

New Capital Institutional Fund (in liquidation¹)

Contractually based umbrella fund under Swiss law for qualified investors
(Category „Other Funds for Traditional Investments“)

Fund contract with appendix

October 2024

¹ The investment fund has been in liquidation since August 5, 2024

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PART I FUND CONTRACT

I Basis

§ 1 Name; name and domicile of the fund management company, custodian bank and asset manager

1. A contractually based umbrella fund of the category "Other funds for traditional investments" (the "umbrella fund") has been established under the name of New Capital Institutional Fund within the meaning of Art. 25 in conjunction with Art 68 ff., Art. 92 f of the Federal Act on Collective Investment Schemes (CISA) of 23 June 2006 and Art. 6 of the Swiss Federal Council Ordinance on Collective Investment Schemes (CISO) of 22 November 2006. It includes the sub-funds below:
 - Foreign Bond in liquidation
2. UBS Fund Management (Switzerland) AG, with its registered office in Basel, is the fund management company.
3. EFG Bank AG, Zurich, is the custodian bank.
4. EFG Asset Management (Switzerland) SA, Geneva, is the asset manager.
5. This fund is restricted to qualified investors within the meaning of § 5, prov. 1 of this fund contract.
6. Pursuant to Article 10, para. 5, CISA, and upon the request of the fund management company and the custodian bank, the Swiss Financial Market Supervisory Authority grants that the regulations governing the obligation to produce both a prospectus and a simplified prospectus, the obligation to define at least two official publications, the obligation to twice issue notification of changes to the fund management company or custodian bank, the obligation to issue and redeem units in cash, the obligation to publish prices and the obligation to publish a semi-annual report for New Capital Institutional Fund are not applicable.
7. Instead of the prospectus, the fund management company provides investors with supplementary details in the appendix to this fund contract, in particular regarding the investment objective, any delegation of investment decisions and further duties of the fund management company, as well as regarding paying agents, distributors and the auditors of the umbrella fund. The investor is entitled to receive additional details and information on the umbrella fund or the relevant sub-funds from the fund management company at any time.
8. Instead of payment in cash, the fund management company may in individual cases agree to let investors pay for fund units using permitted investments. Redemptions may also be carried out by returning permitted investments instead of payment in cash.

II. Rights and obligations of the contracting parties

§ 2 Fund contract

The legal relationship between the investor on the one hand and the fund management company and the custodian bank on the other shall be governed by this fund contract and the applicable provisions of Swiss legislation concerning collective investment schemes.

§ 3 Fund management company

1. The fund management company manages the sub-funds at its own discretion and in its own name, but for the account of the investors. In particular, it makes all decisions relating to the issuing of units, the investments and their valuation. It calculates the net asset values of the sub-funds, sets the issue and redemption prices and also determines the distribution of income. The fund management company shall exercise all rights associated with the umbrella fund and the sub-funds.
2. The fund management company and its agents shall act in good faith and have a duty to exercise due diligence and provide information. They shall act independently and exclusively in the interests of investors. They shall take any organisational steps that may be required to ensure the proper conduct of business and shall ensure transparent accounting and the supply of appropriate information regarding the umbrella fund

and the sub-funds. They disclose all charges and fees incurred directly or indirectly by investors and the appropriation of such charges and fees. They notify investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.

3. The fund management company may delegate investment decisions as well as specific duties for all or individual sub-funds, provided that it is in the interests of efficient management. It shall only delegate responsibilities to individuals who are qualified to discharge their duties properly and shall ensure that such duties are discharged correctly with regard to both the instructions provided and monitoring and control.

Investment decisions may be delegated only to asset managers who are subject to recognised supervision.

If foreign law requires an agreement on cooperation and the exchange of information with foreign supervisory authorities, the fund management company may delegate investment decisions to asset managers abroad only if such an agreement exists between FINMA and the relevant foreign supervisory authorities for the investment decisions concerned.

The fund management company shall be liable for the actions of its agents as if they were its own actions.

4. The fund management company may, subject to the consent of the custodian bank, submit amendments to this fund contract to the supervisory authority (cf. § 28). It may also launch further sub-funds subject to approval from the supervisory authorities.
5. The fund management company may merge individual sub-funds with other sub-funds or with other investment funds pursuant to the provisions set forth in § 26 or dissolve individual sub-funds pursuant to the provisions set forth in § 27.
6. The fund management company is entitled to receive the remuneration stipulated in §§ 19 and 20. It is further entitled to be released from any liabilities assumed in the proper performance of its duties and to be reimbursed for expenses incurred in connection with such liabilities.

§ 4 Custodian bank

1. The custodian bank is responsible for the safekeeping of the sub-funds' assets. The custodian bank handles the issue and redemption of fund units as well as payments on behalf of the sub-funds.
2. The custodian bank and its agents shall act in good faith and have a duty to exercise due diligence and provide information. They shall act independently and exclusively in the interests of investors. They shall take any organisational steps that may be required to ensure the proper conduct of business and shall ensure transparent accounting and the supply of appropriate information regarding the umbrella fund and the sub-funds. They disclose all charges and fees incurred directly or indirectly by investors and the appropriation of such charges and fees. They notify investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.
3. The custodian bank is responsible for the account and custody account management of the fund, but cannot dispose independently of its assets.
4. The custodian bank ensures that, in the case of transactions relating to the assets of the fund, the countervalue is transferred within the usual time limit. It notifies the fund management company if the countervalue is not remitted within the usual time limit and, where possible, requests reimbursement for the asset item concerned from the counterparty.
5. The custodian bank keeps the required records and accounts in such manner that it is, at all times, able to distinguish between the assets held in safekeeping for the individual funds. In relation to assets that cannot be taken into safekeeping, the custodian bank verifies ownership by the fund management company, and keeps a record thereof.
6. The custodian bank may delegate the safekeeping of the sub-funds' assets to third-party or collective depositaries in Switzerland or abroad, provided this is in the interests of proper safekeeping. The custodian bank verifies and monitors that the third-party custodian or collective securities depository it appoints:

- a) possesses an appropriate organisational structure, financial guarantees and the specialist qualifications required given the nature and complexity of the assets entrusted to it;
- b) is subject to regular external audits, to ensure that it possesses the financial instruments;
- c) the assets received from the custodian bank are held in custody in such a manner that by means of regular portfolio comparisons they can, at all times, be clearly identified as belonging to the fund assets;
- d) complies with the provisions applicable to the custodian bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.

The custodian bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction, and monitoring. The appendix contains information on the risks associated with the transfer of safekeeping to third-party custodians and collective securities depositories.

In respect of financial instruments, the transfer of safekeeping within the meaning of the previous paragraph may be made only to regulated third-party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors shall be informed in the appendix of safekeeping with non-regulated third-party custodians or collective securities depositories..

7. The custodian bank shall ensure that the fund management company complies with the law and the fund contract. It shall check whether the calculation of net asset value, issue and redemption prices of units and investment decisions are being carried out in accordance with the law and the fund contract, and whether the net income is appropriated as stipulated in the fund contract. The custodian bank shall not be responsible for any investment selection made by the fund management company within the scope of the investment guidelines.
8. The custodian bank shall be entitled to receive the remuneration stipulated in §§ 19 and 20. It is further entitled to be released from any liabilities assumed in the proper performance of its duties and to be reimbursed for expenses incurred in connection with such liabilities.
9. The custodian bank shall not be responsible for the safekeeping of assets of the target funds in which the sub-funds invest unless it has been assigned this task.

§ 5 Investors

1. This fund is restricted to qualified investors. The fund management company ensures together with the custodian bank that the investors meet the requirements in respect of investor eligibility.

Within the meaning of this fund contract, qualified investors solely include:

- a) supervised financial intermediaries such as banks, securities dealers and fund management companies;
 - b) supervised insurance bodies;
 - c) public-law entities and pension schemes with professional treasury operations;
 - d) companies with professional treasury operations;
 - e) wealthy private individuals who confirm within the meaning of Art. 6 CISO that they wish to be treated as qualifying investors;
 - f) investors who have concluded a written portfolio management agreement with a financial intermediary in accordance with ltr. a) or with an independent asset manager within the meaning of Art. 6, para. 2 CISO.
2. Upon execution of the contract and remittance of a cash payment, the investor shall acquire a claim against the fund management company for an interest in the assets and income of one of the sub-funds of the umbrella fund. Instead of payment in cash, at the investor's request and with the consent of the fund management company, a contribution in kind may be made in accordance with the provisions of § 18. This claim is evidenced in the form of units.

Investors are entitled to participate only in the assets and income of the sub-fund in which they are invested. Any liabilities attributable to individual sub-funds are to be borne solely by the individual sub-fund concerned.

