can be compared to accepting funds in one currency while simultaneously lending funds in another currency.

Asset swaps, often called synthetic securities, are transactions that convert returns from a specific asset to another interest-based rate of return (fixed or variable) or to another currency in which the asset (e.g. bond, floating rate note, bank deposit, mortgage) is combined with an interest or currency swap.

An equity swap is characterised by the exchange of flows of payment, value adjustments and/or revenues from one asset against flows of payment, value adjustments and/revenues from another asset, with at least at one of the exchanged flows of payment, or revenues from an asset classed as a share or a share index.

The management company may undertake swap business provided the contracting partner is a reputable financial institution specialised in such business and provided that the relevant subfund is entitled to invest in the underlying assets in accordance with the investment goals named in the fund management regulations.

## 7. Methods of managing credit risks

The management company is entitled to deploy credit linked notes, viewed as securities within the meaning of Article 4, No. 1 b) of the fund management regulations, for the respective subfund as well as techniques and instruments (credit default swaps) used to render efficient management of the respective subfund, provided that these are issued by reputable financial institutions and comply with the investment policy of the subfund.

Credit default swaps ('CDS') can be concluded for the respective subfund. CDS are the most common and prolific instruments in the credit derivatives market. CDS enable the credit risk to be disassociated from the underlying credit relationship. This separate marketability of default risks extends the range of options for systematic risk and revenue management. With a CDS, the secured party (the protection buyer) can hedge against certain risks arising from a credit relationship for a fixed period by paying one of the periodic premiums calculated on the basis on the nominal amount and transferring the credit risk to the party furnishing security (the protection seller). The premium is partly based on the quality of the underlying reference entity (i.e. the credit risk). Risks to be shifted are defined in advance as credit events. If the credit event does not occur, the CDS buyer does not have to make a payment. Should the credit event occur, the buyer pays the amount defined in advance, e.g. the face value or a cash settlement (an amount equivalent to the difference between the face value of the reference asset and its prevailing market value after the credit event occurred). The buyer then has the right to tender a reference entity's asset defined in the agreement, whereas the buyer's premiums are suspended at this point. The respective subfund is entitled to function as protection buyer or protection seller.

CDS are traded over the counter (OTC) making it possible to take account of the more specific, non-standardised needs of both contracting parties – although this also has an impact on liquidity.

The commitment relating to obligations arising from the CDS should be in the exclusive interest of the fund and in harmony with its policies. Investment restrictions regulated in Article 4, No. 6 of the fund management regulations are to take account of the bonds underlying the CDS as well as the relevant issuer.

CDS are valued on a regular basis using traceable and transparent methods. Both management company and auditor shall supervise the comprehensibility and transparency of the valuation methods and their application. If discrepancies are established, these are to be remedied by the management company.

The product of CDS and other techniques and instruments shall not exceed the net assets of the respective subfund.

## 8. Observations

As new derivative instruments become available on the market, the management company may add these to the techniques and instruments mentioned above provided they correspond to investment goals and provided that the subfund is entitled to use them pursuant to supervisory and legal regulations.

### **Calculating unit value**

The net asset value of the fund is given in euros (EUR) (“reference currency”).

The value of a unit (“unit value”) is given in the currency indicated in the respective appendix to the sales prospectus (“subfund currency”) unless an alternative currency is indicated for any other classes of units in the respective appendix to the sales prospectus (“unit class currency”).

The unit value is calculated by the management company or one of its authorised representatives under the supervision of the custodian bank on each Friday that is a bank working day in Luxembourg, with the exception of 24 and 31 December of each year (“valuation day”). If this day is not a bank working day in Luxembourg, the net portfolio value is calculated on the following bank working day.

The unit value is calculated on each valuation day based on the value of the assets of the respective subfund, minus the obligations of the subfund (“net subfund assets”) and divided by the number of units in circulation on the valuation day. This figure is rounded up to two decimal places. Further details on calculating unit value can be found in Article 6 of the fund management regulations.

### **Issuance of fund units**

1. Units are issued on each valuation day at the issue price. The issue price is the unit value as defined in Article 6, No. 4 of the fund management regulations plus a front-end load in favour of the respective subfund and, where applicable, in favour of the management

company. The maximum amount of the front-end load is detailed for the respective subfund in the relevant appendix to the sales prospectus. The proportion of the front-end load payable into the assets of the respective subfund is the same for all unitholders. The issue price can be increased by fees or other charges incurred in the relevant country of sale.

2. Subscription applications for the purchase of registered units may be submitted to the management company, the custodian bank, the transfer agent and registrar and the paying agents. The office receiving the application is obliged to forward subscription applications to the transfer agent and registrar without delay. The decisive date is the date of receipt by the registrar and transfer agent. These accept subscription applications on behalf of the management company.

Subscription applications for the purchase of bearer units are forwarded to the transfer agent and registrar by the institution maintaining the subscriber's securities account. The decisive date is the date of receipt by the registrar and transfer agent.

Complete subscription applications received by the transfer agent and registrar by 17.00 on a Wednesday before a valuation day will be settled on the basis of the issue price of the unit on the next following valuation day (deadline for subscription orders). If this is not a bank working day in Luxembourg, the previous bank working day shall be taken as the deadline for subscription orders. The management company shall ensure, in all cases, that the issue of units is settled on the basis of a unit value previously unknown to the investor. Should the management company suspect that the investor is operating late trading, the management company is entitled to refuse acceptance of the application until the subscriber has had a chance to dispel any doubts relating to his subscription application.

Complete subscription application received by the registrar and transfer agent after the deadline for subscription orders will be settled at the issue price on the next but one valuation date.

Should a subscription application be incorrect or incomplete, the application will be accepted on the date it is received by the transfer agent and registrar in a proper manner.

A subscription application for the purchase of registered shares is complete when it indicates the surname and first name(s), the address, the date and place of birth, the profession and nationality of the investor, the number of units subscribed and/or the amount to be invested and the name of the subfund, and when it is signed by the investor. Furthermore, the subscription application should also include the type and number of personal identification presented by the investor as well as the name of the authority issuing the form of identification. A statement should also be included to state whether the investor holds an official office. The receiving office shall confirm on the subscription application that details in the document presented matches those on the application itself.

Upon receipt of the issue price at the custodian bank, the bearer units are transferred by the custodian bank on behalf of the management company by crediting the institution at which the subscriber maintains his securities account.

The issue price is payable within two bank working days of the appropriate valuation day in the relevant subfund currency or, in the case of several classes of unit, in the relevant unit class currency at the custodian bank in Luxembourg.

If consideration does not flow from fund assets, in particular due to revocation, a dishonoured debit note or due to any other reason, the management company shall redeem relevant units in the interest of the fund. Differences negatively impacting fund assets that result from redeeming units shall be paid by the subscriber. Revocations made under consumer protection law are excluded from this regulation.

3. Circumstances leading to the issue of units being suspended are described in Article 9 in conjunction with Article 7 of the fund management regulations.

Subscriptions to units in the respective subfund may also take the form of a non-cash contribution. Any associated costs are payable by the respective subfund. Non-cash contributions used to subscribe to units must be checked and confirmed by an accountant. All securities added to the subfund assets by way of a non-cash contribution must comply with the investment policy and investment restrictions of the respective subfund.

### **Redemption and conversion of fund units**

1. Investors are entitled to request the redemption of their units at any time in accordance with Article 6 No. 4 of the fund management regulations. Where applicable, a back-end load will be deducted to give the redemption price. Any such back-end load will be paid into the respective subfund or to the management company. Units can only be redeemed on a valuation day. If a back-end load is levied, the maximum amount applicable for each subfund is indicated in the relevant appendix to this sales prospectus, however, may not exceed 2%.

In certain countries, the redemption price is reduced by taxes and other charges. Shares are cancelled upon payment of the redemption price.

2. Payment of the redemption price and any other payments to investors are made via the custodian bank and via the paying agents. The custodian bank is only obliged to issue payment to the extent that no legal provisions, e.g. currency laws or other circumstances beyond the control of the custodian bank, prohibit the redemption price from being transferred to the country of the applicant.

The management company is entitled to unilaterally buy back units against payment of the redemption price should this appear necessary in the interest of the community of investors or of a subfund or to protect the investors.

3. All or some of the units can be converted to units of another subfund based on the reference unit value of the relevant subfund in accordance with Article 6, No. 4 of the fund management regulations. This is subject to a conversion fee in favour of the management company of up to 1% of the unit value of the new subscription but at least equivalent to the difference between the front-end load of the subfund units exchanged and the front-end load of the newly acquired subfund units. If no conversion fee is levied, this is mentioned in the relevant appendix to the sales prospectus for the respective subfund.

A conversion of units in another subfund or in another unit class is only possible if the investor has fulfilled the conditions for the direct acquisition of units in the respective fund or in the respective unit class.

If different unit classes within a subfund are offered, units can be converted from one class to another unless otherwise provided for in the relevant appendix to the sales prospectus, providing that the investor has fulfilled the conditions for direct investment in this unit class. No conversion fee is levied under these circumstances. The management company can reject a conversion application for the respective subfund if this appears necessary in the interest of the funds, or the subfund or in the interest of the investors.

4. Complete applications for the redemption or conversion of registered units may be submitted to the management company, the custodian bank, the transfer agent and registrar or the paying agents. The office receiving the application is obliged to forward the redemption or conversion applications to the transfer agent and registrar without delay.

The redemption or conversion application is deemed complete when the name and the address of the investor, the number or value of the unit to be redeemed or converted and the name of the subfund is indicated and when it has been signed by the investor.

Complete redemption or conversion applications for bearer units are forwarded by the institution where the investor maintains his securities account to the transfer agent and registrar.

Complete redemption and conversion applications received by 17.00 on a Wednesday before a valuation day are settled at the unit value on the subsequent valuation day, less any back-end load or conversion fee (deadline for redemption applications). If this is not a banking day in Luxembourg, the preceding banking day is taken as the deadline for redemption applications. The management company shall ensure that, in all cases, the redemption and/or conversion of units is settled on the basis of a unit value previously unknown to the investor.

Complete redemption and conversion applications received after the deadline for redemption orders are settled at the unit value on the second subsequent valuation day, less any back-end load or conversion fee.

Registered and bearer units are only deemed received when they are received by the transfer agent and registrar.

The redemption price shall be paid within two working days of the appropriate valuation day in the subfund currency or, in given several unit classes, in the respective unit class currency.

In the case of registered shares, payment is made to an account indicated by the investor.

Fractional amounts arising from the conversion of bearer units are paid out by the custodian bank in cash.

5. If the calculation of unit values has been suspended, the management company is entitled to temporarily suspend the redemption or conversion of units.

6. With the prior approval of the custodian bank and in the interest of investors, the management company is entitled to postpone substantial redemptions until respective subfund assets have been sold without delay. In this case, shares shall be redeemed at the currently valid redemption price. The same applies to applications to convert units.

However, the management company shall ensure that sufficient liquid funds are available to the respective subfund assets to enable units to be redeemed and/or converted under normal conditions when requested by investors.

### **Notes on risks**

Any investment in this fund is associated with the following particular risk factors:

The risks listed below may affect fund assets as well as individual subfunds.

#### **Change of interest risk**

Whenever the fund maintains direct or indirect interest-bearing assets it is exposed to the risk of interest rates being changed. Should interest rates on the market rise, the value of the interest-bearing assets held by the fund may fall considerably. This is certainly the case if the funds also holds interest-bearing assets with long remaining terms and lower nominal interest rates.

#### **Creditworthiness risk**

The creditworthiness (the ability and willingness to pay) of the issuer whose securities or money market instruments are held by the fund may subsequently decline. As a rule, this leads to a decline in prices that exceeds general market fluctuations.

#### **General market risk**

To the extent that the fund directly or indirectly invests in securities and other assets, it is exposed to a variety of general market trends and tendencies, especially on the securities markets, some of which are due to irrational factors.

In some cases, these can lead to a considerable, sustained decline in prices that affects the whole market. Securities issued by blue chip companies are just as vulnerable to the general market risk as other securities or money market instruments.

#### **Company-specific risks**

Price movements of securities, corporate bonds and money market instruments directly or indirectly held by the fund are also dependent on company-specific factors, such as the economic situation of the issuer, for example. If company-specific factors deteriorate, the price of the security may fall dramatically and indelibly, regardless of an otherwise more positive stock market trend.

### **Address default risk**

Issuers of securities held by the fund and/or debtors of a receivable issued by the fund may become insolvent. The relevant fund assets can therefore lose their value.

