



**J. Safra Sarasin**

# NCM Traditional Assets

**Contractual umbrella fund under Swiss law  
in the “other funds for traditional investments”  
category for qualified investors**

**Fund contract with information memorandum**

**September 2024**

**Fund management company:**

J. Safra Sarasin Investmentfonds SA  
Wallstrasse 9  
4002 Basel

**Custodian:**

Bank J. Safra Sarasin SA  
Elisabethenstrasse 62  
4002 Basel

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## I. Basics

### § 1 Name; company name and registered office of the fund management company, custodian and asset manager.

1. Under the name NCM Traditional Assets, there exists a contractual umbrella fund under Swiss law in the “other funds for traditional investments” category for qualified investors (hereinafter “the umbrella fund” or the “Fund”) within the meaning of Art. 25 et seq., in connection with Art. 68 et seq., and in connection with Art. 92 et seq., of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA). This fund is divided into sub-funds as follows:

NCM Traditional Assets – NCM Global Equity Selection  
 NCM Traditional Assets – NCM Fixed Income Opportunities

Each sub-fund is only liable for its own commitments.

2. The fund management company (hereinafter “the management company”) is J. Safra Sarasin Investmentfonds SA, Basel
3. The custodian is Bank J. Safra Sarasin SA, Basel
4. The asset manager is Noble Capital Management (NCM) SA, Collonge-Bellerive
5. Investor eligibility for the NCM Traditional Assets fund is limited to qualified investors according to § 5 below.
6. Pursuant to Art. 10 para. 5 CISA and Art. 50 FINSA, at the request of the fund management company and the custodian bank, the Swiss Financial Market Supervisory Authority FINMA has approved an exemption for this investment fund from the following provisions:
  - a) the obligation to report a half-yearly report;
  - b) the obligation to grant investors the right to withdraw from the contract at any time;
  - c) the obligation to publish the issue and redemption prices or the net asset value;
  - d) the risk breakdown, with the exception of provisions under § 15.

FINMA has also exempted this fund from the obligation to publish a prospectus, pursuant to Article 50 of the Financial Services Act of 15 June 2018 (FINSA).

At the request of the fund management company and the custodian and in accordance with Art. 78 para. 4 CISA, FINMA has exempted this fund from the obligation to pay and redeem units in cash.

## II. Rights and obligations of the contracting parties

### § 2 Investment fund contract

The legal relationship between the investors on the one hand and the fund management company and custodian on the other is governed by this investment fund contract and the applicable legal provisions of the law on collective investment schemes.

### § 3 Fund management company

1. The fund management company manages the sub-funds on behalf of the investors, independently and in its own name. In particular, it has discretion over the issuance of units, investments and their valuation. It calculates net asset values, sets the issue and redemption prices of the units and decides on the distribution of profits. It exercises all the rights of the umbrella fund or sub-funds.
2. The fund management company and its agents are subject to a duty of loyalty, a duty to carry out due diligence and a duty to provide information. They act independently and exclusively in the interests of investors. They implement the organisational measures that are necessary for irreproachable management. They report on the collective investments they manage and disclose all fees and expenses charged directly or indirectly to investors as well as by third parties, including commissions, rebates and other financial benefits.
3. To ensure appropriate management, the fund management company may delegate investment decisions for all or some of the sub-funds, as well as other tasks. It only mandates those with the skills, knowledge and experience required to carry out these activities, as well as the necessary authorisations. It carefully instructs and monitors any third parties it involves. Investment decisions may only be delegated to asset managers with the necessary authorisation. The fund management company is responsible for compliance with prudential obligations and ensures that investors' interests are safeguarded when delegating tasks. The fund management company is responsible for the actions of its agents as well as for its own actions.
4. It submits amendments to this investment fund contract with the consent of the custodian to the supervisory authority for approval (see § 26).
5. The management company may merge certain sub-funds with other sub-funds or with other investment funds in accordance with the provisions of § 24 or dissolve such sub-funds in accordance with the provisions of § 25.
6. The management company is entitled to the remuneration provided for in §§ 18 and 19, to be released from the commitments entered into in the proper execution of the collective investment agreement and to be reimbursed for the costs incurred in the execution of these commitments.

### § 4 Custodian

1. The custodian is responsible for the safekeeping of the sub-funds' assets. It issues and redeems fund units and manages payment transfers on behalf of the sub-funds.
2. The custodian and its agents are subject to a duty of loyalty, a duty to proceed with due diligence and a duty to provide information. They act independently and exclusively in the interests of investors. They implement the organisational measures that are necessary for irreproachable management. They report on the collective investments they manage and disclose all fees and expenses

## Investment fund contract

charged directly or indirectly to investors as well as fees from third parties, including commissions, rebates and other financial benefits.