3. Investors are only obliged to remit payment for the units of the respective sub-fund subscribed by them. The investor shall not be held personally liable for the liabilities of the umbrella fund or the sub-funds.
4. Investors may at any time request that the fund management company supply them with information regarding the basis on which the net asset value per unit is calculated. The fund management company shall also supply further information regarding specific transactions carried out by the fund management company such as the exercise of membership and creditors' rights, risk management or contributions/redemptions in kind (cf. § 18) to any investor citing an interest in such matters at any time. Investors shall be entitled to submit an application to the court having jurisdiction in the domicile of the fund management company for the auditors, or another entity with appropriate expertise, to investigate and report on any facts or circumstances for which disclosure is required.
5. Investors shall be entitled to terminate the fund contract at any time and request payment in cash in respect of units held in the respective sub-fund. Instead of payment in cash, at the investor's request and with the consent of the fund management company, a redemption in kind may be made in accordance with the provisions of § 18.
6. Upon request, investors are obliged to provide the fund management company, the custodian bank and its agents with documentary proof that they meet/continue to meet the legal and contractual requirements necessary to be able to participate in a sub-fund. In addition, they are obliged to immediately notify the fund management company, the custodian bank and its agents if they no longer meet these requirements.
7. An investor's units must be compulsorily redeemed at the prevailing redemption price by the fund management company in collaboration with the custodian bank if:
 - a) this is required to safeguard the reputation of the financial centre, notably in relation to combating money laundering;
 - b) investors no longer meet the legal or contractual requirements to participate in a sub-fund.
8. In addition, an investor's units may be compulsorily redeemed at the prevailing redemption price by the fund management company in collaboration with the custodian bank if:
 - a) the investor's participation in a sub-fund may materially affect the economic interests of the other investors, particularly if their participation may result in tax disadvantages for the umbrella fund or a sub-fund in Switzerland or abroad;
 - b) investors have acquired or hold units in breach of the provisions of domestic or foreign legislation or provisions of this fund contract or appendix applicable to them;
 - c) the economic interests of investors are affected, particularly in cases in which individual investors attempt to acquire benefits for their portfolio by systematically subscribing and immediately thereafter redeeming units, exploiting time differences between the setting of closing prices and the valuation of the sub-funds' assets (market timing).

§ 6 Units and unit classes

1. The fund management company may, subject to the approval of the custodian bank and the supervisory authority, create different unit classes or merge or liquidate unit classes for each sub-fund. All unit classes shall be entitled to a share in the undivided assets of the respective sub-fund, which is not segmented. This share may vary due to class-specific costs charged or distributions or on account of class-specific income, and the net asset value per sub-fund unit may therefore vary from class to class. Any class-specific costs charged shall be met by the aggregate assets of the sub-fund.
2. The creation, liquidation or merger of unit classes shall be announced in the official publication specified for the fund. Only mergers of unit classes shall be deemed to constitute an amendment to the fund contract pursuant to § 28.
3. The various sub-funds' unit classes may, in particular, differ in terms of cost structure, reference currency, currency hedging,

distribution or reinvestment of income, minimum investments and investor group.

Commissions and costs shall only be charged to unit classes that benefit from the services they cover. Costs which cannot be unequivocally attributed to a particular unit class shall be charged to the individual unit classes in proportion to their share of the sub-fund's assets.

4. At the moment, there is one unit class, designated as "A", for each sub-fund.

Class "A" units are only issued to investors who have concluded a portfolio management agreement with EFG Bank AG, Zurich, or with EFG Asset Management (Switzerland) SA.

5. Units shall not take the form of actual certificates but shall exist purely as book entries in the name of the investor. The investor shall not be entitled to request the issue of a registered or bearer unit certificate.
6. The fund management company and the custodian bank are obliged to ask investors who no longer meet the requirements to invest in a unit class to redeem their units within 30 calendar days pursuant to § 17, to transfer them to an individual who does meet the stated requirements or to convert the units into another class of the respective sub-fund whose requirements they do meet. If investors do not comply with this request, the fund management company shall, in collaboration with the custodian bank and its agents, either compulsorily convert their units into another unit class of the respective sub-fund or, where this is not possible, compulsorily redeem the affected units pursuant to § 5, prov. 8.

III. Investment policy guidelines

A Investment principles

§ 7 Compliance with investment guidelines

1. In selecting individual investments for each sub-fund, the fund management company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to the individual sub-fund assets at market value and must be complied with at all times. Each sub-fund must adhere to the investment restrictions no later than six months after the expiry of the subscription period (launch).
2. If the limits are exceeded due to changes in the market, the investments must be restored to the permitted level within a reasonable period of time, taking due account of the investors' interests. If limits in connection with derivatives pursuant to § 12 below are exceeded through a change in the delta, the permitted levels must be restored within three bank business days at the latest, taking due account of the investors' interests.

§ 8 Investment policy

1. The fund management company may invest the individual sub-funds' assets in the following investments within the scope of each sub-fund's investment policy in accordance with prov. 2.
 - a) Securities, i.e. securities issued on a large scale and uncertificated rights with a similar function (uncertificated stock) which are listed on a stock exchange or traded on another regulated market open to the public and which embody an equity or a debt security right or the right to acquire such securities and rights via subscription or exchange, such as warrants;

Investments in securities from new issues shall only be permitted if they are intended for admission to a stock exchange or other regulated market open to the public under the terms of issue. If such investments have not been admitted to a stock exchange or other regulated market open to the public within one year of purchase, the securities shall be sold within one month or included under the restrictions set out in prov. 1 g).
 - b) Derivatives if (i) they are based on underlying financial instruments in the form of securities as specified in a), derivatives as specified in b), structured products as specified in c), units in collective investments as specified in d), money market instruments under e), financial indices, interest rates, exchange rates, loans, currencies or similar and (ii) the underlying securities are permitted investments

under the fund contract. Derivatives shall be traded either on a stock exchange or another regulated market open to the public, or OTC.

OTC transactions shall only be permitted if (i) the counterparty is a financial intermediary specialising in this type of transaction and subject to supervision, and (ii) the OTC derivatives are tradable daily or may be submitted to the issuers for redemption at any time. In addition, the valuations of such instruments must be reliable and transparent. The use of derivatives shall be subject to the provisions of § 12.

- c) Structured products, if (i) the underlyings are securities as defined in a), derivatives as defined in b), structured products as defined in c), units in collective investment schemes as defined in d), money market instruments as defined in e), financial indices, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the fund contract. Structured products are either traded on an exchange or other regulated market open to the public, or are traded OTC.

OTC transactions are only permitted if (i) the counterparty is a financial intermediary specialising in this type of transaction and subject to supervision, and (ii) the OTC derivatives are tradable daily or may be submitted to the issuers for redemption at any time. In addition, the valuations of such instruments must be reliable and transparent.
- d) da) Units of other collective investments (target funds) under Swiss law of the category "Securities Funds",
db) Units of target funds under Swiss law of the category "Other Funds for Traditional Investments",
dc) Units of target funds under Swiss law of the category "Other Funds for Alternative Investments",
dd) Units of target funds under Swiss law of the category "Real Estate Funds",
de) Units of undertakings for collective investment in transferable securities (UCITS), which correspond to Directive 85/611/EEC of 20 December 1985 (UCITS I) and 2001/107/EC or 2001/108/EC of 21 January 2002 (UCITS III),
df) Units of undertakings for collective investment (UCIs) which correspond to an "other fund for traditional investments" under Swiss law and which enjoy equivalent supervision to that in Switzerland,
dg) Units of undertakings for collective investment (UCIs) which correspond to an "other fund for alternative investments" under Swiss law and which enjoy equivalent supervision to that in Switzerland.

Investments in target funds pursuant to ltr dc), dd) and dg) in total may not exceed 10%.

The fund management company may not acquire any funds of funds (funds whose fund contracts or articles of association permit investments of more than 49% in other collective investments).

Subject to the provisions of § 20, the fund management company may acquire units in target funds that are managed directly or indirectly by the fund management company itself or by a company to which the fund management company is related by virtue of common management or control or by a direct or indirect interest of more than 10% of the capital or votes.

- e) Money market instruments which are fungible and marketable at any time and which are traded on a stock exchange or other regulated market open to the public; money market instruments which are not traded on a stock exchange or other regulated market open to the public may only be acquired provided that the issue or issuer is subject to provisions governing creditor and investor protection and the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 of the Swiss Collective Investment Schemes Ordinance.

f) Sight or time deposits with a maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union or in another country provided that the bank in such country is subject to supervision equivalent to the supervision in Switzerland.

- g) Investments other than the investments specified in a) to f) above not exceeding 10% of a single sub-fund's assets in aggregate. The following are not permitted: (i) direct investments in precious metals, precious metal certificates, commodities and commodities certificates and (ii) real short selling in relation to investments of all kinds.