### **Contracting party risk**

If the fund engages in over-the-counter trading, there is the risk – beyond the general counterparty risk – that the contracting party defaults or is not able to meet its obligations in full. This particularly applies to transactions involving techniques and instruments.

### **Currency risk**

If the fund directly or indirectly holds assets in a foreign currency, it is exposed to currency risks (inasmuch as currency items are not hedged). Devaluations of foreign currencies vis-à-vis the fund currency lead to a decline in the value of foreign currency assets.

### **Country/regional risk**

Risk diversification is also reduced if fund investments focus on specific countries or regions. Consequently, the fund is particularly constrained by developments in individual or interdependent countries and regions and/or by companies domiciled and/or operating in such areas.

### **Concentration risk**

If the fund focuses on specific markets or investments, the risk cannot be spread across various markets from the outset as would be the case without such a concentration. Consequently, the fund is particularly constrained by developments in these investments as well as in individual or related markets and/or in companies involved in these investments

### **Country and transfer risk**

Economic or political instability in countries the fund has invested in, may lead to monies due to the fund not, or only partially, being paid despite the solvency of the issuer of the respective security. In this context, significant factors may include currency or transfer restrictions or other changes in legislation.

### **Liquidity risk**

Even smaller orders may lead to significant price changes – both with selling and purchasing transactions – particularly in the case of illiquid (narrow market) securities. If an asset is not liquid, there is the risk that it may not be possible to sell the asset at all, or only at a significantly reduced sales price. When buying, the illiquidity of an asset may lead to a significant increase in its purchase price.

## **Custody risk**

With respect to investments held in custody, the custody risk describes the risk resulting from the fundamental possibility of having access to the fund wholly or partially denied to the detriment of the fund due to the insolvency, or the negligent wilful or fraudulent actions of the custodian or its agents.

## **Emerging markets risk**

Investments in emerging markets are investments in countries that do not fall under the category 'high gross national income per capita' according to World Bank classifications, i.e. that are classified as 'developing' countries. Investments in these countries are particularly open to liquidity and general market risks – as well as the specific risks relating to the concrete class of investment. In addition, when processing transactions in securities from these countries, large-scale risks may occur that can be detrimental to the investor particularly because, generally speaking, it is not possible or not standard procedure to match payment against delivery of securities. Furthermore, the level and quality of accounting, auditing and reporting standards and the legal and regulatory environment in emerging markets may not match international norms, to the detriment of the investor. Such countries may also be subject to an increased custody risk that may result from the various forms of the procurement of title relating to acquired assets.

## **Specific risks associated with an investment in 'high yield securities'**

High-yield securities in the interest sector are investments that either have no investment grade rating from a recognised rating agency, or for which there is no rating at all, but if they were to be rated would be rated at a level corresponding to a non-investment grade. Such investments are open to general risks for this investment class, albeit to a larger extent. Investments in high-yield securities are often related to an increased creditworthiness risk, interest rate risk, general market risk, company-specific risk and liquidity risk.

## **General risks of investing in private equity**

With regard to companies that are active in the area of private equity, they may issue stock or securities that can be predominantly exchange-listed and that may therefore be acquired for the subfund portfolio in question. However, these companies often invest directly or indirectly in assets that are neither officially listed on an exchange nor traded on another regulated market.

Indirect investments by the subfund in target companies via other companies involved in the area of private equity tend to be associated with uncertainties that do not arise to the same extent with more conventional investments in the securities or fixed interest products offered by listed companies. Companies involved in the private equity area often invest in target companies that have only recently been established; have a relatively inexperienced management; have not yet established a solid market for their products; are in a tight financial situation; are inadequately organised; face restructuring measures, etc.

From the perspective of the target companies (i.e. the target investment of the issuers involved in the area of private equity), the term 'private equity' investments can refer to any

kind of equity, mezzanine or loan capital. Depending on the type of transaction, it is possible to distinguish between "Venture Capital", "Growth" and "Buyout investments".

The term **Venture Capital** is used to describe an investment of assets to finance newly founded businesses or companies that wish to develop a product or business concept. In most cases, **Growth** transactions are funds provided for established businesses that are in a period of expansion. Examples of growth financing could involve financing rounds to support expansion or the financing of an acquisition. The term **Buyout investment** refers to the investment of assets to finance a strategy directed at gaining control over a target organisation. A basic distinction is made between management buyouts, where the management holds equity in the company, and leverage buyouts, where control of the target organisation is gained through the use of loan capital.

The standards of accounting, auditing, financial reporting and disclosure applied by the target companies may be less strict than those governing exchange-listed organisations or those whose stock is traded on regulated markets. Often, state supervision of the target companies, or monitoring of their activities by comparable bodies, is limited or non-existent. Accordingly, both forecasts of the future performance of the fund's assets and their day-to-day valuation are frequently associated with greater uncertainties than is the case with other securities and assets. As a result, uncertainty regarding the performance of the investment assets at the level of the target companies can affect the valuation of the fund's own assets and forecasts of their performance.

#### **Specific risks arising from the long-term nature of the investment and from limited liquidity**

The asset investments made by exchange-listed companies active in the field of private equity tend to be long-term in nature and relatively illiquid. In general, disposal of these assets in the short term is either not possible or only possible at a significantly reduced price. In this regard, the size and investor structure of the target companies can have a positive or negative impact.

#### **Specific risks of private equity investments in other countries**

The majority of companies involved in the field of private equity in whose securities the subfund assets may be invested and of the target companies in which they invest may be based outside the Grand Duchy of Luxembourg. With regard to accounting, auditing and financial reporting, the legal requirements and standards applicable in other countries may be less strict than in Luxembourg.

Assets acquired for the subfunds in other countries may be delivered and paid for outside recognised settlement bodies. In addition, in the case of securities and assets acquired in other countries, it is possible that the fund as the purchaser of these securities will be subject to less strict investor protection standards than in Luxembourg. Further risks may arise in such cases and in particular with regard to securities issued by foreign target companies.

## **Processing risk**

Particularly when investing in unlisted securities there is the risk that transfer system processing may not be executed as expected due to delayed payment or delivery, or when payment or delivery are not carried out as agreed.

## **Risk of changes to the fund management regulations, the investment policy and other basic principles of the fund**

The unit-holder is advised that the fund management regulations, the investment policy of a fund and the other basic principles of the fund may be amended as permitted. In particular, by changing the investment policy of a compliant fund within the permissible spectrum of investment, risks related to the fund may also be subject to change.

## **Certificates and structured products**

Certificates and structured products are combined products. Derivatives and/or other techniques and instruments may be embedded in certificates and structure products. The risk criteria of derivatives and other techniques and instruments need to be taken into account in addition to the risk criteria of securities.

## **Credit linked notes**

As a rule, credit linked notes are securities in which a derivative is embedded. As a consequence, risks related to credit linked notes are not restricted exclusively to the risks of securities; they also include risks resulting from the embedding of derivatives. Thus, besides the risk criteria of securities, risk criteria of derivatives also need to be taken into account. Furthermore, as well as the original risks arising from investing in structured products, credit linked notes also comprise risks from the underlying assets.

## **Use of derivatives and related risks**

The leverage effect of options can have a greater positive or negative impact on the value of the respective subfund assets than is the case when acquiring securities and other assets directly. The use of derivatives is therefore associated with particular risks.

Option warrants are treated like securities if these option warrants are registered for official trading or are traded on other regulated markets, if the underlying value is a security and if this security is actually delivered when the option is exercised. Unlike conventional securities, positive or negative movements in the value of the respective net subfund assets can be considerably more significant due to the accompanying leveraging.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

**Price changes can, therefore, lead to considerable gains or losses. This can increase both the risk and the volatility of the subfund and lead, in certain circumstances, to a total loss.**

## Potential conflicts of interest

The interests of the fund may conflict with the interests of the management company, the members of the supervisory board of the management company, the fund manager or investment advisor, the designated sales offices and persons responsible for carrying out sales, and the paying agency and information offices, as well as with the interests of all subsidiaries, affiliated companies, representatives, and agents of the aforementioned offices and persons (“affiliated companies”).

The fund has taken appropriate steps to avoid such conflicts of interest. In the event of unavoidable conflicts of interest, the supervisory board of the management company will strive to resolve these in favour of the fund.

In particular, it has been assured that investments made by the fund or its subfunds in products that have been initiated, administered, issued, or advised by the management company, the fund manager or investment advisor, or their affiliated companies will take place on an arm’s length basis.

## Taxation on the fund

In the Grand Duchy of Luxembourg, fund assets are subject to a subscription tax – *the taxe d’abonnement* – currently rated at 0.05% p.a. Units in unit classes reserved for non-natural persons within the meaning of Article 129 (2) d) of the law of 20 December 2002 relating to Undertakings for Collective Investment are subject to a *taxe d’abonnement* of 0.01% p.a. a. The management company shall ensure that units in this class are only acquired by non-natural persons.

The *taxe d’abonnement* is payable quarterly, based on the relevant net assets and calculated at the end of the quarter for which it is applicable. Assets invested in other Luxembourg investment funds that are themselves subject to the *taxe d’abonnement* are exempt from this *taxe d’abonnement*.

Fund income is not subject to any tax in the Grand Duchy of Luxembourg. However, such income generated in countries where fund assets are invested may be subject to withholding tax. In such cases, neither the custodian bank nor the management company are liable to collect tax certificates.

## Taxation of unitholders’ income from units in the investment fund

In compliance with Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, (hereinafter, the ‘Directive’), a withholding tax has been levied in the Grand Duchy of Luxembourg since 1 July 2005.

This withholding tax relates specific interest income paid to natural persons in Luxembourg who are domiciled for tax purposes in another member state. Under certain circumstances, this withholding tax can also relate to the interest income of an investment fund.

Under this Directive, EU member states agreed that all interest payments are subject to taxation in accordance with regulations in place in the country of domicile. In addition, it was agreed that information be automatically exchanged between national taxation authorities. Notwithstanding the above, it was agreed that Luxembourg shall be exempt from such an automatic exchange of information for a transitional period. Instead, a withholding tax on interest income was introduced in Luxembourg. The withholding tax on interest payments will be 20% up to 30 June 2011 and 35% from 1 July 2011. It is paid anonymously to the Luxembourg tax authorities and the investor is issued with an appropriate receipt. This receipt enables taxpayers to fully offset withholding tax paid against any tax liability. The deduction of withholding tax can be avoided by mandating the voluntary exchange of information between tax authorities, or by presenting a Certificate for the Non-Deduction of Withholding Tax.

Unitholders not domiciled in the Grand Duchy of Luxembourg, or who do not maintain business premises there, are not subject to tax on income, inheritance or capital gains on their units or income from units generated in the Grand Duchy of Luxembourg. Such investors are subject to their respective national tax regulations.

Since 1 January 2006 natural persons domiciled in the Grand Duchy of Luxembourg, who are not domiciled for tax purposes in any other state, are liable to pay withholding tax. Pursuant to the Luxembourg law ratifying the Directive, the withholding tax on interest income described in the law amounts to 10% on sums above a specified figure. Under certain circumstances, this withholding tax can also relate to the interest income of an investment fund. At the same time, wealth tax was abolished in Luxembourg.

Potential investors should seek information and, where necessary, advice on laws and regulations governing the purchase, ownership and redemption of units.

### **Publication of unit value and issue and redemption prices**

The latest unit value, the issue and redemption price and all other investor information can be obtained from the registered office of the management company or custodian bank, the paying agents, and, where applicable, from the appointed representative or a sales and information office. Issue and redemption prices will be published on each exchange trading day on the management company's website at [www.alceda.lu](http://www.alceda.lu).

### **Information for the investor**

Information and particularly notifications to investors are published, whenever legally required, in the Grand Duchy of Luxembourg in the 'Memorial' and in the 'Tageblatt' as well as in at least one national newspaper in other countries where the units are sold.

The following documents are available for inspection free of charge during normal office hours in Luxembourg (not Saturdays) at the management company's head office:

- the management company's articles of association;

- the custodian bank agreement (this also regulates the functions of the transfer agent and registrar);
- principle administration office agreement.

In addition, investors can obtain the latest detailed sales prospectus, the simplified prospectus and the annual and half-yearly fund reports free of charge from the head office of the management company or custodian bank, the paying agents, and, where applicable, from the appointed representative or a sales and information office.

## Appendix 1

### PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund

The following provisions for the subfund supplement or differ from Article 4 of the fund management regulations.

#### Investment goals

The aim of the investment policy of the **PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund** (the "subfund") is to achieve the highest possible long-term growth in value measured in US dollars by exploiting the opportunities available on Asian stock markets.