3. The custodian is responsible for managing accounts and deposits, but may not itself dispose of the assets therein.
4. For transactions involving the assets of the investment fund or the sub-funds, it guarantees that payments are submitted to it within the usual timeframes. It informs the fund management company if the equivalent amount has not been paid within the customary period and requires the counterparty to replace the asset value, where possible.
5. The custodian manages the records and accounts to ensure that the assets held in custody belonging to each of the various collective investment schemes may be identified at all times.

It verifies the ownership of the fund management company and manages the corresponding records when the assets cannot be kept.

6. The custodian may transfer the responsibility for the safekeeping of the sub-funds' assets to third-party custodians and central securities depositories in Switzerland or abroad, provided that appropriate custody is assured. It ensures that the third party or the central custodian it has appointed:
  - a) has an adequate structure, financial guarantees and the technical qualifications required for the type and complexity of the assets entrusted to it;
  - b) is subject to regular external checks ensuring that the financial instruments are in its possession;
  - c) keeps the assets received from the custodian in a manner allowing them to be unequivocally identified at any time as belonging to the fund's assets, by means of regular checks to ensure that the portfolio and the accounts match.
  - d) complies with the provisions applicable to the custodian with regard to performing the tasks delegated to it and preventing conflicts of interest.

The custodian shall be liable for any damage caused by an agent unless it can prove that it exercised due care in selecting, instructing and supervising the agent.

Safekeeping of financial instruments may only be entrusted as set out in the paragraph above to a third party or central securities depository that is subject to supervision. This provision does not apply to mandatory custody at a location where delegation to a third party or to a central securities depository subject to supervision is not possible, in particular due to legally binding provisions or the terms of the investment product.

7. The custodian ensures that the fund management company complies with the law and the investment fund contract. It verifies that net asset value calculations, unit issue and redemption prices and decisions relating to the investments are compliant with the law and the investment fund contract, and that any revenue is used in accordance with said contract. The custodian is not

responsible for the choice of investments made by the fund management company within the limits of the provisions on investments.

8. The custodian is entitled to the remuneration provided for in §§ 18 and 19, to be released from the commitments entered into in the proper execution of the collective investment agreement and to be reimbursed for the necessary costs incurred in the fulfilment of these commitments.
9. The custodian is not responsible for the safekeeping of the assets of the target funds in which the sub-funds invest, unless this task has been delegated to it.

### § 5 Investors

1. Investor eligibility for the NCM Traditional Assets fund is limited to qualified investors according to Art. 10 para. 3 and 3ter CISA. Together with the custodian, the fund management company ensures that investors meet the investor eligibility requirements.
2. On concluding a contract and paying in cash, investors acquire a claim against the fund management company to participate in the assets and income of a sub-fund of the umbrella fund in accordance with the fund units they acquire. A contribution in kind may be made instead of a cash payment in accordance with §17 para. 7 at the request of the investor and with the approval of the fund management company. The investors' claim is based on units.
3. Investors are only entitled to the assets and income of the sub-funds in which they participate. Each sub-fund is only liable for its own commitments.
4. Investors are only bound as regards payment for units in the sub-fund for which they have subscribed. They are not personally liable for the commitments of the fund or sub-funds, respectively.
5. The fund management company shall inform investors at any time of the basis for calculating the net asset value of the units. If investors wish to obtain detailed information from the management company regarding specific operations, such as the exercise of membership and creditors' rights, risk management, or contributions or payments in kind, the management company provides the information requested in a timely manner. The investors may apply to the court with jurisdiction over the registered office of the fund management company to have the audit company or another expert investigate the matter requiring clarification and furnish the investors with a report.
6. Investors may terminate the fund contract on a daily basis and request the redemption of their units in the relevant sub-fund in cash. A redemption in kind may be made instead of a redemption in cash in accordance with §17 para. 7 at the request of the investor and with the approval of the fund management company.
7. Investors must prove to the fund management company and/or custodian and their agents, upon request, that they meet or continue to meet the legal or contractual

requirements for participation in a sub-fund. They must also inform the fund management company and its agents immediately if they no longer meet these requirements.