Investment policy of the individual sub-funds:

A. New Capital Institutional Fund – Foreign Bond in liquidation

2. a) After deducting liquid assets, the fund management company shall invest at least two-thirds of the sub-fund's assets in:
- aa) bonds and notes denominated in freely convertible currencies, as well as other fixed-income or floating-rate debt paper and rights issued by foreign private borrowers and borrowers under public law worldwide.
 - ab) units of other collective investments that according to their documentation invest their assets in accordance with the guidelines of this sub-fund or parts thereof.
 - ac) derivatives (including warrants) on the investments mentioned above.
 - ad) structured products denominated in freely convertible currencies such as certificates from issuers worldwide on the above investments.

For investments in other collective investments pursuant to ltr. ab above and in structured products pursuant to ltr. ad above, the fund management company ensures that on a consolidated basis at least two-thirds of the sub-fund's assets are invested in the investments noted under ltr. aa above.

- b) Following the deduction of liquid assets, the fund management company may also invest up to one-third of the sub-fund's assets in:
- debt paper and rights issued by domestic and foreign issuers who do not meet the requirements stated in prov. 2, ltr. aa;
 - convertible bonds, convertible notes and warrant issues that are denominated in freely convertible currencies worldwide;
 - equities and other equity paper and rights issued by companies worldwide;
 - money market instruments denominated in freely convertible currencies, issued by domestic and foreign borrowers;
 - derivatives (including warrants) on the investments mentioned above;
 - units in other collective investments that do not meet the requirements stated in prov. 2 ltr. ab in relation to currency.
- c) In addition, the fund management company must comply with the investment restrictions below, which relate to the sub-fund's assets following the deduction of liquid assets:
- no more than 25% in convertible bonds, convertible notes and warrant issues;
 - no more than 10% in equities, equity paper and rights as well as derivatives (including warrants);
 - no more than 49% in other collective investments.

§ 9 Liquid assets

The fund management company may also hold appropriate levels of liquid assets in the respective sub-fund's accounting currency and in all currencies in which investments in the respective sub-fund are permitted. Liquid assets comprise bank deposits and claims from securities repurchase agreements at sight or on demand with maturities of up to twelve months.

B Investment techniques and instruments

§ 10 Securities lending

1. The fund management company may lend all types of securities which are listed on an exchange or are traded on another regulated market open to the public for the account of the sub-funds. However, securities that have been taken over as part of a reverse repo transaction may not be lent.

2. The fund management company may lend the securities to a borrower in its own name and for its own account ("principal transaction"), or may appoint an intermediary to make the securities available to a borrower either indirectly in a fiduciary capacity ("agent transaction") or directly ("finder transaction").
3. The fund management company shall enter into securities lending transactions only with first-class borrowers or agents subject to supervision specialising in transactions of this type, such as banks, brokers and insurance companies, as well as recognised central counterparties and central custodians subject to supervision which can guarantee the proper execution of the securities lending transactions.
4. If the fund management company must observe a period of notice (which may not exceed seven bank business days) before it may again legally repossess the securities lent, it may not lend more than 50% of a particular security eligible for lending per sub-fund. However, if the borrower or the intermediary provides the fund management company with a contractual assurance that the latter may legally repossess the securities lent on the same or next bank business day, the fund management company may lend its entire holdings of a particular security eligible for lending.
5. The fund management company shall conclude an agreement with the borrower or intermediary whereby the latter shall pledge or transfer collateral in order to secure the restitution of securities in favour of the fund management company in accordance with Art. 51 Collective Investment Schemes Ordinance issued by the FINMA. The value of the collateral must be adequate and at all times be equal to at least 105% of the market value of the securities lent. The issuer of the collateral must have a good credit rating and the collateral may not have been issued by the counterparty or a company that is part of or dependent on the group of the counterparty. The collateral must be highly liquid, traded at a transparent price on a stock exchange or another regulated market open to the public, and valued on at least each stock exchange trading day. In managing the collateral, the fund management company/its agents must fulfil the duties and requirements pursuant to Art. 52 CISO-FINMA. In particular, they must adequately diversify the collateral in terms of countries, markets and issuers; in this respect, the collateral is deemed to be adequately diversified if the collateral held by an individual issuer amounts to no more than 20% of the net asset value. Exceptions may apply pursuant to Art. 83 CISO for publicly guaranteed or issued assets. Furthermore, the fund management company/its agents must be able to obtain at any time the power of disposal over the collateral received in the event of a default by the counterparty without having to involve the counterparty or obtain its consent. The collateral received must be held with the custodian bank. The collateral received may be held on behalf of the fund management company with a regulated third-party custodian provided the ownership of the collateral is not transferred and the third-party custodian is independent of the.
6. The borrower or intermediary is responsible for ensuring the prompt, unconditional payment of any income accruing during the securities lending period, for asserting other financial rights and for reimbursement of securities of the same type, amount and quality such that the contractual terms are complied with.
7. The custodian bank shall ensure that the securities lending transactions are conducted in a secure manner and that the contractual terms are complied with, specifically in respect of collateral requirements. For the duration of the lending transactions it shall also be responsible for the administrative duties assigned to it under the custody regulations and for asserting all rights pertaining to the securities lent, unless they have been assigned in line with the applicable framework agreement.
8. The appendix contains further information on the collateral strategy.

§ 11 Securities repurchase agreements

1. The fund management company may enter into securities repurchase agreements ("repos") for the sub-funds' account. Securities repurchase agreements can be concluded as either repos or reverse repos.

A repo is a legal transaction in which one party (lender) temporarily transfers ownership of securities in return for payment to another party (borrower); the borrower undertakes to reimburse securities of the same type, quantity and quality as well

any income accrued throughout the course of the repurchase agreement to the lender upon maturity. The lender bears the price risk of the securities throughout the course of the repurchase agreement.

From the perspective of the counterparty (borrower), a repo is a reverse repo. Reverse repos are an instrument used by the fund management company to invest cash, whereby it buys securities and at the same time agrees to reimburse securities of the same type, amount and quality as well any income accrued throughout the course of the repurchase agreement.

2. The fund management company may conclude repo transactions with a counterparty in its own name and for its own account ("principal transaction") or may instruct an intermediary to conclude repo transactions with a counterparty either indirectly in a fiduciary capacity ("agent transaction") or directly ("finder transaction").
3. The fund management company shall conclude repo transactions only with first-class counterparties and intermediaries subject to supervision specialising in transactions of this type, such as banks, brokers and insurance companies or recognised central counterparties and central custodians subject to supervision which can ensure the proper execution of the repo transactions.
4. The custodian bank shall ensure that the repo transactions are conducted in a secure manner and that the contractual terms are complied with. It shall ensure that fluctuations in the value of securities used in the repo transactions are compensated daily in cash or securities (mark-to-market). It is also responsible for the administrative duties assigned to it under the custody account regulations during the period in which repo transactions are carried out and for asserting all rights pertaining to the securities used in the repo transactions unless they have been assigned in line with the applicable framework agreement.
5. The fund management company may use all types of securities which are listed on an exchange or are traded on another regulated market open to the public. However, securities that were taken over as part of a reverse repo transaction may not be used for repos.
6. If the fund management company must observe a period of notice (which may not exceed seven bank business days) before it may again legally repossess the securities used in the repo transaction, it may not use for repos more than 50% of its holdings of a particular security eligible for repos per sub-fund. However, if the counterparty or the intermediary provides the fund management company with a contractual assurance that the latter may legally repossess the securities used in the repo transaction on the same or the next bank business day, the fund management company may use its entire holdings of a particular security eligible for repo transactions.
7. Engaging in repo transactions is deemed to be taking up a loan pursuant to § 13, unless the money received is used to acquire securities of the same type, quality, credit rating and maturity in conjunction with the conclusion of a reverse repo.
8. With regard to reverse repos, the fund management company may only acquire securities in accordance with Art. 51 CISO-FINMA. The issuer of the collateral must have a good credit rating and the collateral may not have been issued by the counterparty or a company that is part of or dependent on the group of the counterparty. The collateral must be highly liquid, traded at a transparent price on a stock exchange or another regulated market open to the public, and valued on at least each stock exchange trading day. In managing the collateral, the fund management company/its agents must fulfil the duties and requirements pursuant to Art. 52 CISO-FINMA. In particular, they must adequately diversify the collateral in terms of countries, markets and issuers; in this respect, the collateral is deemed to be adequately diversified if the collateral held by an individual issuer amounts to no more than 20% of the net asset value. Exceptions may apply pursuant to Art. 83 CISO for publicly guaranteed or issued assets. Furthermore, the fund management company/its agents must be able to obtain at any time the power of disposal over the collateral received in the event of a default by the counterparty without having to involve the counterparty or obtain its consent. The collateral received must be held with the custodian bank. The collateral received may be held on behalf of the fund management company with a regulated third-party custodian provided the ownership of the

collateral is not transferred and the third-party custodian is independent of the counterparty.