The performance of the subfund is indicated in the respective simplified sales prospectus.

#### Investment policy

In order to achieve the stated investment targets, it is intended that the subfund's assets will be invested primarily in shares. Some assets will also be invested in futures and exchange-traded options. The fund will be geared towards investment in the following region: Asia excluding Japan. Within this region, the main focus will be on China including Hong Kong, Taiwan, Singapore, Thailand, the Philippines, South Korea and Malaysia.

Derivatives, techniques and financial instruments may also be used for efficient portfolio management and for hedging purposes in order to meet investment targets.

In addition, depending on the assessment of the market situation for the subfund and subject to legislative restrictions, up to 100% of the subfund's assets may be invested in fixed-interest securities, money market instruments, structured products, fixed-term deposits and liquid assets.

It is also possible to invest in structured products relating to all permitted assets provided that the securities fall within the meaning of Article 4, No. 1 of the fund management regulations.

The fund may also invest up to 10% of net subfund assets in securities and money market instruments other than those specified in Article 4 No. 2 of the fund management regulations.

Units in UCITS or other UCI may not exceed 10% of subfund assets.

There is no intention to enter into securities lending transactions involving the assets of the subfund.

Precise details of investment restrictions are contained in Article 4 of the Fund Management Regulations.

**Past performance does not guarantee future performance. No assurances can be given that investment targets will be achieved.**

## **Risk profile of the subfund**

Given the situation and risks outlined above, the subfund can be categorised as offering a relatively high level of opportunity and risk.

Given the equity-market orientation of the subfund, the following specific risks play a very significant role: general market risk, company-specific risk, state/regional risk, creditworthiness risk, emerging market risk, liquidity risk, country and transfer risk, custodial risk, concentration risk, counterparty risk, risk of investing in a target fund, address default risk and currency risk. Details of other risks can be found in the chapter 'Notes on Risks' in the sales prospectus.

Those wishing to purchase units should be aware of the specific risks involved in investing in emerging markets. The prospect of above-average gains from unit price increases should be balanced against the higher level of risk than that involved, for example, in a more conservative investment policy that focuses on standard exchanges and on safeguarding the investor's capital. Some of the specific risks involved are: relatively high volatility of the securities and currency, poor liquidity and market instability, potential state intervention in financial and economic matters (e.g. currency controls, tax law considerations), lack of market transparency and difficulty in obtaining information.

Within restrictions determined by Article 4 of the fund management regulations, the subfund may use derivatives to increase the appreciation of net subfund assets. These derivatives may be acquired provided that the underlying assets are securities, money market instruments, financial indices, interest rates, exchange rates or currencies. In making use of derivatives, the subfund will attempt to exploit fluctuations on the respective markets in order to maximise returns. In order to boost growth in the value of its assets, the subfund may enter into transactions involving options, financial futures, currency futures and swaps. The subfund may also use the activities above for hedging purposes. Unlike conventional securities, the value of the respective net subfund assets can be subject to more significant effects due to the accompanying leveraging.

It is permissible for the use of derivatives to produce a leverage effect on fund assets. The use of derivatives may not cause the total risk of the UCITS to more than double. The total risk of the UCITS is thus limited to 200%.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

Further details on techniques and instruments can be found in the 'Notes on Techniques and Instruments' chapter of the sales prospectus.

## **Profile of the typical investor**

The subfund is aimed at investors who wish to participate in the economic development of the Asia region and who, by investing in this subfund and by accepting the possibility of considerable fluctuations in the unit price, aim to profit from long-term earnings prospects. The investment horizon should ideally be at least five years.

PPF ("PMG Partners Funds") – Far East Asia Opportunities Fund

German Securities ID number (WKN)	A0RM3G
ISIN	LU0426487012
Minimum initial investment:	None
Front-end load: (as % of the unit value)	Maximum 5%
Back-end load: (as % of the unit value)	0.25%
Initial issue price (incl. front-end load)	USD 105
Initial unit value:	USD 100
Initial subscription period:	4 May to 13 May 2009
Initial payment due:	15 May 2009
Payment of issue and redemption price:	within two bank working days
Subfund management fee as % p.a. of net subfund assets:	Maximum 0.27% p.a, minimum EUR 35,000 p.a. less minimum fee for custodian bank and central administration agent.
Central administration agent fees:	Maximum 0.04% p.a. of net subfund assets subject to a minimum fee of EUR 10,000 per annum after the fund's first financial year
Transfer agency and registrar fees for each unit class issued in the subfund	EUR 3,500 p.a.
Custodian bank fees of net subfund assets (in % p.a.):	Maximum 0.04% p.a. of net subfund assets subject to a minimum fee of EUR 10,000 per annum after the fund's first financial year plus securities transaction costs.
Fund manager and investment advisor fees for the subfund (in %	Maximum 1.5% p.a.

p.a.) out of net subfund assets	
Performance fee:	15% of growth in asset value (with due regard for high water mark)
Fund currency:	EUR
Subfund currency:	USD
Securitisation of the unit certificates	Bearer units are entered in global certificates and registered units in the unit register.
Profit application	Reinvestment
End of the financial year	31 December
End of the first financial year:	31 December 2009
Reports:	First unaudited half-yearly report as per 30 June 2010 First audited statement of accounts 31 December 2009
Fund/subfund launched:	04 May 2009
Fund management regulations – last publication of the Notification of Filing in the Mémorial C:	10 June 2009

Units in the subfund are only available to institutional investors.

## **Costs reimbursed from subfund assets**

### **Management fee:**

The management company receives remuneration of up to 0.27% p.a. This fee is based on the average net assets of the subfund as calculated on a daily basis . The minimum fee payable to the management company is EUR 35,000. p.a. less the minimum fee for custodian bank and the central administration agent (see numbers 2 and 3 below). The management fee includes a fee for any representatives and sales offices. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **2. Custodian bank fee**

As consideration for the fulfilment of its responsibilities under the custodian bank agreement, the custodian bank shall receive a fee of up to 0.04% p.a. based on the average of each day's net subfund assets subject to a minimum fee of EUR 10,000 p.a. after the first financial year plus securities transaction costs. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **3. Central administration fee**

As consideration for the fulfilment of its responsibilities, the principle administration office receives a fee of up to 0.04% p.a. from the subfund's assets 0.04% p.a. based on the average of each day's net subfund assets subject to a minimum fee of EUR 10,000 p.a. after the first financial year. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **4. Registrar and transfer agent's fee**

In fulfilment of its responsibilities, the transfer agent and registrar receives an annual remuneration of up to EUR 3,500 per unit class. These fees are calculated and paid out in arrears at the end of each calendar year. plus VAT where applicable.

### **5. Fund management and investment advisor fees**

As consideration for the fulfilment of their responsibilities, fund managers and investment advisors receive a total fee of up to 1.50% p.a. This fee is based on the average net assets of the subfund as calculated on a daily basis. This fee is payable monthly in arrears

Fund managers and investment advisors also receive an additional performance fee based on the appreciation in the value of subfund assets ("performance fee"). The performance fee is set at 15% of the appreciation in the value of subfund assets. The performance fee is charged to the subfund assets and is paid at the end of a calculation period.

The calculation period is based on a financial year. The first calculation period begins when the fund is launched and ends on 31 December 2009.

Asset growth is determined on the basis of the performance of unit values, the net subfund assets on which the unit performance is based and a historical high recorded during a previous calculation period (high watermark). Where they are in place, performance fees are

calculated and accrued on each valuation day providing the unit price lies above the high watermark.

These fee payments are subject to VAT.

## **6. Additional costs**

The costs detailed in Article 11 of the fund management regulations may also be charged against the subfund assets.

### **Costs paid by investors**

Front-end load: maximum 5.0%  
(payable to the management company)

Back-end load: 0.25%  
(payable into the fund)

Conversion fee: none

The back-end load is the same for all unitholders.

### **Application of gains**

Subfund income is reinvested.

## Appendix 2

### PPF ("PMG Partners Funds") – CP Global BioPharma Fund

The following provisions for the subfund supplement or differ from Article 4 of the fund management regulations.

#### Investment goals

The aim of the investment policy of the PPF ("PMG Partners Funds") – CP Global BioPharma Fund (the "subfund") is to achieve the highest possible long-term growth in value measured in US dollars by exploiting the opportunities available from biotechnology and pharmaceuticals shares on worldwide stock markets. The subfund will invest in exchange-listed shares of companies that have specialised in the identification, development and production of innovative chemical products for the healthcare sector.

The performance of the subfund is indicated in the respective simplified sales prospectus.

#### Investment policy

In order to achieve the stated investment targets, it is intended that the subfund's assets will be invested primarily in shares. Some assets will also be invested in futures and exchange-traded options. The fund will be geared towards investment in the following regions and countries: United States, Europe and Asia.

Derivatives, techniques and financial instruments may also be used for efficient portfolio management and for hedging purposes in order to meet investment targets.

In addition, depending on the assessment of the market situation for the subfund and subject to legislative restrictions, up to 100% of the subfund's assets may be invested in fixed-interest securities, money market instruments, structured products, fixed-term deposits and liquid assets.

It is also possible to invest in structured products relating to all permitted assets provided that the securities fall within the meaning of Article 4, No. 1 of the fund management regulations.

The fund may also invest up to 10% of net subfund assets in securities and money market instruments other than those specified in Article 4 No. 2 of the fund management regulations.

Units in UCITS or other UCI may not exceed 10% of subfund assets.

Precise details of investment restrictions are contained in Article 4 of the Fund Management Regulations.

**Past performance does not guarantee future performance. No assurances can be given that investment targets will be achieved.**

#### Risk profile of the subfund

Given the situation and risks outlined above, the subfund can be categorised as offering a relatively high level of opportunity and risk.

Given the equity-market orientation of the subfund, the following specific risks play a very significant role: general market risk, company-specific risk, state/regional risk, creditworthiness risk, emerging market risk, liquidity risk, country and transfer risk, custodial risk, concentration risk, counterparty risk, risk of investing in a target fund, address default risk and currency risk. Details of other risks can be found in the chapter 'Notes on Risks' in the sales prospectus.

Those wishing to purchase units should be aware of the specific risks involved in investing in shares. The prospect of above-average gains from unit price increases should be balanced against the higher level of risk than that involved, for example, in a more conservative investment policy that focuses on standard exchanges and on safeguarding the investor's capital. Specific risks of this kind include, for example, relatively high volatility of the securities and currencies, inadequate liquidity and market instability.

Within restrictions determined by Article 4 of the fund management regulations, the subfund may use derivatives to increase the appreciation of net subfund assets. These derivatives may be acquired provided that the underlying assets are securities, money market instruments, financial indices, interest rates, exchange rates or currencies. In making use of derivatives, the subfund will attempt to exploit fluctuations on the respective markets in order to maximise returns. In order to boost growth in the value of its assets, the subfund may enter into transactions involving options, financial futures, currency futures and swaps. The subfund may also use the activities above for hedging purposes.

It is permissible for the use of derivatives to produce a leverage effect on fund assets. The use of derivatives may not cause the total risk of the UCITS to more than double. The total risk of the UCITS is thus limited to 200%.

Unlike conventional securities, the value of the respective net subfund assets can be subject to more significant effects due to the accompanying leveraging.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

Further details on techniques and instruments can be found in the 'Notes on Techniques and Instruments' chapter of the sales prospectus.

### **Profile of the typical investor**

The subfund targets investors who wish to fully participate in the performance of global biotech and pharmaceuticals shares and who, by investing in this subfund and by accepting the considerable potential fluctuations in the unit price, aim to profit from long-term earnings prospects.

The investment horizon should ideally be at least five years.