8. The fund management company, in cooperation with the custodian, must conduct an enforced redemption of the investor's units at the relevant redemption price if:
  - a) this is necessary to safeguard the reputation of the financial market, and specifically to combat money laundering;
  - b) the investor no longer meets the statutory, regulatory or contractual requirements, or the requirements set out in the articles of association, for participation in a sub-fund.
9. Furthermore, the fund management company, in cooperation with the custodian, may conduct an enforced redemption of the investor's units at the relevant redemption price if:
  - a) the investor's participation in a sub-fund is likely to have a significant impact on the economic interests of the other investors, in particular when the participation may result in tax disadvantages for the umbrella fund and/or a sub-fund in Switzerland and abroad;
  - b) investors have acquired or hold their units in violation of Swiss or foreign law or of this fund contract;
  - c) the economic interests of investors are affected, particularly in cases where certain investors are attempting to make money through systematic subscriptions followed by immediate redemptions so as to exploit the time differences between the fixing of closing prices and the valuation of the sub-funds' assets (market timing).

### § 6 Units and unit classes

1. For each sub-fund, the fund management company may create, liquidate or merge unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes entitle investors to a share in the total assets of the sub-fund, which is not segmented. This share may differ due to class-specific charges and distributions, and the various unit classes of a sub-fund may therefore have a different net asset value per unit. The assets of the sub-fund as a whole are used to cover class-specific costs.
2. The fund management company announces the creation, dissolution or merging of unit classes in the media of publication. Only a merger is deemed to be an amendment to the fund contract within the meaning of § 26.
3. The various unit classes of the sub-funds may differ in terms of cost structure, reference currency, currency hedging, distribution or accumulation of income, minimum investment amount and investor eligibility. Remuneration and expenses are only charged to the unit classes to which a specific service has been provided. Remuneration and expenses that cannot be allocated with

certainty to a given unit class are distributed among all classes in proportion to the share of each class in the assets of the sub-fund.

4. The sub-funds are divided into the following unit classes:
  - "A" classes, which are unit classes restricted to qualified investors in accordance with § 5 para. 1 who have entered into an advisory, management or cooperation agreement with Noble Capital Management (NCM) SA; these are accumulation unit classes.
  - "D" classes, which are unit classes restricted to qualified investors in accordance with § 5 para. 1; these are distribution unit classes.
5. Units are not issued as securities, but are accounted for. The investor is not entitled to insist upon the issuance of a registered or bearer certificate.

### III. Investment policy guidelines

#### A Investment principles

#### § 7 Compliance with investment guidelines

1. In selecting the investments of each sub-fund, the management company observes the principle of weighted risk diversification, in accordance with the limits expressed as percentages below. These limits apply to the assets of each sub-fund estimated at market value and must be complied with at all times. Each sub-fund must be in compliance with the investment limits six months after the subscription date (launch).
2. When limits are exceeded due to market fluctuations, investment volumes must be reduced to the allowable rate within a reasonable period of time, taking into account the interests of investors. If limitations in connection with derivatives are affected by a change in the delta in accordance with § 12 below, the regular statement must be drawn up within three bank business days at the latest, while safeguarding the interests of investors.

#### § 8 Investment policy

1. The fund management company may, within the framework of the specific investment policy of each sub-fund, invest the assets of each sub-fund in the investments listed below:
  - a) Transferable securities, i.e. securities issued on a large scale, in non-securitised rights having the same function (uncertified securities) and which are traded on a stock exchange or other regulated market that is open to the public, and which incorporate a right of participation or claim or the right to acquire such securities or security rights by subscription or exchange, such as warrants; Investments in newly issued transferable securities are only permitted if their admission to a stock exchange or other regulated market open to the public is provided for in the terms of issue. If this admission has not been obtained one year after the acquisition