9. Claims arising from reverse repos are deemed to be liquid assets pursuant to § 9 and not loan extensions pursuant to § 13.
10. The appendix contains further information on the collateral strategy.

§ 12 Derivatives

1. The fund management company may use derivatives in the interests of efficient management of the sub-funds' assets. It shall ensure that the effect of such derivative financial instruments does not alter the investment objectives as stated in the present fund contract and the appendix or lead to a change in the investment profile of the sub-funds, even in exceptional market circumstances. In addition, the securities underlying the derivatives must be permitted investments for the respective sub-fund under this fund contract.

In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.

2. The commitment approach II shall be used to measure risk. Accordingly, the aggregate derivatives-related investments of this fund may not exceed 100% of its net assets and the total investments may not exceed 200% of its net assets. Given the possibility of temporary borrowing not exceeding 25% of the fund's net assets, as described in § 13 prov. 2, the fund's total investments may amount to a maximum of 210% of its net assets. The total investments shall be determined in accordance with Art. 35 CISO-FINMA.

The provisions of this paragraph apply to the individual sub-funds.

3. The fund management company may in particular use basic forms of derivatives such as call or put options where the value on expiration has a linear dependence on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference has the opposite sign (+ or -), credit default swaps (CDSs), swaps with non-path dependent payoffs which have a linear dependence on the value of the underlying or an absolute value and futures and forwards whose value has a linear dependence on the underlying. The fund management company may also use combinations of basic forms of derivatives.
4.
 - a) Offsetting positions in derivatives of the same underlying as well as offsetting positions in derivatives and in investments in the same underlying may be netted with one another irrespective of when the derivatives expire if the derivative transaction was concluded for the sole purpose of eliminating the risks associated with the derivatives or investments acquired, whereby the material risks are not ignored and the conversion amount of the derivative is determined pursuant to Art. 35 CISO-FINMA).
 - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset to be hedged, for offsetting to take place the requirements that derivative transactions may not be based on an investment strategy that aims to make profits must be met in addition to the rules under a). Furthermore, the use of the derivative must result in a demonstrable reduction of risk; the risks of the derivative must be offset; the derivatives, underlyings or assets to be offset must relate to the same class of financial instrument; and the hedging strategy must be effective even in exceptional market conditions.
 - c) Where interest rate derivatives are predominantly used, the amount to be offset against the total exposure from derivatives can be calculated using internationally recognized duration-netting rules, provided the rules result in the risk profile of the investment fund being correctly determined, the material risks are taken into account, the application of these rules does not result in an unjustifiable leverage effect, no interest rate arbitrage strategies are pursued and the leverage effect of the investment fund is not increased through the application of these rules or investments in short-term positions.
 - d) Derivatives used purely for the purposes of hedging foreign currency risks and that do not result in a leverage ef-

fect or contain additional market risks may be offset when calculating the total exposure from derivatives without having to meet the requirements pursuant to b).

- e) Payment obligations arising from derivatives must be covered at all times with cash or cash equivalents, debt securities and rights, or equities, which are traded on a stock exchange or other regulated market open to the public in accordance with the legislation concerning collective investment schemes.
 - f) If the fund management company assumes an obligation to physically deliver an underlying asset with a derivative, the derivative must be covered with the corresponding underlyings or with other assets if the assets and the underlyings are highly liquid and can be acquired or sold at any time in the case of delivery being demanded. The fund management company must have unrestricted access to these underlyings or investments at all times.
5. The fund management company may use both standardised and non-standardised derivatives. It may engage in derivatives transactions on a stock exchange or other regulated market open to the public or in OTC (over-the-counter) trading.
6. a) The fund management company may only engage in OTC transactions with financial intermediaries subject to supervision, which specialise in these transactions and can ensure proper execution. If the counterparty is not the custodian bank, the counterparty or its guarantor must have a high credit rating.
- b) An OTC derivative must be subject to reliable and verifiable valuation on a daily basis and it must be possible to sell, liquidate or close out the derivative with an opposite transaction at market value at any time.
- c) If no market prices are available for an OTC derivative, the price must at all times be verifiable using recognised and appropriate valuation models on the basis of the market value of the underlying securities from which the derivative is derived. Before concluding a transaction based on such a derivative, the fund management company must in principle obtain specific quotes from at least two counterparties and conclude the transaction with the counterparty offering the most favourable quote. Deviations from this provision are permitted for reasons of risk diversification or if other elements of the transaction such as the counterparty's credit rating or service offering make another quote appear altogether more favourable for investors. In addition, in exceptional cases the decision may be made not to obtain quotes from at least two potential counterparties if this is in the best interests of investors. The reasons for this as well as the transaction concluded and the price set must be clearly documented.
- d) When conducting OTC transactions, the fund management company/its agents may accept only collateral that meets the requirements of Art. 51 CISO-FINMA. The issuer of the collateral must have a good credit rating and the collateral may not have been issued by the counterparty or a company that is part of or dependent on the group of the counterparty. The collateral must be highly liquid, traded at a transparent price on a stock exchange or another regulated market open to the public, and valued on at least each stock exchange trading day. In managing the collateral, the fund management company/its agents must fulfil the duties and requirements pursuant to Art. 52 CISO-FINMA. In particular, they must adequately diversify the collateral in terms of countries, markets and issuers; in this respect, the collateral is deemed to be adequately diversified if the collateral held by an individual issuer amounts to no more than 20% of the net asset value. Exceptions may apply pursuant to Art. 83 CISO for publicly guaranteed or issued assets. Furthermore, the fund management company/its agents must be able to obtain at any time the power of disposal over the collateral received in the event of a default by the counterparty without having to involve the counterparty or obtain its consent. The collateral received must be held with the custodian bank. The collateral received may be held on behalf of the fund management company with a regulated third-party custodian provided the ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
7. Due account must be taken of the derivatives prescribed in the legislation concerning collective investment schemes when

complying with statutory and contractual investment restrictions (maximum and minimum limits).

8. The appendix has further details on:
- the implications of derivatives within the investment strategy;
 - the effect of using derivatives on the sub-funds' risk profile;
 - the counterparty risks associated with derivatives;
 - the increased volatility and increased overall exposure (leverage effect) resulting from the use of derivatives;
 - credit derivatives;
 - the collateral strategy.

§ 13 Borrowing and lending

1. The fund management company may not grant loans for the sub-funds' account. Securities lending transactions according to § 10 and repurchase agreements as reverse repos according to § 11 are not deemed to be credit extensions within the meaning of this paragraph.
2. The fund management company may borrow for each of the sub-funds the equivalent of up to 25% of their net assets. Repurchase agreements as repos according to § 11 are deemed to be credit extensions within the meaning of this paragraph, unless the money received is used as part of an arbitrage transaction to acquire securities of the same type, quality, rating and maturity in conjunction with the conclusion of a reverse repo.

§ 14 Encumbrance of the sub-funds' assets

1. The fund management company may not pledge or transfer by way of security more than 60% of net fund assets with respect to each individual sub-fund.
2. The sub-funds' assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

C Investment restrictions

§ 15 Risk diversification

1. The following are to be included in the risk diversification provisions:
 - a) investments pursuant to § 8 with the exception of index-based derivatives as long as the index is sufficiently diversified, representative of the market which it covers and published in an appropriate manner;
 - b) liquid assets pursuant to § 9;
 - c) claims against counterparties from OTC transactions.The risk distribution provisions apply to each sub-fund individually.
2. Companies that make up a group according to international accounting standards are viewed as a single issuer.

A. New Capital Institutional Fund – Foreign Bond in liquidation

3. The fund management company may invest – including derivatives and structured products – no more than 10% of a sub-fund's assets in securities or money market instruments issued by one and the same issuer. The total value of the securities and money market instruments of issuers in whose instruments more than 5% of a sub-fund's assets is invested may not exceed 40% of the relevant sub-fund's assets, subject to prov. 4 and 5.
4. The fund management company may not invest more than 20% of a sub-fund's assets in sight or time deposits at one and the same bank. This restriction includes both liquid assets pursuant to § 9 and deposits held with banks pursuant to § 8.
5. The fund management company may not invest more than 5% of a sub-fund's assets in OTC transactions of one and the same counterparty. Should the counterparty be a bank with its headquarters in Switzerland or in a member state of the European Union or in another country in which it is subject to supervision equivalent to the supervision in Switzerland, this restriction is increased to 10% of the respective sub-fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets in accordance with Art.