**PPF ("PMG Partners Funds") – CP Global BioPharma Fund**

German Securities ID number (WKN)	A0RM3H
ISIN	LU0426487442
Minimum initial investment:	None
Front-end load: (as % of the unit value)	Maximum 5%, of which 1% is payable into the subfund and up to 4% to the management company
Issue price (incl. front-end load)	USD 24.97
Initial unit value:	USD 26.22
Earliest subscription date:	17 June 2009
Initial payment due:	19 June 2009
Payment of issue and redemption price:	within two bank working days
Subfund management fee as % p.a. of net subfund assets:	Maximum 0.27% p.a, subject to a minimum of USD 55,000 less minimum fee for custodian bank and central administration office.
Central administration agent fees:	Max 0.04% p.a. of net subfund assets subject to a minimum fee of EUR 10,000 per annum after the fund's first financial year
Transfer agency and registrar fees for each unit class issued in the subfund	EUR 3,500 p.a.
Custodian bank fees of net subfund assets (in % p.a.):	Maximum 0.04% p.a. of net subfund assets subject to a minimum fee of EUR 10,000 per annum after the fund's first financial year, plus securities transaction costs.
Fund manager and investment advisor fees for the subfund (in %)	Maximum 1.00% p.a.

p.a.) out of net subfund assets	
Performance fee:	Until 31 December 2010: 20% of the amount by which the annual increase in net subfund assets exceeds the benchmark AMEX Biotech index (high water mark). As of 1 January 2011: 20% of the amount by which the annual increase in net subfund assets exceeds the benchmark NASDAQ Global Biotech Index (high water mark).
Fund currency:	EUR
Subfund currency:	USD
Securitisation of the unit certificates	Bearer units are entered in global certificates and registered units in the unit register.
Profit application	Reinvestment
End of the financial year	31 December
End of the first financial year:	31 December 2009
Reports:	First unaudited half-yearly report as per 30 June 2010 First audited statement of accounts 31 December 2009
Fund/subfund launched:	4 May 2009 to 17 June 2009
Fund management regulations – last publication of the Notification of Filing in the Mémorial C:	10 June 2009

Units in the subfund are only available to institutional investors.

## **Costs reimbursed from subfund assets**

### **Management fee:**

The management company receives remuneration of up to 0.27% p.a. This fee is based on the average net assets of the subfund as calculated on a daily basis . The minimum fee payable to the management company is EUR 55,000. p.a. less the minimum fee for custodian bank and the central administration agent (see numbers 2 and 3 below). The management fee includes a fee for any representatives and sales offices.

This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **2. Custodian bank fee**

As consideration for the fulfilment of its responsibilities under the custodian bank agreement, the custodian bank shall receive a fee of up to 0.04% p.a. based on the average of each day's net subfund assets subject to a minimum fee of EUR 10,000 p.a. after the first financial year plus securities transaction costs. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **3. Central administration fee**

As consideration for the fulfilment of its responsibilities, the principle administration office receives a fee of up to 0.04% p.a. from the subfund's assets 0.04% p.a. based on the average of each day's net subfund assets subject to a minimum fee of EUR 10,000 after the fund's first financial year. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **4. Registrar and transfer agent's fee**

In fulfilment of its responsibilities, the transfer agent and registrar receives an annual remuneration of up to EUR 3,500 per unit class. These fees are calculated and paid out in arrears at the end of each calendar year. plus VAT where applicable.

### **5. Fund management and investment advisor fees**

As consideration for the fulfilment of their responsibilities, fund managers and investment advisors receive a total fee of up to 1.00% p.a. This fee is based on the average net assets of the subfund as calculated on a daily basis. This fee is payable monthly in arrears.

Fund managers and investment advisors also receive an additional performance fee based on the appreciation in the value of subfund assets ("performance fee") provided that the positive growth in net subfund assets exceeds the benchmark. The benchmark is until 31 December 2010 the AMEX Biotech index in USD (benchmark) and as of 1 January 2011 the NASDAQ Global Biotech Index in USD. The performance fee amounts to 20% of the growth in subfund assets exceeding the benchmark.

The performance fee is charged to the subfund assets and is paid at the end of a calculation period. The calculation period is based on a financial year. The first calculation period begins when the fund is launched and ends on 31 December 2009.

Asset growth is determined on the basis of the performance of unit values, the net subfund assets on which the unit performance is based and a historical high recorded during a previous calculation period (high watermark). Where they are in place, performance fees are calculated and accrued on each valuation day providing the unit price lies above the high watermark and above the unit value of the previous year. The first high watermark is set at USD 30.00.

These fee payments are subject to VAT.

## **6. Additional costs**

The costs detailed in Article 11 of the fund management regulations may also be charged against the subfund assets.

### **Costs paid by investors**

Total back-end load:	Up to 5%. 1% payable into the subfund and up to 4% payable to the management company.
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The proportion of the front-end load payable into the subfund is the same for all unitholders.

Back-end load:	None
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Conversion fee:	None
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### **Application of gains**

Subfund income is reinvested.

## Appendix 3

### PPF ("PMG Partners Funds") – LPActive Value Fund

The following provisions for the subfund supplement or differ from Article 4 of the fund management regulations.

#### Investment goals

The aim of the investment policy of the PPF ("PMG Partners Funds") – LPActive Value Fund (hereinafter the "subfund") is to achieve the highest possible long-term growth in value measured in euros.

The performance of the subfund is indicated in the respective simplified sales prospectus.

#### Investment policy

In order to meet investment targets, the intention is to invest the subfund's assets predominantly in exchange-listed equity instruments such as shares and share certificates and other equity instruments offered by companies that invest in the area of private equity. With regard to the corresponding target investments, they should primarily constitute direct or indirect holdings in assets that as a rule are neither officially listed on a stock exchange nor traded on another regulated market. There is no provision for direct investment in private equity.

Investments may be global in nature but should be focused predominantly on Europe and North America.

Derivatives, techniques and financial instruments may also be used for efficient portfolio management and for hedging purposes in order to meet investment targets.

In addition, depending on the assessment of the market situation for the subfund and subject to legislative restrictions, up to 100% of the subfund's assets may be invested in fixed-interest securities, money market instruments, structured products, fixed-term deposits and liquid assets.

It is also possible to invest in structured products relating to all permitted assets provided that the securities fall within the meaning of Article 4, No. 1 of the fund management regulations.

The fund may also invest up to 10% of net subfund assets in securities and money market instruments other than those specified in Article 4 No. 2 of the fund management regulations.

Units in UCITS or other UCI may not exceed 10% of subfund assets.

Precise details of investment restrictions are contained in Article 4 of the Fund Management Regulations.

**Past performance does not guarantee future performance. No assurances can be given that investment targets will be achieved.**

### **Risk profile of the subfund**

In the light of the circumstances and risks outlined above and the potential concentration on the area of private equity, subfund investments may be subject to greater price fluctuations and are therefore associated with a relatively high level of opportunity and risk.

Given the equity-market orientation of the subfund, the following specific risks play a very significant role: general market risk, company-specific risk, the risk associated with investments in the area of private equity, state/regional risk, creditworthiness risk, emerging market risk, liquidity risk, country and transfer risk, custodial risk, concentration risk, counterparty risk, risk of investing in a target fund, address default risk and currency risk.

Investors should also take note of the specific risks arising from investments in the area of private equity and from the associated concentration of subfund assets in this field. With regard to companies that are active in the area of private equity, they may issue stock or securities that can be predominantly exchange-listed and that may therefore be acquired for the subfund portfolio in question. However, these companies often invest directly or indirectly in assets that are neither officially listed on an exchange nor traded on another regulated market.

Indirect investments by the subfund in target companies via other companies involved in the area of private equity tend to be associated with uncertainties that do not arise to the same extent with more conventional investments in the securities or fixed interest products offered by listed companies. Companies involved in the private equity area often invest in target companies that have only recently been established; have a relatively inexperienced management; have not yet established a solid market for their products; are in a tight financial situation; are inadequately organised; face restructuring measures, etc.

From the perspective of the target companies (i.e. the target investment of the issuers involved in the area of private equity), the term 'private equity' investments can refer to any kind of equity, mezzanine or loan capital. Depending on the type of transaction, it is possible to distinguish between "Venture Capital", "Growth" and "Buyout investments". Information on further risks including those relating to private equity can be found in the sales prospectus under the heading "Notes on Risks".

Within restrictions determined by Article 4 of the fund management regulations, the subfund may use derivatives to increase the appreciation of net subfund assets. These derivatives may be acquired provided that the underlying assets are securities, money market instruments, financial indices, interest rates, exchange rates or currencies. In making use of derivatives, the subfund will attempt to exploit fluctuations on the respective markets in order to maximise returns. In order to boost growth in the value of its assets, the subfund may enter into transactions involving options, financial futures, currency futures and swaps. The subfund may also use the activities above for hedging purposes. Unlike conventional securities, the value of the respective net subfund assets can be subject to more significant effects due to the accompanying leveraging.

It is permissible for the use of derivatives to produce a leverage effect on fund assets. The use of derivatives may not cause the total risk of the UCITS to more than double. The total risk of the UCITS is thus limited to 200%.

Unlike conventional securities, the value of the respective net subfund assets can be subject to more significant effects due to the accompanying leveraging.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

Further details on techniques and instruments can be found in the 'Notes on Techniques and Instruments' chapter of the sales prospectus.

### **Profile of the typical investor**

The subfund is geared towards investors who wish to benefit from potential growth in the private equity sector on account of their risk profile and associated long-term investment horizon. Investors must be prepared to accept a high level of price fluctuation but will expect a return in excess of that available from normal market interest levels.

Given the focus of the fund on the private equity sector, any investment in the subfund should take the form of a moderate addition to the holder's overall investment portfolio. The investment horizon should ideally be at least five years.

PPF ("PMG Partners Funds") – LPActive Value Fund

German Securities ID number (WKN)	A0X81X
ISIN	LU0434213525
Minimum initial investment:	None
Front-end load (as % of unit value):	Maximum 5%
Back-end load	Up to 2% of which 0,5% are payable into the subfund and up to 1,5% are payable to the management company.
Issue price (incl. front-end load)	EUR 105
Initial subscription period:	10 June 2009 to 08 July 2009
Initial payment due:	10 July 2009
Payment of issue and redemption price:	within two bank working days
Subfund management fee as % p.a. of net subfund assets:	Maximum 0.32% p.a., subject to a minimum of EUR 40,000 p.a. less the minimum fee for the custodian bank and central administration agent.
Central administration agent fees:	Maximum 0.04% p.a. of net subfund assets subject to a minimum fee of EUR 10,000 per annum after the fund's first financial year
Transfer agency and registrar fees for each unit class issued in the subfund	EUR 3,500 p.a.
Custodian bank fees of net subfund assets (in % p.a.):	Maximum 0.04% p.a. of net subfund assets subject to a minimum fee of EUR 10,000 per annum after the fund's first financial year plus securities transaction costs

Fund manager and investment advisor fees for the subfund (in % p.a.) out of net subfund assets	Maximum 1.5% p.a.
Performance fee:	None
Fund currency:	EUR
Subfund currency:	EUR
Securitisation of the unit certificates	Bearer units are entered in global certificates and registered units are entered in the register.
Profit application	Reinvestment
End of the financial year	31 December
End of the first financial year:	31 December 2009
Reports:	First unaudited half-yearly report as per 30 June 2010 First audited statement of accounts 31 December 2009
Date of fund/subfund launch:	10 June 2009
Fund management regulations – last publication of the Notification of Filing in the Mémorial C:	10 June 2009

## **Costs reimbursed from subfund assets**

### **Management fee:**

The management company receives remuneration of up to 0.32% p.a. This fee is based on the average net assets of the subfund as calculated on a daily basis . The minimum fee payable to the management company is EUR 40,000 p.a. less the minimum fee for the custodian bank and the central administration agent fee (see numbers 2 and 3 below). The management fee includes a fee for any representatives and sales offices. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **2. Custodian bank fee**

As consideration for the fulfilment of its responsibilities under the custodian bank agreement, the custodian bank shall receive a fee of up to 0.04% p.a. based on the average of each day's net subfund assets subject to a minimum fee of EUR 10,000 p.a. after the first financial year plus securities transaction costs. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **3. Central administration fee**

As consideration for the fulfilment of its responsibilities, the principle administration office receives a fee of up to 0.04% p.a. from the subfund's assets 0.04% p.a. based on the average of each day's net subfund assets subject to a minimum fee of EUR 10,000 p.a. after the first financial year. This remuneration is paid retrospectively on a monthly basis, plus VAT.

### **4. Registrar and transfer agent's fee**

In fulfilment of its responsibilities, the transfer agent and registrar receives an annual remuneration of up to EUR 3,500 per unit class. These fees are calculated and paid out in arrears at the end of each calendar year. plus VAT where applicable.

### **5. Fund management and investment advisor fees**

As consideration for the fulfilment of their responsibilities, fund managers and investment advisors receive a total fee of up to 1.50% p.a. This fee is based on the average net assets of the subfund as calculated on a daily basis. This fee is payable monthly in arrears. These fee payments are subject to VAT.

### **6. Additional costs**

The costs detailed in Article 11 of the fund management regulations may also be charged against the subfund assets.

### **Costs paid by investors**

Front-end load: maximum 5.0%  
(payable to the management company)

Back-end load: max. 2%  
0,5% are payable into the subfund  
up to 1,5% are payable to the management  
company  
Conversion fee: none

**Application of income**

Subfund income is reinvested.