- of the securities, they must be sold within one month or incorporated into the limitation rules set out in para. 1, letter j.
- b) Derivatives if (i) their underlying assets are represented by transferable securities as per letter a, derivatives as per letter b, units in collective investment schemes as per letter d, money market instruments as per letter e, financial indices, interest rates, exchange rates, credits or currencies, precious metals and (ii) their underlying assets are eligible for investment in accordance with the fund contract. Derivatives are traded on a stock exchange or other regulated market open to the public or OTC; OTC transactions are only permitted if (i) the counterparty is a financial intermediary specialising in such transactions and subject to supervision, and (ii) if the OTC derivatives may be traded on a daily basis, or it is possible to request redemption from the issuer at any time. Moreover, it must be possible to value them in a reliable and clear manner.
  - c) Structured products if (i) their underlying assets are represented by transferable securities as per letter a, derivatives as per letter b, structured products as per letter c, units in collective investment schemes as per letter d, e or f money market instruments as per letter h, financial indices, interest rates, exchange rates, credits or currencies, precious metals and (ii) their underlying assets are eligible for investment in accordance with the fund contract. Structured products are traded on a stock exchange or other regulated market open to the public or OTC; OTC transactions are only permitted if (i) the counterparty is a financial intermediary specialising in such transactions and subject to supervision, and (ii) if the OTC derivatives may be traded on a daily basis, or it is possible to request redemption from the issuer at any time. Moreover, it must be possible to value them in a reliable and clear manner.
  - d) Units of other collective investment schemes (target funds) if (i) their documentation limits their investment in other target funds to 49% in total; (ii) the provisions governing these target funds – as regards their purpose, their organisation, their investment policy, investor protection, risk diversification, ringfenced custody of fund assets, borrowing, lending, short selling of securities and money market instruments, issuance and redemption of units, and the contents of annual and semi-annual reports – are comparable to those of a fund investing in transferable securities or another traditional investment fund and (iii) these target funds are authorised as collective investment schemes in the country in which they are headquartered and are subject in this country to supervision to protect investors comparable to that exercised in Switzerland, and international administrative assistance is guaranteed.
  - e) Units in other open-end Swiss or foreign alternative collective investment schemes, if their documentation limits investments in other target funds to a total of 49%.  
Subject to § 19, the management company may acquire units in target funds that are directly or indirectly managed by it or by a company with which it is linked by common management, control or a substantial direct or indirect participating interest.
  - f) Units in other Swiss or foreign alternative collective investment schemes, if (a) their documentation limits investments in other target funds to a total of 49%; (b) the provisions governing these target funds – as regards their purpose, their organisation, their investment policy, investor protection, risk diversification, ringfenced custody of fund assets, borrowing, lending, short selling of securities and money market instruments, issuance and redemption of units, and the contents of annual and semi-annual reports – are comparable to those of an Swiss alternative fund and (c) these target funds are authorised as collective investment schemes in the country in which they are headquartered and are subject in this country to supervision to protect investors comparable to that exercised in Switzerland, and international administrative assistance is guaranteed.  
Subject to § 19, the management company may acquire units in target funds that are directly or indirectly managed by it or by a company with which it is linked by common management, control or a substantial direct or indirect participating interest.
  - g) Precious metals in the form of book-entry accounts (Gold, Silver, Platine and Palladium).
  - h) Money market instruments if these are liquid and can be valued and are traded on a stock exchange or other regulated market that is open to the public; money market instruments that are not traded on a stock exchange or other regulated market open to the public may only be acquired if the issue or issuer is subject to provisions regarding creditor or investor protection and if the instruments are issued or guaranteed by the issuer in accordance with Art. 74, para. 2 CISO.
  - i) Sight or time deposits with a term to maturity not exceeding twelve months held with banks domiciled in Switzerland or in a member state of the European Union or in another country provided that the bank is subject to supervision in that country which is equivalent to the standard of supervision in Switzerland.
  - j) Investments other than those mentioned under letters a to i, up to a maximum total of 10% of the fund's assets; the following are not permitted: (i) commodities and commodity-related securities, as well as (ii) actual short sales of investments of all types.