50-55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.

6. Investments, deposits and claims pursuant to the above prov. 3 to 5 of the same issuer or borrower may not exceed 20% of a sub-fund's assets subject to the higher limits stipulated under prov. 12 and 13 below.
7. Investments according to prov. 3 above from the same group of companies may in total not exceed 20% of a sub-fund's assets. Such investments are subject to the higher limits pursuant to prov. 12 and 13 below.
8. The fund management company may invest up to 20% of the sub-fund's assets in units of the same target fund.
9. The fund management company may not acquire participation rights which in total represent more than 10% of voting rights or which would enable the fund management company to exert a significant influence on an issuer's management.
10. The fund management company may not acquire more than 10% of the non-voting equity, debt and/or money market instruments of a single issuer or more than 25% of the units of other collective investment for a sub-fund's assets. These restrictions do not apply if at the time of acquisition the gross amount of debt instruments, money market instruments or the units of other collective investments cannot be calculated.
11. The limits stipulated in prov. 9 and 10 do not apply if the securities and money market instruments are issued or guaranteed by a state or OECD public-law institution or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs.
12. The limit of 10% stipulated in prov. 3 rises to 35% if the securities or money market instruments are issued or guaranteed by an OECD state, by a public-law institution within the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs. The limit of 40% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments. The individual limits of prov. 3 and 5 may, however, not be accumulated with the existing limit of 35%.
13. The limit of 10% stipulated in prov. 3 rises to 100% if the securities or money market instruments are issued or guaranteed by an OECD state, a public-law institution within the OECD or by international organisations with public-law character to which Switzerland or a member state of the European Union belongs. In this case, the sub-fund in question must hold securities or money market instruments consisting of at least six different issues, and no more than 30% of a sub-fund's assets may be invested in securities or money market instruments of the same issue. The limit of 40% as stipulated in prov. 3 does not apply to the aforementioned securities or money market instruments.

The permitted issuers/guarantors above are:

The European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).

The permitted issuers/guarantors above are:

The European Union (EU), OECD states, the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).

IV. Calculation of net asset values as well as issue and redemption of units

§ 16 Calculation of net asset values

1. The net asset values of the sub-funds are calculated in the accounting currency of the individual sub-funds at their market value at the end of the financial year and for each day on which units are issued or redeemed. The individual sub-fund's assets will not be calculated on days when the stock exchange

es or markets in the sub-fund's main investment countries are closed (e.g. bank and stock exchange holidays).

2. Investments listed on a stock exchange or traded on another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market price is available shall be valued at the price likely to be obtained if a sale were conducted with proper care at the time of the valuation. In such cases the fund management company shall use appropriate and recognised valuation models and principles to determine the market value.
3. Open-end collective investments are valued using their redemption price or net asset value. If they are listed on a stock exchange or traded on another regulated market open to the public, the fund management company may value them pursuant to prov. 2.
4. The value of money market instruments that are not traded on an exchange or other regulated market open to the public is determined as follows: The valuation price of such investments is based on the yield curve concerned. The valuation based on the yield curve reflects two components: the interest rate and the spread. The following principles are applied in this case: The subsequent interest rates for the residual term are interpolated for each money market instrument. The interest rate calculated in this manner is then converted into a market price by adding a spread that reflects the underlying borrower's credit rating. This spread is adjusted in the event of a significant change in the borrower's credit rating.
5. Bank deposits shall be valued using their exposure amount plus accrued interest. In the event of significant changes in market conditions or the credit rating, the valuation basis for bank deposits on demand shall be adjusted in line with the new conditions.
6. The net asset value of a unit of a class represents the percentage constituted by the unit class concerned of the market value of this sub-fund's assets, less all the liabilities of this sub-fund allocated to the respective unit class, divided by the number of units of the relevant class in circulation. It will be rounded to CHF 0.01.

§ 17 Issue and redemption of units

1. Subscription or redemption orders for units will be accepted on any bank business day up until 4 p.m. The price used for the issue and redemption of units is calculated at the earliest on the bank business day (valuation day) following the order day (forward pricing). No issue or redemption will take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, the Swiss national holiday [1 August] etc.). For subscriptions, the total investment by any investor in New Capital Institutional Fund shall be no less than CHF 50,000 or its equivalent. Further subscriptions must be a multiple of CHF 1,000. If an investor only redeems part of its investment in a sub-fund of New Capital Institutional Fund, the remaining investment must not be less than CHF 50,000 or its equivalent.

Issue and redemption orders entered at the custodian bank in Switzerland by 4 p.m. (cut-off time) on a bank business day (order day) will be settled on the following bank business day (valuation day) in Switzerland at the previous day's net asset value (=day of subscription or redemption). Orders not received by the custodian bank by this time are settled two bank business days later on the basis of the net asset value calculated on this date. If the deposit or payment is made in permitted investments (cf. § 18), the same applies to the valuation of these permitted investments. Earlier cut-off times may apply to the submission of orders for those orders placed with distributors in Switzerland and abroad in order to ensure that these can be forwarded on to the custodian bank in time.

2. The issue and redemption price of units is based on the net asset value per unit calculated on the valuation day as defined under § 16. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 19. In the case of unit redemptions, a redemption commission may be deducted from the net asset value pursuant to § 19.

Incidental costs relating to the purchase and sale of investments (specifically, standard brokerage charges, commissions, taxes and fees) incurred by a sub-fund in connection with the investment of the amount paid in or with the sale of a

redeemed portion of investments corresponding to the unit will be charged to the corresponding sub-fund's assets.

Should additional costs, such as stamp duties, arise as a result of the deposit and payment in permissible investments instead of in cash (cf. § 18), these must be borne by the investor itself.

3. The fund management company can suspend the issue of units at any time and can also reject applications for unit subscriptions or conversions.
4. The fund management company may temporarily and by way of exception suspend the redemption of the units of a sub-fund in the interest of all investors if:
 - a) a market which is the basis for the valuation of a significant proportion of the respective sub-fund's assets is closed, or if trading on such a market is limited or suspended;
 - b) a political, economic, military, monetary or other emergency occurs;
 - c) owing to exchange controls or restrictions on other asset transfers, the sub-fund is no longer able to transact its business;
 - d) large-scale redemptions of sub-fund units take place that could significantly affect the interests of the remaining investors in this sub-fund.
5. The fund management company shall immediately apprise the independent auditors and the supervisory authority of any decision to suspend redemptions. It shall also notify the investors in an appropriate manner.
6. No units in a sub-fund shall be issued as long as the redemption of units of this sub-fund is suspended for the reasons stipulated under prov. 4 a) to c).

§ 18 Deposits and payments made in permissible investments instead of in cash

Upon request, the fund management company may exceptionally permit an investor to make a payment to a sub-fund's assets using permissible investments under the fund contract instead of cash, or after termination of the collective investment contract for the investor to be paid in permissible investments that form part of the affected sub-fund's assets rather than in cash in accordance with § 8 pertaining to the relevant sub-fund.

In the event of a subscription, every investor may apply to make a payment to a sub-fund's assets using permissible investments rather than a payment in cash in accordance with § 8 pertaining to the relevant sub-fund ("contribution in kind"). In the event of a termination, every investor may apply to have assets transferred to them instead of payment in cash ("redemption in kind"). The application must be submitted together with the subscription/termination. The fund management company is not obliged to permit contributions and redemptions in kind.

The decision on contributions and redemptions in kind lies with the fund management company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the relevant sub-fund and if the interests of the other investors are not impaired.

The costs entailed in connection with contributions or redemptions in kind may not be charged to the fund assets.

In the event of contributions or redemptions in kind, the fund management company draws up a report containing information on the individual assets that have been transferred, the market price of these assets on the transfer date, the number of units issued or redeemed in return, and cash payments made to cover peak equalization. For every contribution or redemption in kind, the custodian bank verifies that the fund management company has complied with its duty of loyalty, and also checks the valuation of the assets transferred and the units issued or redeemed pertaining to the relevant sub-fund in accordance with § 16 prov. 1 of this fund contract as of the relevant date. Should it have any reservations or complaints, the custodian bank must report these to the audit firm without delay.

Transactions relating to contributions and redemptions in kind must be disclosed in the annual report.

V. Remuneration and incidental costs

§ 19 Remuneration and incidental costs charged to investors

1. Upon the issue of units, investors may be charged an issuing commission accruing to the fund management company, the custodian bank and/or sales agencies in Switzerland and abroad, which in total shall not exceed 0.25% of the net asset value. The currently applicable maximum rate is stated in the appendix.
2. When units are redeemed, investors can be charged a redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which in total shall not exceed 0.25% of the net asset value. The currently applicable maximum rate is stated in the appendix.
3. Should additional costs, such as stamp duties, arise as a result of the deposit and payment in permissible investments instead of in cash (cf. § 18), these must be borne by the investor itself.
4. In the event that the investment fund is dissolved, the fund management company and the custodian bank may charge investors a commission totalling 0.5%. The commission shall be halved between the fund management company and the custodian bank.