## Fund management regulations

The contractual rights and obligations of the management company, the custodian bank and investors with respect to the investment fund are governed by the following fund management regulations. The fund management regulations first came into force on 04 May 2009. Notification of filing with the Luxembourg Commercial Register was published in the *Mémorial Recueil des Sociétés et Associations*, the official gazette of the Grand Duchy of Luxembourg, on 10 June 2009. The latest amendment to the fund management regulations entered into force on 23 August 2010 and a respective agreement was deposited with the Commercial Register. A reference to this was published on 26 August 2010.

### Article 1 The fund

1. The **PPF ("PMG Partners Funds")** (the "fund") is an investment fund with no legal personality (*fonds commun de placement*) made up of securities and other assets (the "fund assets") pursuant to Part I of the law of 20 December 2002 relating to Undertakings for Collective Investment, managed for the joint account of unitholders ("investors") with due regard for the principles of risk diversification. The fund consists of one or more subfund(s) as defined by Article 133 of the law of 20 December 2002 on Undertakings for Collective Investment ("Law of 20 December 2002"). The Fund results from the total of the sub-funds. Investors in a subfund are co-proprietors of the fund, in the sum of the shares held.

2. The contractual rights and obligations of investors, the management company and the custodian bank are governed by these fund management regulations, the current version of which, together with any amendments, have been filed with the Commercial Register in Luxembourg. Notification of filing is published in the *Mémorial*. The subscription to, or acquisition of, units implies acceptance of these fund management regulations and all approved published amendments (where notification of filing has been provided) by investors.

3. In addition, the management company compiles a sales prospectus (including appendices) in compliance with the laws and regulations of the Grand Duchy of Luxembourg.

4. The net fund assets (i.e. the product of all assets, less all fund liabilities) must reach EUR 1,250,000 within six months of fund approval being approved. This figure refers to the net asset value of the entire fund, resulting from the sum of all net subfund assets.

5. The management company is authorised to create new subfunds at any time. In this event, a corresponding appendix shall be added to the sales prospectus. Subfunds may be set up for an indefinite period of time.

6. Each subfund shall be treated as a separate investment fund as regards the legal relationship between investors. An investor in a subfund has rights and obligations that are separate from those of investors in other subfunds. Individual subfunds are solely liable for obligations to third parties that concern the relevant subfund.

7. Unit values are calculated separately for each subfund in accordance with the rules laid out in Article 6 of these fund management regulations.

## **Article 2 The Management Company**

1. The fund's management company is **Alceda Fund Management S.A.** (the "management company"), a public limited company pursuant to the laws of the Grand Duchy of Luxembourg. Its registered office is located at 36, avenue du X Septembre, L-2550 Luxembourg. The company was founded on 9 January 2007, for an indefinite period of time.

2. The management company is represented by its supervisory board. The supervisory board can entrust one or more of its members and/or employees of the management company the day-to-day management of the fund, and other persons with carrying out administrative functions and/or the investment policy.

3. The management company manages the fund independently of the custodian bank in its own name but exclusively in the interest of, and for the joint account of, the investors in compliance with these fund management regulations. Administrative authority covers the exercising of all rights directly or indirectly related to the assets of the fund and/or its subfunds.

4. The management company determines the fund's investment policy, taking into consideration legal and contractual restrictions on investment. In accordance with provisions listed in these fund management regulations and in the appendix to the sales prospectus for the respective subfund, the management company is authorised to invest relevant subfund assets and otherwise to conduct all business activities necessary to manage subfund assets.

5. The management company is obliged to apply risk management procedures that enable it to monitor and measure the risks associated with investment positions and its respective proportion of the overall risk profile of the investment portfolio at any time. Furthermore, it should also apply a procedure that allows for the precise, independent valuation of OTC derivatives. In accordance with these procedures set up for this fund, it has to be able to regularly inform the Luxembourg supervisory authorities of the nature of the derivatives in the fund, the risks associated with the respective underlying assets, of investment restrictions and the methods applied to measure risks associated with derivative trading.

6. While itself retaining responsibility and control, the management company can engage the services of an investment advisor and/or fund manager and charge these services to the subfund.

Fund management may only be transferred to a company permitted and/or licensed to manage assets. The transfer of fund management shall comply with investment guidelines set out by the management company.

Furthermore, the management company can seek advice from an investment committee drawn up by the management company.

7. Subject to the prior consent of the management company, the investment advisor may engage the services of third parties (natural or legal persons) and sub-contracted advisors to fulfil its responsibilities at his/her own cost and own responsibility.

### **Article 3 The custodian bank**

1. The fund's custodian bank is **HSBC Trinkaus & Burkhardt (International) SA**, a public limited company pursuant to the laws of the Grand Duchy of Luxembourg, with head office at 8, rue Lou Hemmer, L-1748 Findel – Golf, and operating a banking business.

The function of the custodian bank is governed by the law of 20 December 2002 the custodian bank agreement, the fund management regulations and this sales prospectus (including appendices).

2. The custodian bank shall carry out all operations concerning the day-to-day administration of fund assets. In pursuing its responsibilities, the custodian bank acts exclusively in the interest of investors, independent of the management company. It shall, however, carry out all instructions issued by the management company, provided these are not in violation of the law or these fund management regulations.

3. The custodian bank is entrusted with the safe-keeping of subfund assets.

a) The custodian bank shall safe-keep all securities, other legally permitted assets and liquid funds that form fund assets in blocked account or blocked securities accounts to which it only has access when it complies with the provisions of the custodian bank agreement, the sales prospectus (including appendices and the fund management regulations) (“detailed sales prospectus”) and the law.

b) While retaining its responsibilities and providing the required supervision, the custodian bank may entrust third parties with the safe-keeping of fund assets.

4. If permitted by law, the custodian bank is authorised and obliged, acting in its own name:

a) to assert investor claims against the management company or a previous custodian bank;

b) to lodge and pursue objections against enforcement measures from third parties, if subfund assets are accessed in line with a claim for which the respective subfund assets are not liable.

The regulation provided under a) above does not exclude the investor directly asserting a claim against an element of the management company and/or a previous custodian bank.

5. The management company is authorised and obliged, acting in its own name, to assert investors' claims against the custodian bank. This does not exclude the possibility of investors asserting their own claims against the custodian bank directly, should the management company not react within three months of receiving written correspondence from one or more investor(s).

6. The custodian bank shall only pay the management company the remuneration set out in these fund management regulations and in the relevant sales prospectus (including appendices) and a sum to cover the management company's expenses. These amounts shall be taken from the blocked accounts and/or the blocked securities accounts for the respective subfund.

The custodian bank has a claim for remuneration assigned to it in accordance with these fund management regulations, the relevant sales prospectus (including appendices) and the custodian bank agreement and withdraws this from the blocked accounts for the respective subfunds only following approval by the management company.

Furthermore, the custodian bank shall ensure that third-party costs are only charged to subfund assets in accordance with the fund management regulations, the sales prospectus (including appendices) and the custodian bank agreement.

#### **Article 4 General provisions of investment policy**

The goal of the investment policy for the individual subfund is to secure reasonable performance in the respective subfund currency (as defined in Article 6, No. 2 of these fund management regulations in combination with the relevant appendix to the sales prospectus). The specific investment policy for each sub-fund is described in the relevant annex to the prospectus.

Such assets may only be acquired and subscribed to for the respective subfund if their price corresponds to the measurement criteria provided for in Article 6 of these fund management regulations.

General investment principles and restrictions apply to all subfunds, unless variations or amendments are provided for in the relevant appendix to the sales prospectus for the respective subfund.

Relevant subfund assets are invested in compliance with the principles of the spread of risk within the meaning of rules provided for in Part I of the law of 20 December 2002 and in accordance with, investment principles described below and within investment restrictions.

##### 1. Definitions:

###### a) regulated market

A regulated market is a market for financial instruments within the meaning of Article 4, No. 14 of Directive 2004/39/EC of the European Parliament and of the Council, dated 21 April 2004 concerning the market for financial instruments, as amendment to Directive 85/611/EEC of the Council and Directive 2001/12/EC of the European Parliament and of the Council, and the repeal of Directive 93/22/EEC.

###### b) Securities

###### aa) Securities include:

- Shares and other, equity-related, securities (“shares”);
- debenture bonds and other certificated debt securities (“debt securities”),
- all other marketable securities that permit the acquisition of securities within the meaning of Directive 2004/39/EC, either through subscription or conversion. Exceptions to these are techniques and instruments listed in Article 42 of the law of 20 December 2002 .

bb) The concept of securities also comprises option warrants on securities if these option warrants are registered for official trading or are traded on other regulated markets and if the underlying value of this security is actually delivered when the option is exercised.

c) Money market instruments.

Money market instruments describe instruments that are normally traded on the money market, that are liquid and whose value can be determined precisely at any time.

2. Exclusively, the fund:

a) acquires securities and money market instruments that are registered or traded on a regulated market;

b) acquires securities and money market instruments that are traded on another regulated market in a European Union member state (“member state”), which is recognised, open to the public and which functions according to an accepted set of rules;

c) acquires securities and money market instruments that are officially listed on a stock exchange in a non-EU country, or that are traded on another regulated market of a non-EU country, which is recognised, open to the public and which functions according to an accepted set of rules;

d) acquires newly-issued securities and money market instruments where the conditions of issue include an obligation to apply for registration to be officially listed on a securities market or on another regulated market, which is recognised, open for the public and which functions according to an accepted set of rules, and that this registration shall be granted within a year of issue.

securities and money market instruments mentioned under No. 2 c) and d) above shall be officially listed or traded within North America, South America, Australia (including Oceania), Africa, Asia and/or Europe.

e) acquires units in undertakings for collective investment is transferable securities (“UCITS”) that were registered in accordance with Directive 85/611/EEC and/or other undertakings for collective investment (“UCI”) within the meaning of the first and second points of Article 1, para. 2 of Directive 85/611/EEC regardless of whether these have their head office in a member state or non-EU country, provided

- these UCI are registered according to legal regulations that are subject to supervision, which in the opinion of the Luxembourg supervisory authorities are equivalent to those under EU law and which provide sufficient guarantees for

collaboration between the relevant authorities (currently the United States of America, Canada, Switzerland, Hong Kong, Japan, Norway and Liechtenstein);,

- the level of protection for investors in the UCI is equivalent to that for UCITS and particularly that the separate safe-keeping, borrowing, granting credit and the short sales of securities and money market instruments meet the requirements of Directive 85/611/EEC;
- the business activities of the UCI are recorded in half-yearly and annual reports that allow outside parties to make a judgment on the assets and liabilities, income and transactions for the period under review;
- the UCITS and other UCI – whose units are to be acquired – are not entitled, either according to their contractual conditions or their articles of association to hold more than 10% of their assets in units of other UCITS or UCI.

f) operates sight deposits or terminable deposits with a term not exceeding 12 months at banks, provided that the bank concerned is headquartered in an EU member state, an OECD and FATF member state or, if the bank is headquartered elsewhere that it is subject to supervisory regulations that are subject to equivalent to those under EU law in the opinion of the Luxembourg supervisory authorities;

g) acquires derivatives, including equivalent instruments settled in cash that are traded on one of the regulated markets described in paragraphs a), b) or c) above, and/or derivatives that are traded over the counter, provided that:

- the underlying assets are instruments as defined by Article 41, para. 1 of the Law of 20 December 2002, or are financial indices, interest rates, exchange rates or currencies in which the fund is entitled to invest according to the investment goals laid out in these fund management regulations;
- in transactions with OTC derivatives the counterparties are subject to supervision, are first-class institutions in categories admitted by the Luxembourg supervisory authorities and are specialised in this type of business;?
- the OTC derivatives are subject to reliable and verifiable daily valuation and can, at any time and on the initiative of the fund, be sold at a reasonable value, liquidated or evened up in business.

h) acquires money market instruments that are not traded on a regulated market and that fall under the definition of Article 1 of the law of 20 December 2002 provided the issuer or issuer of these instruments are already subject to regulations governing deposit and investor protection, and provided that they are?

- issued or guaranteed by a national, regional or local authority, or the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a non-EU country, or, if by a federal state, a constituent state of the federation or by an international organisation resembling a public body to which at least one member state belongs, or ?

- issued by a company whose securities are traded on regulated markets described under letters a), b) or c) of this Article above;
- issued or guaranteed by an institution that is subject to supervision according to criteria determined in EU law, or by an institution that is subject to, and complies with, supervisory regulations that are at least as strict as those under EU law; or
- issued by other issuers of a category registered by the Luxembourg supervisory authorities, provided regulations are in place for investor protection related to these instruments that are equivalent to the three points above, and provided that the issuer is either a company with shareholder equity of at least EUR 10 million, that its year-end accounts are compiled and published in accordance with regulations contained in Directive 78/660/EEC, or a legal entity within a corporate group comprising one or more quoted companies that is responsible for the financial affairs of the group, or a legal entity that finances the securitisation of debt by using a credit limit granted by a bank.

However, up to 10% of the respective net subfund assets may be invested in securities and money market instruments other than those mentioned in No. 2 of this Article.

#### 4. Techniques and instruments

a) Given the conditions and restrictions prescribed by the Luxembourg supervisory authorities, the respective net subfund assets may use techniques and instruments relating to securities and money market instruments provided such use is made with the intention of securing more efficient management of the respective subfund. If these transactions refer to the use of derivatives, conditions and restrictions should agree with the provisions of the law of 20 December 2002 .

Furthermore, the fund is not entitled to deviate from investment goals described in the detailed sales prospectus and in these fund management regulations when using such techniques and instruments.

b) The fund shall ensure that the whole risk related to derivatives does not exceed the full net value of its portfolio.

The calculation of the risk includes the market value of the underlying assets, the default risk, future market fluctuations and the liquidation period of the asset. The same applies to the two paragraphs below.

Within the scope of its investment policy and the restrictions regulated by Article 43, para. 5 of the law of 20 December 2002, the fund may invest in derivatives, provided that the whole risk of the underlying assets does not exceed investment restrictions mentioned in Article 43 of the law of 20 December 2002. Investments made in index-based derivatives, are not taken into account when contemplating the investment limits mentioned in Article 43 of the law of 20 December 2002.

If a derivative is embedded in a security or a money market instrument it should be taken into account when complying with Article 42 of the law of 20 December 2002.

### c) Securities lending

In accordance with CSSF circular 08/356, each subfund may lend up to 50% of the securities held in its asset portfolio to a borrower for a period of up to thirty days either directly or indirectly through a standardised securities lending system organised by a recognised clearing institution or a securities lending system organised by a financial institution subject to prudential rules of supervision regarded by the CSSF as equivalent to those prescribed by Community law.

The counterparty risk of a UCI vis-à-vis one and the same counterparty in relation to one or more securities lending transactions may not exceed 10% of the subfund's net assets where the counterparty is a financial institution as defined by Article 41 Para. 1 Letter f) of the law of 20 December 2002; or 5% of the subfund's net assets in other cases. It is not intended that the monies received by way of guarantee will be reinvested.

In addition, a guarantee must be provided to the fund in accordance with II b) of the above circular prior to, or on, the transfer of the lent securities.

In all cases the borrower must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law.

If the agreement provides that the respective fund can make use of its rights relating to withdrawal and surrender at any time, more than 50% of the securities held in the respective subfund can be lent.

### 5. Repurchase agreements

The management company may engage in repurchase agreements for the respective subfund. These consist of the purchase and sale of securities in which the agreements grant the purchaser the right or the duty to buy back securities sold at a price and within a period agreed in contract by the parties.

When deploying such repurchase agreements, the management company can operate either as the purchaser or the seller. However, such transactions are subject to the following guidelines:

a) Securities may only be bought or sold through repurchase agreements when the counterparty is a first-rate financial institution specialised in this type of business.

b) during the term of a repurchase agreement, the securities may not be sold before the right to repurchase the securities has been exercised, or before the expiry of the repurchase period.

With respect to the extent of the fund's obligations in repurchase agreements, the management company needs to ensure that the relevant fund is capable of meeting its obligations to repurchase units at any time.

The management company can make suitable arrangements and can accept further investment restrictions (with the consent of the custodian bank) as are, or may become, necessary to meet the requirements on those countries in which fund units are to be sold.

In addition to the above provisions, the management company may, as a means of ensuring that the respective subfund's assets are efficiently managed and in accordance with the stipulations of Circular 08/356 of the Commission de Surveillance du Secteur Financier, employ the techniques and instruments related to securities repurchase agreements.

In the event that the management company receives sureties in the form of cash as part of such an agreement, these sureties may be reinvested for the fund in accordance with the rules laid out in the above circular.

## 6. Risk diversification

a) The subfund may invest up to 10% of its net assets in securities or money market instruments issued by a single issuer. The subfund may not invest more than 20% of its net assets in deposits issued by the a single issuer.

The default risk with transactions in OTC derivatives may not exceed the following limits:

- 10% of the funds net assets, if the counterparty is a bank within the meaning of Article 41, Para. 1, letter f) of the law of 20 December 2002 and
- 5% of the subfund's net assets in all other cases.

b) The total value of the securities and money market instruments of issuers in whom the management company has invested more than 5% of the respective subfund's net assets may not exceed 40% of the respective subfund's net assets. This restriction does not apply to deposits and to transactions in OTC derivatives made with financial institutions that are subject to supervision.

Despite the individual upper limits listed in a) above, the management company may invest up to 20% of each subfund's net assets with a single facility in a combination of?

- securities or money market instruments issued by this facility and/or
- deposits with this facility and/or
- OTC derivatives acquired by this facility

.

c) the investment limit of 10% of the subfund's net assets mentioned under No. 6, letter a) of this Article may increase to 35% for securities or money market instruments issued or guaranteed by a member state, its national authorities, a non-EU country or other

international undertakings similar in nature to a public body to which one or more member state(s) belong(s).

d) the investment limit of 10% of the subfund's net assets mentioned under Article 6, letter a) above may increase to 25% for net subfund assets if the debenture bonds to be acquired are issued by a bank headquartered in an EU member state that is subject to special public supervision under law, which protects the holder of the debenture bond. In particular, the management company is legally bound to invest revenue generated from the issue of these debenture bonds in assets that, through a priority security interest, sufficiently cover resulting obligations for the complete term of the debenture bond and that are also available to repay the capital and the payment of interest in the event of non-performance by the issuer.

Should more than 5% of the subfund's net assets be invested in debenture bonds issued by such issuers, the total value of the investment in such debenture bonds may not exceed 80% of the respective subfund's net assets.

e) The limit of the total value to 40% of the respective subfund's net assets stipulated in No.6, b) sentence 1 of this Article does not apply to c) and d) above.

f) The investment restrictions of 10%, 35% and 25% of the respective subfund's net assets stipulated in 6 a) to d) of this Article are not intended to be cumulative. In total, a maximum of 35% of the subfund's net assets can be invested in the securities and money market instruments of a single facility or in deposits or derivatives of the same facility.

Companies that belong to the same group with regard to the preparation of consolidated financial statements as defined by Directive 83/349/EEC of the Council dated 13 June 1983, based on Article 54, para. 3 g) of the Treaty on Consolidated Accounts (Official Journal L 193 dated 18 July 1983, p. 1) or in accordance with international accounting standards, are to be regarded as a single body when calculating the investment limits prescribed by Article 6 a) to f). The subfund in question may invest 20% of its net assets in securities and money market instruments issued by a single corporate group.

g) Notwithstanding the investment restrictions set out in Article 48 of the law of 20 December 2002, the management company may invest up to 20% of its net assets in shares and debt instruments issued by a single facility if the goal of the investment policy for the respective subfund is to replicate a share and debt instrument index recognised by the Luxembourg supervisory authorities. The conditions for this, however, include the following:

- that the compilation of the index is sufficiently diverse;
- that the index represents an adequate foundation and reference for the market, and
- that the index is published in a reasonable manner.

The investment restrictions mentioned above increase to 35% of the subfund's net assets when exceptional market conditions justify it, particularly on regulated markets that are strongly dominated by certain securities or money market instruments. This investment

restriction only applies when investing with single issuers. Whether or not the management company makes use of these options for the respective subfund can be found in the relevant appendix to the sales prospectus.

**h) Notwithstanding the details provided in Article 43 of the law of 20 December 2002, without prejudicing the principle of the spread of risk up to 100% of the respective subfund's net assets can be invested in securities and money market instruments issued or guaranteed by a member state, its national authorities, an OECD member state or by international undertakings to which one or more member state(s) belong(s). In each case, the securities contained in the respective subfund's net assets have to stem from six various issues, whereby the value of the securities stemming from a single issue shall not exceed 30% of the respective subfund's net assets.**

i) No more than 10% of the net assets of the respective subfund may be invested in UCITS or UCI, unless a statement to the contrary is provided for in the subfund's specific appendix to the sales prospectus. If the investment policy of the respective subfund provides for investment of more than 10% of net assets in UCITS or UCI within the meaning of No. 2 e) of this Article, sections j) and k) below apply.

j) Not more than 20% of the respective subfund's net assets may be invested in units of a single UCITS or a single UCI in accordance to Article 41, para. 1 e) of the law of 20 December 2002. It should be noted that as defined by Article 41, para.1 e) of the law of 20 December 2002, each subfund of an UCITS or UCI that comprises several subfunds in which assets exclusively guarantee the rights of investors in this subfund vis-à-vis those creditors whose own claims were created on the founding, during the term of, or on the liquidation of, the subfund, are regarded as independent UCITS or UCI.

k) Not more than 30% of the respective subfunds net assets may be invested in other UCI. In these cases, investment restrictions pursuant to Article 43 of the law of 20 December 2002 with respect to assets of UCITS and UCI that can be acquired as units do not have to be complied with.

l) If a UCITS acquires units in another UCITS and/or other UCI that is directly, or because of a transfer, managed by the same management company or by a company that the management company is connected to either through common administration or control or a significant direct or indirect financial interest, neither the management company nor the other company is entitled to charge fees via the UCITS for the subscription to or redemption of units in these other UCITS and/or UCI. Generally, the acquisition of units in target funds may lead to management fees being charged at the level of the target fund. The fund shall therefore not invest in target funds that are subject to a management fee of more than 3%. The annual report for the fund shall contain information relevant to the respective subfund on the maximum proportion of management fees borne by the subfund and the target fund.

m) Pursuant to the law of 20 December 2002 the management company is not permitted to use the UCITS it manages to acquire voting rights shares that enable it to exercise considerable influence on the management of an issuer.

n) Moreover, the management company may acquire

- up to 10% of non-voting shares in a single issuer;
- up to 10% of debenture bonds issued by a single issuer;
- more than 25% of units issued by a single UCITS and/or UCI; and
- not more than 10% of money market instruments from a single issuer for the fund.

o) The investment restrictions specified under Section 6 m) and n) do not apply if?

- the assets acquired are securities and money market instruments issued or guaranteed by a member state or its regional authorities, or by a non-EU state;?
- the assets acquired are securities and money market instruments issued by an international body resembling a public corporation to which one or more member state(s) belongs.
- The assets acquired are shares held by the respective subfund in the capital of a company headquartered in a non-EU member state that invests a major part of its assets in the securities of issuers domiciled in that country and when, as a result of the laws of that country, this form of investment represents the only option for the respective subfund to invest in securities from issuers in that country.

This exception only applies if the investment policy of this non-EU based company complies with the restrictions pursuant to Articles 43, 46 and 48, Paras.1 and 2 of the law of 20 December 2002. Article 49 of the law of 20 December 2002 applies if the limits named in Articles 43 and 46 of the law of 20 December 2002 are exceeded.

## 7. Liquid funds

Part of the subfund's net assets may be held as liquid funds provided these are accessory in nature.

## 8. Loans and prohibition of encumbrances

a) The respective subfund's assets may not be bonded or otherwise encumbered, be transferred or assigned for collateral, unless funds are borrowed within the meaning of Section b) below, or as security relating to the processing of transactions in financial instruments.

b) The respective subfund is only entitled to take out loans in the short term and only up to a maximum of 10% of the value of the subfund's net assets. Acquisitions of foreign currencies through "*back-to-back*"- loans are excepted.

c) Loans may not be granted, nor guarantee obligations for third parties entered into, at the expense of the respective subfund, but this is not an obstacle to the acquisition of not fully-

paid up securities, money market instruments or other financial instruments pursuant to Article 41, para. 1, e), g) and h) of the law of 20 December 2002.

#### 9. Other investment guidelines

a) Short sales are not permitted.

b) The respective subfund may not invest in real estate, precious metals or certificates related to such precious metals.

c) No obligations can be entered into for the respective subfund that exceed, together with loans pursuant to Article 8 b), 10% of the relevant subfund's net assets.

10. The investment restrictions mentioned in this Article refer to the time of the acquisition of the securities. If percentages are subsequently exceeded through exchange rate developments or for reasons other than acquisitions, the management company shall strive to return to the prescribed framework without delay in the interest of investors.