§ 20 Remuneration and incidental costs charged to the sub-funds' assets

1. For the management, asset management and distribution of the sub-funds, and all tasks of the custodian bank such as the safekeeping of the fund assets, the handling of the fund's payment transactions and the performance of the other tasks listed under § 4, the fund management company will charge the sub-funds an annual flat-rate commission or commission calculated as a percentage on the basis of the fund's net asset value in accordance with the information below, to be charged to the respective sub-fund's assets pro rata temporis each time the net asset value is calculated and paid at the end of the relevant month (flat fee).

Maximum flat fee charged by the fund management company for investors in class "A":

 - Sub-fund "New Capital Institutional"
Fund – Foreign Bond in liquidation 0.24% p.a.
 - In addition, retrocessions and/or discounts are paid from the fund management company's flat fee.
The actual rate applying to the flat fee is stated in the annual report and in the Appendix.
2. The following fees and incidental costs of the fund management company and the custodian bank are not included in the flat fee and will be charged additionally to the fund assets:
 - a) costs for the purchase and sale of the investments, specifically standard brokerage fees, commissions, taxes, and duties. These costs will be offset directly against the stated acquisition or saleable value of the investments in question;
 - b) the supervisory authority's fees in relation to the establishment, amendment, liquidation or merger of the fund or any sub-funds;
 - c) the supervisory authority's annual fees;
 - d) the audit firm's fees for annual auditing, as well as certification in the case of establishment, amendments, liquidation or mergers of the fund or any sub-funds;
 - e) fees for legal and tax advisors in connection with the establishment, amendment, liquidation or merger of the fund or any sub-funds, as well as generally upholding the interests of the fund and its investors;
 - f) costs associated with publishing the fund's net asset value and all costs of notices to investors, including translation costs, that do not pertain to mistakes made by the fund management company;
 - g) the cost of printing legal documents and the annual fund reports;
 - h) costs for the translation of the fund contracts with appendices as well as the annual reports of the fund;
 - i) the cost of registering the fund with a foreign supervisory authority, including commissions charged by the foreign

supervisory authority, translation costs and remuneration paid to the authorised representative or paying agent in the country in question;

- j) costs relating to the exercising of voting rights or creditors' rights by the fund, including fees paid to external advisors;
 - k) costs and fees relating to intellectual property registered in the name of the fund or with rights of use for the fund;
 - l) all costs incurred though any extraordinary steps taken to safeguard the interests of investors by the fund management company, asset manager of collective investment schemes or custodian bank.
 - m) Third-party costs (e.g. attorneys' fees and custodian bank fees) arising from participation in class actions in the interest of investors may be charged to the assets of the respective sub-fund by the fund management company. The fund management company may also charge all documented administrative costs, provided these can be proven and are reported and included in the disclosure of the umbrella fund's TER.
3. The fund management company and its agents may, in accordance with the provisions of the appendix, pay retrocessions as remuneration for distribution activity in respect of fund units, and grant rebates to reduce the fees or costs incurred by the investor and charged to the fund.
 4. Taking any retrocessions and rebates into account, the management fee of the target funds in which investments are made may not exceed 2.5%. The maximum rate of the management fee of the target funds in which investments are made, taking any retrocessions and rebates into account, shall be disclosed in the annual report.
 5. If the fund management company invests in units of other collective investments managed directly or indirectly by the fund management company itself or by a company to which it is related by virtue of common management or control or by a significant direct or indirect interest ("related target funds"), it may not charge any issuing or redemption commission of the related target funds to the sub-fund.
 6. Commissions and expenses shall only be charged to the sub-funds which receive a specific benefit. Costs which cannot be unequivocally attributed to a particular sub-fund are charged to the individual sub-funds in proportion to their share of the fund's assets. Switches from one sub-fund to another are carried out free of charge.

VI. Financial statements and audits

§ 21 Financial statements

1. The accounting currencies of the individual sub-funds are as follows:
New Capital Institutional Fund – Foreign Bond Swiss franc (CHF) in liquidation
2. The financial year shall run from 1 January to 31 December.
3. The fund management company shall publish a revised annual report for the umbrella fund and the sub-funds within four months of the closing of the financial year.
4. In addition to the annual report, the fund management company shall also provide investors with regular information about the composition and net asset value of the sub-funds assets' and about the value per fund unit. Such information will be provided on the basis of an individual agreement with the investor via letter, fax, electronic media, direct custody account access, e-mail etc.
5. The foregoing shall be subject to the investor's right to obtain information in accordance with § 5 prov. 5.

§ 22 Audits

The auditors shall each year examine whether the fund management company and the custodian bank have acted in compliance with the statutory and contractual provisions and the code of professional ethics of the Swiss Funds & Asset Management Association (SFAMA). The annual report shall contain a short report by the auditors on the published annual financial statements.

VII. Appropriation of net income

§ 23

1. The net income generated by the investment fund shall be added to the fund assets each year for reinvestment within no more than four months of the close of the financial year. The fund management company may make additional interim reinvestment of the income. This remains subject to any taxes and duties levied on the reinvestment.
2. Capital gains realised on the sale of assets and rights can be distributed by the fund management company or retained for the purpose of reinvestment.

VIII. Locations where the fund contract with appendix and annual reports can be obtained

§ 24

The fund contract with appendix and the respective annual report can be obtained free of charge from the fund management company, the custodian bank and all distributors upon request.

IX. Publications of the umbrella fund and the sub-funds

§ 25

1. Official notices regarding the umbrella fund and the sub-funds will be published in the electronic media mentioned in the appendix. Any change in the official publication shall be specified in the fund's official publication.
2. The official publication for the fund shall in particular include notices regarding any material amendments to the fund contract in summary form, indicating the locations where the full wording of such amendments may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, liquidation or merger of unit classes and the dissolution of individual sub-funds. Any amendments required by law which do not affect the interests of investors or only concern matters of form may be exempted from the duty of disclosure subject to the approval of the supervisory authority.
3. The fund contract with appendix and the respective annual reports may be obtained free of charge from the fund management company, custodian bank and all distributors.

X. Restructuring and dissolution

§ 26 Merger

1. Subject to the agreement of the custodian bank, the fund management company can merge individual sub-funds with other sub-funds or with other funds by transferring the assets and liabilities of the sub-fund(s) or fund(s) being acquired to the acquiring sub-fund or fund. The investors of the sub-fund or fund being acquired shall receive the corresponding number of units in the acquiring sub-fund or fund. The sub-fund or fund being acquired is terminated without liquidation when the merger takes place, and the fund contract of the acquiring sub-fund or fund shall also apply to the sub-fund or fund being acquired.
2. Sub-funds or funds may only be merged if:
 - a) the applicable fund contracts provide for such merger;
 - b) they are managed by the same fund management company;
 - c) the following provisions of the applicable fund contracts are essentially identical with regard to:
 - investment policy, investment techniques, risk diversification and risks associated with the investment
 - appropriation of net income and capital gains from the sale of assets and rights
 - the type, value and method of calculating any remuneration, issue and redemption commission and incidental costs relating to the purchase and sale of investments (brokerage, fees, duties) which may be charged to the fund's or sub-fund's assets or to the investors

- redemption terms
 - the duration of the agreement and requirements for dissolution;
- d) the valuation of the affected sub-funds' or funds' assets, the calculation of the exchange ratio and the transfer of assets and liabilities must take place on the same day;
- e) no costs may be incurred by the sub-funds or the funds or the investors.

This remains subject to the provisions of § 20 prov. 2 regarding mergers.

3. If it is anticipated that the merger shall take more than one day, the supervisory authority may authorise a temporary suspension of unit redemptions for the sub-funds or funds concerned.
4. The fund management company must submit the proposed merger together with the merger schedule to the supervisory authority for review at least one month before the planned publication of the intended changes to the fund contract. The merger schedule must contain detailed information on the reasons for the merger, the investment policies of the sub-funds or funds involved and any differences between the acquiring sub-fund or fund and the sub-fund or fund being acquired, the calculation of the exchange ratio, any differences with regard to remuneration and any tax implications for the sub-funds or funds, as well as a statement from the audit firm responsible in accordance with the legislation on collective investment schemes.
5. The fund management company shall publish a notice of the proposed amendments to the fund contract in accordance with § 23 prov. 2 and the proposed merger together with the merger schedule at least two months before the planned date of merger in the official publication of the sub-funds or funds in question. Such notice shall advise investors that they may lodge an objection to the proposed amendments to the fund contract with the supervisory authority within 30 days of receiving notice, or request redemption of their units in cash or submit an application for a redemption in kind in accordance with § 18.
6. The auditors must check immediately that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.
7. The fund management company shall notify the supervisory authority that the merger has been completed and publish a notice to this effect, together with a statement from the auditors confirming that the merger was executed correctly and the exchange ratio without delay in the official publication of the sub-funds or funds involved.
8. The fund management company must make reference to the merger in the next annual report of the acquiring sub-fund or fund. Unless the merger falls on the final day of the normal financial year, a revised closing statement must be produced for the sub-fund or fund being acquired.