### **Article 5 Units**

1. Units are understood to mean units in the respective subfund. Bearer units shall be issued in the form of global certificates and exclusively as whole units. Registered units are issued in fractions of up to three decimal places. Registered units, if issued, are entered in the unit register maintained for the fund by the registrar and transfer agent. In this case, investors shall receive confirmation of the entry in the unit register, which is sent to the address listed in the register. Investors do not have the right to claim delivery of the effective items, neither with bearer units nor with registered units. The types of unit for the respective subfund are indicated in the relevant appendix to the sales prospectus.

2. All units in a subfund enjoy the same fundamental rights, unless the management company decides to issue different classes of unit within a subfund in accordance with No. 3 of this Article.

3. From time to time, the management company may decide to designate two or more unit classes. In terms of their characteristics and rights, classes of unit can be distinguished according to the manner in which revenues are applied, to the fee structure or other specific characteristics and rights.

From the date of issue, all units are equally involved in income, gains and liquidation revenue for their respective unit class. Provided unit classes have been established for the respective subfund, these are detailed in the relevant appendix to the sales prospectus, together with details of their specific characteristics and rights.

### **Article 6 Calculation of unit values**

1. The net asset value of the fund is given in euros (EUR) ("reference currency").

2. The value of a unit ("unit value") is given in the currency indicated in the respective appendix to the sales prospectus ("subfund currency") unless an alternative currency is

stipulated for any other classes of unit in the respective appendix to the sales prospectus ("unit class currency").

3. The unit value is calculated by the management company or one of its authorised representatives under the supervision of the custodian bank on each Friday that is a bank working day in Luxembourg, with the exception of 24 and 31 December of each year ("valuation day"). If this day is not a bank working day, the unit value is calculated on the following bank working day.

However, the management company can decide to calculate the unit value on 24 and 31 December of a year without the calculation representing the unit value on a valuation date within the meaning of the previous sentence. As a consequence, investors may not request issue, redemption and/or conversion of units on the basis of a unit value calculated in 24 and/or 31 December of a given year.

4. The unit value is calculated on each valuation day based on the value of the assets of the respective subfund, minus the obligations of the subfund ("net subfund assets") and divided by the number of units in circulation on the valuation day. This figure is rounded up to two decimal places.

5. If information has to be provided on the overall situation of fund assets – either in annual and half-yearly reports and other financial statistics pursuant to legal regulations or in accordance with the fund management regulations – assets for the respective subfund are converted to the reference currency. The respective subfund's net assets are calculated in accordance with the following principles:

a) Securities and money market instruments which are quoted or dealt with on a stock exchange will be valued at their last latest available publicised closing price. If a security is officially quoted on several stock exchanges, the latest available price published by the stock exchange which is the principal market for said security shall be decisive.

b) Securities and money market instruments that are not officially quoted on a stock market but are traded on a regulated market are valued at a rate that may not be below the bid quotation and not above the asked quotation at the time of the valuation and which the management company maintains to be the best possible rate the security can be sold for.

c) The value of futures, forwards or options traded on stock markets or other regulated markets is calculated at the latest available settlement price for such contracts on the stock exchanges or regulated markets on which these futures, forwards or options are traded by the fund in question. If no price quotation is available for a future, forward or option on a day on which the net asset value is to be determined, the method of valuing these contracts shall be determined in an appropriate and prudent manner by the supervisory board.

d) The value of futures, forwards or options not traded on stock markets or other regulated markets (OTC derivatives), corresponds to the respective net liquidation value as determined on the basis applied consistently for all types of contracts in accordance with the management company's guidelines. Swaps are valued at their market value. In the case of interest swaps, with reference to the underlying interest trend.

e) UCITS and UCI are valued at their latest available redemption price. Where the redemption of investment units has been suspended or no redemption prices have been determined, these units are valued in the same way as all other assets at their respective market value as determined in good faith by the management company on the basis of generally accepted valuation principles verifiable by auditors.

f) If the respective prices are not in line with market conditions and if no prices can be determined for securities other than those named in a) and b) above, these securities shall be valued at their respective market value – as with all other legally registered assets – determined in good faith by the management company on the basis of their reasonably foreseeable sales prices.

g) Liquid funds are valued at their face value, less interest.

h) The market value of securities and other investments quoted in currencies other than the respective subfund currency is converted to the corresponding subfund currency based on the last available middle market price. Gains and losses arising from foreign exchange transactions are added or deducted as applicable.

The net assets of the respective subfund are reduced by dividends, paid where applicable to the investor in the relevant subfund.

6. Unit values are calculated separately for each subfund on the basis of the criteria provided above. However, if unit classes have been created within a subfund, the resulting calculation of unit value is carried out for each unit class separately on the basis of the criteria provided above. Assets are always compiled and allocated for each subfund.

## **Article 7 Suspending the calculation of unit values**

1. The management company may temporarily suspend the calculation of unit values if, and as long as, circumstances make this necessary and if the suspension is justified in the interest of the investors. This particularly applies if:

a) a principal stock market or other regulated market on which a substantial proportion of the assets are quoted or traded is closed for public or bank holidays, or when dealings therein are restricted or suspended;

b) the calculation of fund units in which the respective subfund assets have been invested has been suspended and no current valuation of the fund units is available;

c) in emergency situations the management company cannot access subfund investments, or it is not possible to transfer the equivalent of investment purchases or sales freely or to calculate the unit value duly and properly.

2. Investors and/or applicants who have submitted an application for the subscription, redemption or conversion of units shall be informed without delay of the suspension of calculation of unit values and of its resumption without delay.

3. During the period between any suspension of calculation of unit values up to the point of notification of the resumption of calculation, investors shall be entitled to revoke applications for the subscription, redemption or conversion of units.

### **Article 8 Unit issue**

1. Units are issued on each valuation day at the issue price. The issue price is the unit value as defined in Article 6, No. 4 of these fund management regulations plus a front-end load payable into the respective subfund and, where applicable, to the management company. The maximum amount of the front-end load is detailed for the respective subfund in the relevant appendix to the sales prospectus. The proportion of the front-end load payable into the assets of the respective subfund is the same for all unitholders. The issue price can be increased by fees or other charges incurred in the relevant country of sale.

2. Subscription applications for the purchase of registered units may be submitted to the management company, the custodian bank, the transfer agent and registrar and the paying agents. The office receiving the application is obliged to forward subscription applications to the transfer agent and registrar without delay. The decisive date is the date of receipt by the registrar and transfer agent. These accept subscription applications on behalf of the management company.

Subscription applications for the purchase of bearer units are forwarded to the transfer agent and registrar by the institution maintaining the subscriber's securities account. The decisive date is the date of receipt by the registrar and transfer agent.

Complete subscription applications received by the transfer agent and registrar by 17.00 on a Wednesday before a valuation day will be settled on the basis of the issue price of the unit on the next following valuation day (deadline for subscription orders). If this is not a bank working day in Luxembourg, the previous bank working day shall be taken as the deadline for subscription orders. The management company shall ensure, in all cases, that the issue of units is settled on the basis of a unit value previously unknown to the investor. Should the management company suspect that the investor is operating late trading, the management company is entitled to refuse acceptance of the application until the subscriber has had a chance to dispel any doubts relating to his subscription application.

Complete subscription application received by the registrar and transfer agent after the deadline for subscription orders will be settled at the issue price on the next but one valuation date.

Should a subscription application be incorrect or incomplete, the application will be accepted on the date it is received by the transfer agent and registrar in a proper manner.

A subscription application for the purchase of registered shares is complete when it indicates the surname and first name(s), the address, the date and place of birth, the profession and nationality of the investor, the number of units subscribed and/or the amount to be invested and the name of the subfund, and when it is signed by the investor. Furthermore, the subscription application should also include the type and number of personal identification presented by the investor as well as the name of the authority issuing the form of identification. A statement should also be included to state whether the investor

holds an official office. The receiving office shall confirm on the subscription application that details in the document presented matches those on the application itself.

Upon receipt of the issue price at the custodian bank, the bearer units are transferred by the custodian bank on behalf of the management company by crediting the institution at which the subscriber maintains his securities account.

The issue price is payable within two bank working days of the appropriate valuation day in the relevant subfund currency or, in the case of several classes of unit, in the relevant unit class currency at the custodian bank in Luxembourg.

If consideration does not flow from fund assets, in particular due to revocation, a dishonoured debit note or due to any other reason, the management company shall redeem relevant units in the interest of the fund. Differences negatively impacting fund assets that result from redeeming units shall be paid by the subscriber. Revocations made under consumer protection law are excluded from this regulation.

#### **Article 9 Limitation and suspension of unit issue**

The management company is entitled, at its own discretion and without providing reason, to reject a subscription application or temporarily restrict, defer or finally suspend the issue of units or to buy back units against payment of a redemption price at any time, if this appears necessary in the interest of the investors, of the public or to protect the fund and/or the respective subfund.

2. In this case, the transfer office and registrar shall immediately reimburse (without interest) payments received for unprocessed subscription applications.

#### **Article 10 Redemption and conversion of fund units**

1. Investors are entitled to request the redemption of their units at any time in accordance with Article 6 No. 4 of the fund management regulations. Where applicable, a back-end load will be deducted to give the redemption price. Any such back-end load will be paid into the respective subfund or may be paid to the management company. Units can only be redeemed on a valuation day. If a back-end load is levied, the maximum amount applicable for each subfund in the relevant appendix to this sales prospectus is 2%. The back-end load that is to be paid to the sub-fund is the same for all unitholders. In certain countries, the redemption price is reduced by taxes and other charges. Shares are cancelled upon payment of the redemption price.

2. Payment of the redemption price and any other payments to investors are made via the custodian bank and via the paying agents. The custodian bank is only obliged to issue payment to the extent that no legal provisions, e.g. currency laws or other circumstances beyond the control of the custodian bank, prohibit the redemption price from being transferred to the country of the applicant. The management company is entitled to unilaterally buy back units against payment of the redemption price should this appear necessary in the interest of the community of investors or of a subfund or to protect the investors.

3. Units or parts thereof can be converted to units of another subfund based on the reference unit value of the relevant subfund in accordance with Article 6 No. 4 of these fund management regulations. This may be subject to a conversion fee in favour of the sales office of a maximum of 1% of the value of the units subscribed at least, however, of an amount representing the difference between front-end load of the subfund exchanged and the front-end load of the acquired subfund. If no conversion fee is levied, this is mentioned in the relevant appendix to the sales prospectus for the respective subfund.

A conversion of units in another subfund or in another unit class is only possible if the investor has fulfilled the conditions for the direct acquisition of units in the respective fund or in the respective unit class.

If different unit classes within a subfund are offered, units can be converted from one class to another unless otherwise provided for in the relevant appendix to the sales prospectus, providing that the investor has fulfilled the conditions for direct investment in this unit class. No conversion fee is levied under these circumstances.

The management company can reject a conversion application for the respective subfund if this appears necessary in the interest of the funds, or the subfund or in the interest of the investors.

4. Complete applications for the redemption or conversion of registered units may be submitted to the management company, the custodian bank, the transfer agent and registrar or the paying agents. The office receiving the application is obliged to forward the redemption or conversion applications to the transfer agent and registrar without delay.

The redemption or conversion application is deemed complete when the name and the address of the investor, the number or value of the unit to be redeemed or converted and the name of the subfund is indicated and when it has been signed by the investor.

Complete redemption or conversion applications for bearer units are forwarded by the institution where the investor maintains his securities account to the transfer agent and registrar.

Complete redemption and conversion applications received by 17.00 on a Wednesday before a valuation day are settled at the unit value on the subsequent valuation day, less any back-end load or conversion fee (deadline for redemption applications). If this is not a bank working day in Luxembourg, the previous bank working day shall be taken as the deadline for redemption orders. The management company shall ensure that, in all cases, the redemption and/or conversion of units is settled on the basis of a unit value previously unknown to the investor.

Complete redemption and conversion applications received after the deadline for redemption orders are settled at the unit value on the second subsequent valuation day, less any back-end load or conversion fee.

Registered and bearer units are only deemed received when they are received by the transfer agent and registrar. The redemption price shall be paid within two bank working days of the appropriate valuation day in the subfund currency or, in given several unit classes, in the respective unit class currency. In the case of registered shares, payment is

made to an account indicated by the investor. Fractional amounts arising from the conversion of bearer units are paid out by the custodian bank in cash.

5. If the calculation of unit values has been suspended, the management company is entitled to temporarily suspend the redemption or conversion of units.