§ 27 Life of the sub-funds and dissolution

1. The sub-funds have been established for an indefinite period.
2. The fund management company or custodian bank may dissolve the individual sub-funds by terminating the fund contract without regard for any period of notice.
3. The individual sub-funds may be dissolved by order of the supervisory authority, for example if a sub-fund does not have assets of at least five million Swiss francs (or the equivalent) no later than one year after its launch, or a longer period specified by the supervisory authority at the request of the custodian bank and the fund management company.
4. The fund management company shall notify the supervisory authority of such dissolution immediately and publish a notice to this effect in the official publication for the fund.
5. Upon termination of the fund contract, the fund management company may liquidate the affected sub-funds forthwith. If the supervisory authority has ordered the dissolution of a sub-fund, it must be liquidated immediately. The custodian bank shall be responsible for paying the liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. Prior to the final payment, the fund management company must obtain authorisation from the supervisory authority.

XI. Amendment to the fund contract

§ 28

If any amendments are made to this fund contract, or in the event of a change of fund management company or custodian bank, the investors may lodge objections with the supervisory authority within 30 days after the corresponding publication. In the publication, the fund management company shall inform the investors about which amendments to the fund contract are covered by FINMA's verification and check for compliance with the law. In the event of any amendment to the fund contract, investors may also request redemption of their units in cash within the period stipulated in this contract. The foregoing shall be subject to the amendments described in § 25 prov. 2 which are exempted from the duty of disclosure subject to the approval of the supervisory authority.

XII. Applicable law and place of jurisdiction

§ 29

1. The umbrella fund and the individual sub-funds shall be governed by Swiss law and in particular the Swiss Collective Investment Schemes Act of 23 June 2006, the Swiss Collective Investment Schemes Ordinance of 22 November 2006 and the Collective Investment Schemes Ordinance issued by FINMA of 27 August 2014.

The place of jurisdiction shall be the domicile of the fund management company.

2. The German version shall be binding for the interpretation of the fund contract.
3. This fund contract shall take effect on 1 January 2020 and shall replace the fund contract dated 1 March 2018.
4. When approving the fund contract, FINMA verifies only the provisions pursuant to Art. 35a para. 1 let. a–g CISO and ensures their compliance with the law.

PART II APPENDIX

Appendix to the fund contract of New Capital Institutional Fund Investment fund under Swiss law with several sub-funds (umbrella fund) of the category "Other funds for qualified investors".

1 Information about the investment fund

Tax regulations applicable to the investment fund of individual sub-funds

The fund management company may apply for a refund of all Swiss federal withholding tax levied on the domestic income of the investment fund or of individual sub-funds on behalf of the investment fund or the individual sub-funds. Income realised abroad may be subject to certain withholding tax deductions in the country of investment. According to Publication S-018.45 of the Swiss Federal Tax Administration, the fund management company is allowed under the terms of double taxation conventions or similar agreements to reclaim these taxes on behalf of investors resident in Switzerland for those sub-funds that have at least 80% foreign income on a continuing basis.

BSI Institutional Fund	at least 80% foreign income
- Foreign Bond in liquidation	yes

2 Investment objective of the individual sub-funds

A. New Capital Institutional Fund – Foreign Bond in liquidation

The sub-fund's investment objective is principally to achieve an optimal overall long-term return in line with the performance of the prevailing market indices for global bond investments.

3 Information on the fund management company

3.1 General information on the fund management company

The fund management company is UBS Fund Management (Switzerland) AG. The fund management company, which has its registered office in Basel, has been active in the fund business since its formation as an Aktiengesellschaft (stock corporation) in 1959.

The subscribed share capital of the fund management company amounts to CHF 1 million. The share capital is divided into registered shares and has been fully paid up. UBS Fund Management (Switzerland) AG is a wholly owned group company of UBS Group AG.

Board of Directors

Reto Ketterer, Chairman
Managing Director, UBS Asset Management Switzerland AG, Zurich

Thomas Rose, Vice Chairman

Managing Director, UBS Asset Management Switzerland AG, Zurich

André Valente, Delegate

Managing Director, UBS Fund Management (Switzerland) AG, Basel

Franz Gysin, Independent Member

Christian Maurer, Member

Executive Director, UBS Asset Management Switzerland AG, Zurich

Executive Board

André Valente, Managing Director and Delegate of the Board of Directors

Eugène Del Cioppo, Deputy Managing Director and Head of Business Development & Client Management

Dr Daniel Brüllmann, Head of Real Estate Funds

Christel Müller, Head of Corporate Governance & Change Management

Georg Pfister, Head of Process, Platform, Systems and Head of Finance

Thomas Reisser, Head of Compliance

Beat Schmidlin, Head of Legal Services

As at 31 December 2019, the fund management company managed a total of 318 securities funds and 7 real estate funds in Switzerland with assets totalling CHF 270 240 million.

Furthermore, the fund management company provides the following specific services:

- representation of foreign collective investment schemes
- administration services for collective investment schemes.

3.2 Delegation of investment decisions

Investment decisions in respect of the sub-fund have been delegated to EFG Asset Management (Switzerland) SA, Geneva.

EFG Asset Management (Switzerland) SA, Geneva, is an asset manager of collective investment schemes approved by FINMA and as such is subject to supervision in Switzerland by the Swiss Financial Market Supervisory Authority

EFG Asset Management (Switzerland) SA has many years of experience in asset management services and a broad knowledge of the investment markets of the fund.

The precise duties involved are set out in an asset management agreement between UBS Fund Management (Switzerland) AG and EFG Asset Management (Switzerland) SA, Geneva.

3.3 Delegation of administration

The administration of the fund, in particular accounting, calculation of the net asset value, tax settlement, operation of IT systems and preparation of statements of accounts, has been delegated to Northern Trust Switzerland AG, Basel. The precise duties involved are set out in an agreement between the parties.

All other fund management duties and the monitoring of other delegated duties are carried out in Switzerland.

4 Information on the custodian bank

The custodian bank is EFG Bank AG, Zurich,, with its head office in Switzerland.

EFG Bank AG was founded in Zurich in 1969 and today operates as a private bank in Switzerland and abroad. It offers comprehensive banking services in asset management, investment counseling and other financial areas for private and institutional clients. EFG Bank AG is part of EFG International, a Swiss private banking group with head office in Zurich. EFG International has a worldwide presence in over 30 locations. Its shares are listed on SIX Swiss Exchange. Visit www.efginternational.com for more information.

The custodian bank may delegate the safekeeping of the fund's assets to third-party or collective depositaries in Switzerland or abroad, provided this is in the interests of proper safekeeping. In respect of financial instruments, such transfer may be made only to regulated third-party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question.

Third-party and collective depositaries mean that the fund management company no longer has sole ownership of deposited securities, but only co-ownership. Furthermore, if the third-party custodians and collective securities depositories are not subject to supervision, they are unlikely to meet the organisational requirements imposed on Swiss banks.

The custodian bank is liable for damage or loss caused by its agents unless it is able prove that it exercised the due diligence required in the circumstances in respect of selection, instruction, and monitoring.

The custodian bank is registered with the US tax authorities as a Reporting Model 2 Foreign Financial Institution pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, "FATCA").

5 Information on third parties

5.1 Paying agents

The paying agent is EFG Bank AG, Zurich, Bleicherweg 8, 8001 Zurich.

5.2 Distributors

EFG Bank AG, Zurich, is responsible for the distribution of the umbrella fund.

5.3 Auditors

The auditors are Ernst & Young Ltd., Basel.

6 Further information

6.1 General information

New Capital Institutional Fund – Foreign Bond in liquidation

Securities no.	1617405
ISIN	CH001617405
Financial year	1 January until 31 December
Appropriation of income	reinvestment; in the case of accumulating sub-funds or unit classes, the net income is added annually to the assets of the respective sub-fund for reinvestment. Exceptions apply to any taxes and duties levied on the reinvestment of these funds.
Accounting currency	Swiss franc (CHF)

6.2 Terms for the issue and redemption of fund units

The issue price corresponds to the net asset value calculated on the valuation day plus any issuing commission. For subscriptions, the total investment by any investor in New Capital Institutional Fund shall be no less than CHF 50,000 or its equivalent. Further subscriptions must be a multiple of CHF 1,000.