6. With the prior approval of the custodian bank and in the interest of investors, the management company is entitled to postpone substantial redemptions until respective subfund assets have been sold without delay. In this case, shares shall be redeemed at the currently valid redemption price. The same applies to applications to convert units. However, the management company shall ensure that sufficient liquid funds are available to the respective subfund assets to enable units to be redeemed and/or converted under normal conditions when requested by investors.

### **Article 11 Costs**

The following costs are borne by the respective subfund insofar as these arise in connection with its assets:

1. A management fee of up to 0.5% p.a. of the net assets of the subfund is payable to the management company out of the corresponding subfund assets. This fee includes any fees payable to representatives and sales offices. The precise fee, its calculation and manner of payment are listed in the relevant appendix to the sales prospectus for each subfund.

Moreover, the management company may receive a performance fee from the assets of the respective subfund in accordance with details provided in the sales prospectus. These fee payments are subject to VAT.

2. As consideration for the fulfilment of their duties under their respective agreements, the custodian bank and the central administration agent shall receive the usual rates charged by banks in the Grand Duchy of Luxembourg. The precise costs, their calculation and manner of payment are detailed in the appendix to the sales prospectus. These fee payments are subject to VAT.

3. As consideration for the fulfilment of its duties, the registrar and transfer agent shall receive a fee equivalent to the usual rates charged by banks in the Grand Duchy of Luxembourg. This fee shall be calculated and paid out in arrears at the end of each calendar year as an annual charge for each unit class issued. The precise annual fee is detailed in the relevant appendix to the sales prospectus. These fee payments are subject to VAT.

4. Where appointed, fund managers and investment advisors may receive between them a fee of up to 2.5% p.a. out of the respective subfund assets. For each subfund, the precise fee, its calculation and manner of payment are listed in the relevant appendix to the sales prospectus. This fee is subject to VAT where applicable.

Where appointed, fund managers and investment advisors may receive an additional performance-related fee linked to the growth in value of subfund assets (the "performance fee") subject to the terms of the sales prospectus. These fee payments are subject to VAT.

5. In addition to the costs described above, the following costs are borne by the respective subfund insofar as these arise in connection with its assets:

a) costs incurred in the acquisition, custody and sale of assets, in particular for standard banking charges for transactions in securities and other assets and the rights of the fund and/or subfund and their safe-keeping, the standard banking charges for safe-keeping international investment units abroad;

b) all external management and custodial fees charged by other corresponding banks and clearing facilities (e.g. Clearstream Banking S.A.) for the assets of the respective subfund, and all external processing, postage and insurance expenses incurred in connection with the securities of the respective subfund in fund units;

c) transaction costs incurred in issuing and redeeming units;

d) furthermore, the custodian bank, the central administration agent, the transfer office and registrar are to be reimbursed expenses and other costs incurred in connection with the respective subfund as well as expense and other costs incurred in calling on the services of third parties. In addition, standard banking expenses shall be reimbursed to the custodian;

e) customary fees in connection with carrying out promoter functions;

f) taxes levied on fund and/or subfund assets, its income and expenses and charged to the respective subfund;

g) legal fees arising to the management company or the custodian bank when acting in the interest of investors in the respective subfund;

h) auditor's costs;

i) costs of compiling, preparing, filing, publishing, printing and dispatching all documents for the fund, in particular unit certificates and dividend coupon and form renewals, the simplified prospectus, the detailed sales prospectus, annual and half-yearly reports, statement net assets, notifications to investors, convening meetings, distribution authorisation and/or applications for approval in countries in which fund/subfund fund units are to be distributed, and all correspondence with the relevant supervisory authorities;

j) administration fees payable to authorities on behalf of the fund/subfund, in particular to the Luxembourg supervisory authorities and other supervisory authorities in other countries, and fees charged for filing fund documents;

k) costs incurred in connection with any stock market listing;

l) advertising costs and costs incurred in direct connection with offering and selling units;

m) insurance costs;

n) where attributable to the respective subfund, all fees, expenses and other costs of the paying agencies, any sales or information offices and other offices that may need to be set up in other countries;

- o) interest on borrowings pursuant to Article 4 of the funds management regulations;
- p) expenses of an investment committee, where applicable;
- q) costs of establishing the fund and/or individual subfunds and the initial issue of units;
- r) other administration costs, including costs of interest groups;
- s) costs for performance attribution; and
- t) costs incurred in obtaining credit ratings for the fund and/or subfunds from nationally and internationally recognised credit rating agencies.

All costs, fees and expenses described above are subject to VAT where applicable.

All costs are initially credited against income, capital gains and finally to the respective subfund assets.

Costs of establishing the fund and of the initial issue of units are depreciated over the first five financial years and expensed to the assets of subfunds that exist when the fund was established. The costs of establishing the fund and the costs described above that are not exclusively allocated to a specific subfund are spread on a pro rata basis across the respective subfund assets by the management company.

Costs arising in connection with the establishment of other subfunds are written down over a maximum period of five years after the subfunds establishment, expensed to the respective subfund they are allocated to

## **Article 12 – Appropriation of income**

1. The management company may either distribute revenue generated in a subfund to investors in the subfund or may reinvest such revenues in the respective subfund. This option is detailed in the relevant appendix to the sales prospectus for the respective subfund.

2. Dividends may include ordinary net revenues as well as realised capital gains. Furthermore, non-realised gains and other assets can also be included in dividends provided the net asset value of the fund does not fall below EUR 1,250,000 because of the dividend.

3. Dividends are paid out on units issued by the date dividends are distributed.

Dividends can take the form of free shares, either in part or as a whole. Any remaining fractions may be paid out in cash. Revenues not claimed within five years of publication of a dividend statement shall expire in favour of the respective subfund.

4. Generally, dividends distributed to holders of registered units are reinvested in favour of the holder of the registered units. However, if the shareholder so wishes, the dividend can

be paid to the holder's account provided a request is submitted with the registrar and transfer agent within 10 days of the receipt of the announcement regarding the dividend. Dividends shall be distributed to holders of bearer units in the same manner as payments of the redemption price.

### **Article 13 Financial year - Audit**

1. The accounting year for the fund starts on 1 January of each year and ends on 31 December of the same year. The first financial year starts on the date the fund is established and ends on 31 December 2009.
2. The financial statements of the fund shall be audited by an auditor appointed by the management company.
3. The management company shall publish an audited annual report in accordance to the laws and regulations of the Grand Duchy of Luxembourg at the latest four months after the end of a financial year.
4. The management company shall publish an unaudited half-yearly report two months after completion of the first half of the financial year. Both audited and unaudited interim reports can be compiled if required by sales regulations in other countries.

### **Article 14 Announcements**

1. Unit values, issue and redemption prices and all other information can be obtained from the management company, the custodian bank, any paying agent and where applicable from any appointed representative or sales office. Issue and redemption prices will be published on each exchange trading day on the management company's website at [www.alceda.lu](http://www.alceda.lu).
2. Investors may obtain the detailed sales prospectus, simplified prospectuses as well as the annual and half-yearly reports of the fund free of charge from the registered office of the management company or custodian bank, from any paying agent or, where applicable, from any representative or sales and information office. The relevant custodian bank agreement, the articles of association of the management company and the central administration agreement can be inspected at the registered offices of the management company, the paying agents or, where applicable, at the sales and information office.

### **Article 15 Merger of the fund and subfunds**

In accordance with the provisions described below, the management company may decide to merge the fund or a subfund with another UCITS managed by the management company or by another management company. The merger can be decided in particular with the following cases:

- provided the net asset value of the fund and/or the subfund has fallen below a given amount on a valuation day that is regarded as the minimum amount to manage the fund

and/or subfund in an economically viable manner. The management company has set this limit at EUR 5 million.

- provided it does not appear to make economic sense to manage the fund and/or subfund due to a significant amendment in the economic or political environment or for reasons of economic return.

Such a merger is only enforceable if the investment policy of the new fund or subfund does not infringe against the investment policy of the existing UCITS.

The merger is carried out by liquidating the new fund or subfund new fund or subfund and simultaneously transferring all assets to the existing UCITS.

The management company's resolution to merge the fund or subfund shall be published in a newspaper specified by the management company for the country in which units of the new fund or subfund are sold.

Investors in the new fund or subfund have the right for one month to request the repurchase of all or some of their units free of charge at the reference unit value. Units of investors who have not submitted a repurchase request shall be replaced by units in the existing UCITS on the basis on the unit values applicable on the day the merger comes into force. Where applicable, investors shall receive a settlement of fractional amounts.

Details provided above also apply equally to mergers of two subfunds within a fund.

The resolution to merge the fund or a subfund with an international UCITS is subject to agreement at an investors meeting in the existing fund or subfund.

The management company shall publish the invitation to the investors' meeting twice – once at least eight days before the second, and the second eight days before the meeting. Only those investors voting in favour of the merger are bound by the resolution passed at the investors' meeting. For investors not taking part in the meeting and for all investors who have not voted in favour of the merger it shall be assumed that they wish to offer their units for repurchase. No costs shall be charged to investors within the scope of this repurchase.

The details above also apply for mergers of unit classes.

## **Article 16 Dissolution of the fund and/or subfund**

1. The fund is established for an indefinite period. Notwithstanding this, the fund and/or one or more subfund(s) may be liquidated at any time by the management company, particularly if significant economic and/or political changes have occurred since the fund and/or subfund was established.

2. The fund's dissolution is compulsory in the following cases:

a) if the appointment of the custodian bank is terminated without a new custodian bank being appointed within two months;

b) when insolvency proceedings are opened against the management company and when no other has expressed an interest in taking over the fund or the management company has gone into liquidation;

c) when fund assets remain below EUR 312,500 for a period of more than six months;

d) in other cases prescribed by the law of 20 December 2002.

3. If a situation arises that leads to the dissolution of the fund or a subfund, the issue and redemption of units shall be suspended. The custodian bank shall distribute the liquidation proceeds, less costs and fees, among investors in the respective subfund in proportion to their claim according to instructions issued by the management company or by liquidators appointed by the management company itself or by the custodian bank in mutual agreement with the supervisory authorities. Net liquidation proceeds which have not been collected by investors by the end of the liquidation process will be deposited by the custodian bank for the account of authorised investors with the *Caisse de Consignation* in the Grand Duchy of Luxembourg. These amounts lapse if claims are not made within the legally established timescale.

4. Investors, their heirs, creditors or legal successors may not demand the premature dissolution or the division of the fund or a subfund.

5. As required by law, notice of the dissolution of the fund pursuant to this Article shall be published by the management company in the *Mémorial* and in at least two national daily newspapers including the *Tageblatt*.

6. The dissolution of a subfund shall be published in the manner prescribed in "Information for Investors" in the sales prospectus.

#### **Article 17 Expiry of claims and presentation period**

Investors claims against the management company or the custodian bank shall cease to be valid 5 years after the date of the occurrence giving rise to the claim. The rule contained in Article 16, No. 3 of these fund management regulations remains unaffected.

The presentation period for dividend coupons amounts to 5 years from the publication of the relevant dividend statement. Dividend amounts not claimed within this period lapse in favour of the fund.

#### **Article 18 Applicable law, jurisdiction and language of reference**

1. The fund management regulations are subject to the laws of the Grand Duchy of Luxembourg. The same applies to the legal relations between investors, the management company and the custodian bank, provided no other legal system subjects these legal relations to particular rules and regulations. The provisions of these fund management regulations shall be supplemented in particular by the Law of 20 December 2002. The fund management regulations have been filed with the Commercial Register in Luxembourg. Any legal dispute between investors, the management company and the custodian bank is subject to the jurisdiction of the competent court in the juridical district of Luxembourg in the Grand Duchy of Luxembourg. The management company and the custodian bank are

authorised to submit themselves and the fund to the jurisdiction and the law of any country in which units are sold, if this affects the claims of investors domiciled in the relevant country and is in respect of matters referring to the fund and/or subfund.

2. In the event of a legal dispute, the German-language version of these fund management regulations shall be regarded as definitive. In respect of fund shares sold to investors in a non-German speaking country, the management company and the custodian bank may declare translations in the relevant languages of such countries in which such shares have been authorised for public sale as binding on themselves and the fund.

#### **Article 19 Amendments to the fund management regulations**

1. Subject to the approval of the custodian bank, the management company may amend these fund management regulations in full or in part at any time.

2. Changes to these fund management regulations must be filed with the Commercial Register in Luxembourg and come into force on the day they are signed, unless stipulated otherwise. A note referring to such filing shall be published in the Mémorial.

#### **Article 20 Effective date**

Unless otherwise regulated, these fund management regulations shall come into effect on the date of their execution.