The redemption price corresponds to the net asset value calculated on the valuation day less any redemption commission.

If an investor only redeems part of its investment in a sub-fund of New Capital Institutional Fund, the remaining investment must not be less than CHF 50,000 or its equivalent.

The custodian bank in Switzerland may charge an issuing commission of 0.25% and a redemption commission of 0.25% based on the net asset value of units.

The issue and redemption prices are rounded to two decimal places. Payment will be made three bank business days after the order day (value date three bank business days).

6.3 Remuneration

In accordance with § 20 of the fund contract, the actual commission rate charged for class 'A' stands at:

New Capital Institutional Fund – Foreign Bond in liquidation 0.12% p.a.

6.4 Payment of retrocessions and rebates

The fund management company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This comprises all activities that are geared towards promoting the distribution of fund units, such as organising roadshows, taking part in conferences and trade fairs, producing advertising material, training sales staff, etc.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions shall ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions shall disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned

In respect of distribution in or from Switzerland, the fund management company and its agents may on request pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that

- they are paid from fees charged by the fund management company and therefore do not represent an additional charge to the fund assets;
- they are granted on the basis of objective criteria;

- all investors who meet these objective criteria and request rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the fund management company are as follows:

- the volume subscribed by the investor or the total volume held by the investor in the collective scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the fund management company shall disclose the amounts of such rebates free of charge.

6.5 Conversion of units

The unitholders of a sub-fund may switch into another sub-fund at any time. The same provisions apply to the submission of conversion applications as apply to the issue and redemption of units (cf. §17). The number of units into which the investor would like to convert its units is calculated using the following formula.

$$A = B \times C / D$$

where:

A = number of units of the sub-fund into which the investor wants to convert

B = number of units of the sub-fund from which to convert

C = net asset value of the units presented for conversion

D = net asset value of the units of the sub-fund in which the conversion is to take place

6.6 Information on risk associated with derivatives

Basic forms of derivatives may be used as described in detail in the fund contract (cf. § 12), provided their underlying securities are permissible investments in accordance with the investment policy. The derivatives can be traded on a stock exchange or another regulated market open to the public or concluded as over-the-counter (OTC) transactions. Besides market risk, derivatives are also subject to counterparty risk, i.e. the risk that the contracting party is unable to meet its obligations and causes a financial loss as a result.

Besides credit default swaps (CDSs), all other forms of credit derivatives (e.g. total return swaps (TRSs), credit spread options (CSOs), credit linked notes (CLNs)) which can be used to transfer credit risks to third parties, so-called risk buyers, may be acquired. These risk buyers are compensated with a premium. The level of this premium depends on a number of factors including the likelihood of a loss occurring and the maximum loss; as a rule both factors are difficult to assess, which in turn increases the risk associated with credit derivatives. The investment fund may act as a risk buyer or seller.

The use of derivatives may result in the fund's assets being leveraged or be tantamount to a short sale. A sub-fund's overall investment in derivatives may reach up to 100% of its net assets, taking the total investment to up to 200% of its net fund assets.

6.7 Issuer and counterparty risk

With reference to indirect investments, it should be borne in mind that risks for such investments may be cumulated. The risk pertaining to the issuer of a derivative shall be the underlying's market risk. Particular importance can be ascribed to the cumulation of risk when systematically using derivatives on market indices instead of a broadly diversified portfolio of direct investments.

6.8 Collateral strategy

Collateral strategy for securities lending or transactions with derivative financial instruments:

Counterparty risks may occur in connection with securities lending transactions and transactions in derivative financial instruments.

These risks are minimised as follows:

Collateral is required to the following extent:

All loans under securities lending transactions must be collateralised in full, with the value of the collateral amounting to at least 105% of the market value of the lent securities. Individual items of collateral may also be valued at a discount. This discount is based

on the volatility of the markets and the forecast liquidity of the collateral. The collateralisation of derivatives transactions is based on the relevant rules for settling such types of transaction. Derivatives transactions settled centrally are always collateralised. The extent and amount are based on the respective regulations of the central counterparty or clearing house.

For derivatives transactions not settled centrally, the fund management company or its agents may enter into mutual collateral agreements with the counterparties. The value of the collateral exchanged must always be at least equivalent to the replacement value of the derivatives transactions outstanding. Individual items of collateral may also be valued at a discount. This discount is based on the volatility of the markets and the forecast liquidity of the collateral.

The following types of collateral are permitted:

- Equities traded on an exchange or other market open to the public which have a high level of liquidity and are included in a benchmark index.
- ETFs in the form of securities funds, other funds for traditional investments under Swiss law or UCITS, are deemed equivalent to equities if they track an above index and replicate it physically. Swap-based, synthetically replicating ETFs are not permitted.
- Bonds, provided they are traded on a stock exchange or another market open to the public and the issuer has a first-class credit rating. No rating is required for government bonds issued by the USA, Japan, the UK, Germany or Switzerland (including federal states and cantons).
- Tradable treasury bills and notes with a government guarantee are deemed equivalent to government bonds if the government or issuer has a first-class rating or they are issued by the USA, Japan, the UK, Germany or Switzerland (including federal states and cantons).
- Money market funds, provided they comply with the SFAMA guideline or the CESR guideline for money market funds, can be redeemed on a daily basis, and the investments are of high quality or are classified as first-class by the fund management company.
- Cash collateral, provided this is in a freely convertible currency.

The collateral margins are defined as follows:

The following minimum discounts (% deduction from market value) apply to the collateralisation of loans under securities lending transactions:

- | | |
|--|----|
| - Listed equities and ETFs | 8% |
| - Government bonds (including treasury bills and notes) issued or guaranteed by the US, the UK, Japan, Germany or Switzerland (including cantons and municipalities) | 0% |
| - Other government bonds (including treasury bills and notes) | 2% |
| - Corporate bonds | 4% |
| - Cash collateral, provided it is not in the fund currency | 3% |
| - Money market funds | 4% |

The following minimum discounts (% deduction from market value) apply to the collateralisation of derivatives not settled centrally, provided a collateralisation agreement has been entered into with the counterparty:

- | | |
|---|------|
| - Cash | 0% |
| - Government bonds with a residual term of up to 1 year | 1–3% |
| - Government bonds with a residual term of 1–5 years | 3–5% |
| - Government bonds with a residual term of 5–10 years | 4–6% |
| - Government bonds with a residual term of more than 10 years | 5–7% |

Cash collateral may be reinvested as follows and with the following risks:

Sight deposits or deposits with a short notice period, government bonds with a high credit rating, money market instruments with counterparties with a high credit rating and money market funds subject to the SFAMA guideline or the CESR guideline for money market funds.

Cash collateral must always be reinvested in the same currency as the collateral is received in.

The fund management company regularly monitors the risks from reinvesting cash collateral. These investments are nevertheless subject to credit risk and the value can be impacted by fluctuations. In addition, a certain level of liquidity risk cannot be excluded.

6.9. Exercising membership and creditors' rights

The fund management company exercises the membership and creditors' rights associated with the investments of the managed sub-funds independently and exclusively in the interests of investors. Upon request, the fund management company shall provide investors with details concerning the exercise of membership and creditors' rights.

Regarding existing routine business, it is up to the fund management company whether to exercise the membership and creditors' rights itself or whether to delegate them to the custodian bank or a third party.

For all other matters that could affect the long-term interests of investors, for example when exercising membership and creditors' rights accruing to the fund management company as shareholder or creditor, the custodian bank or any other related legal entity, the fund management company shall exercise the voting right itself or give clear instructions. It may use information received from the custodian bank, the portfolio manager, the company or a third party or information that has appeared in the press.

It is up to the fund management company to decide whether to waive its entitlement to exercise membership and creditors' rights.

6.10 Official publication

The electronic platform www.swissfunddata.ch shall be the official publication of the umbrella fund and the subfunds respectively.

6.11 Sales restrictions

For the issue and redemption of units of this fund abroad, the regulations valid in the country in question shall apply.

- a) The fund is only authorised for distribution in Switzerland.
- b) Units of the sub-funds may not be offered, sold or delivered within the United States.
Units of this fund may not be offered, sold or delivered to investors who are US persons. A US person is someone who:
 - (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations enacted in the framework of the Code;
 - (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
 - (iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
 - (iv) resides in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
 - (v) is any trust, entity or other structure formed for the purpose of allowing US persons to invest in this fund.

Fund management company: UBS Fund Management (Switzerland) AG, Basel

Custodian bank: EFG Bank AG, Zurich