- 2.
- A. Subject to letter c), the management company invests the assets of the NCM Global Equity Selection sub-fund as follows:  
Up to 100% in:
- aa) securities and participation rights (shares, dividend right certificates, company shares, participation certificates and related rights) of companies worldwide;
  - ab) units of other collective investment schemes which, according to their documents, invest their assets in accordance with letter aa);
  - ac) derivatives (including warrants) according to § 8 para. 1 let. b) with one of the investments listed above from aa) to ab) as an underlying asset;
  - ad) structured products according to § 8 para. 1 let. c) with one of the investments listed above from aa) to ac) as an underlying asset.
- b) Subject to letter c), the management company may also invest a maximum of 50% of the fund's assets in:
- ba) sight and time deposits;
  - bb) money market instruments;
  - bc) precious metals;
  - bd) units of other collective investment schemes which, according to their documents, invest their assets in accordance with letter ba) to bc);
  - be) derivatives according to § 8 para. 1 b) with any of the above investments from ba) to be) as their underlying asset;
  - bf) structured products according to § 8 para. 1 let. c) whose underlying assets comply with the investment guidelines of this sub-fund from ba) to be);
- c) In addition, the management company must comply with the following investment restrictions for the entirety of the fund's assets:
- Maximum 30% in structured products;
  - Maximum 20% in precious metals as per § 8 para. 1 letter g);
  - Maximum 49% in collective investment schemes;
  - Maximum 20% in securities and participation rights of companies with low capitalisation ("small caps").
  - Maximum 10% in collective investment schemes as per § 8 para. 1 letter e and f);
  - Maximum 30% in securities and participation rights of companies with low capitalisation ("small caps"), collective investment schemes according to § 8 para. 1 let. e and f and emerging market equities.
- The management company may invest in derivatives not only for hedging purposes.
- B. The management company invests the assets of the NCM Fixed Income Opportunities sub-fund as follows:
- d) Up to 100% in:
- da) zero coupon bonds, coupon bonds, convertible bonds, convertible notes, option bonds, notes and other fixed- or floating-rate debt securities and rights, denominated in any currency, issued by private, public or semi-public issuers worldwide;
  - db) units of other investment funds that invest mainly in debt securities as per letter aa) above;
  - dc) derivatives (including warrants) and structured products in accordance with § 8 para. 1, letter b) and c) on the investments indicated above from aa) to ab).
- e) Subject to letter c), the management company may also invest a maximum of one third of the sub-fund's assets in:
- ea) sight and time bank deposits;
  - eb) money market instruments;
  - ec) precious metals;
  - ed) units of other investment funds that invest mainly in the investments listed above from ba) to bc);
  - ee) derivatives according to § 8 para. 1 let. b) on the above investments from ba) to bd).
  - ef) structured products according to § 8 para. 1 let. c) on the above mentioned investments from ba) to be)
- f) In addition, the fund management company must comply with the following investment restrictions for the entirety of the sub-fund's assets:
- fa) a maximum of 30% of the sub-fund's assets in non-investment grade bonds, i.e. bonds with a rating of less than BBB- or with no rating; or bonds issued by issuers in emerging markets;
  - fb) up to 10% of the sub-fund's assets in other collective investment schemes as per § 8, para. 1 letter e and f);
  - fc) a maximum of 30% of the sub-fund's assets in structured products;
  - fd) a maximum of 20% in precious metals according as per § 8 para. 1 letter g);
  - fe) The management company may invest up to 49% in collective investment schemes.
  - ff) Investments according to ca) and cb) may cumulatively not exceed 30%
- The management company may invest in derivatives not only for hedging purposes.

### § 9 Liquid assets

In addition, the fund management company may hold adequate liquid assets for each sub-fund in the unit of account of the

respective sub-fund and in all the currencies in which the sub-fund in question is permitted to invest. Liquid assets are defined sight deposits and time deposits with a term not exceeding 12 months held with banks.

## B Investment techniques and instruments

### **§ 10 Securities lending**

The management company does not engage in securities lending.

### **§ 11 Repurchase and reverse repurchase agreements**

The management company does not engage in repurchase and reverse repurchase transactions.

### **§ 12 Derivative financial instruments**

3. The fund management company may carry out derivative transactions. It ensures that the use of derivatives does not lead to divergence from the investment objectives set out in the fund contract or to a change in the characteristics of the sub-fund as a result of its economic effect, even in the event of extraordinary market circumstances. In addition, the underlying assets of the derivatives must be accepted as investments for the corresponding sub-funds in accordance with this fund contract.

Derivatives may only be used in connection with collective investment schemes for currency hedging purposes. Hedging of market, interest rate and credit risk through collective investment schemes is possible, insofar as the risks are clearly defined and measurable.

4. Commitment approach II is applied as part of measuring risk. The overall exposure linked to derivatives may not exceed 100% of the sub-funds' net assets and the overall exposure of the sub-funds may not exceed 200% of the sub-fund's net assets. Taking into account the possibility of temporarily borrowing up to a maximum of 10% of the sub-fund's net assets in accordance with § 13, para. 2, the overall exposure of the sub-fund may amount to up to 210% of the net assets of the sub-fund. The calculation of the overall exposure is done according to Art. 35 CISO-FINMA.

The management company ensures that it can fulfil its payment and delivery obligations with respect to derivatives at all times in accordance with the legislation on collective investment schemes.

5. In particular, the management company may use basic types of derivative such as call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite algebraic sign; credit default swaps (CDS); swaps where the payments are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner; as well as futures and forwards, the value of which is linearly dependent on the value of the underlying. In addition, it can

use combinations of basic forms of derivatives as well as derivatives whose economic effect can be described neither by a basic form of derivative nor by a combination of basic forms of derivatives (exotic derivatives).

6.

- a) Opposite positions in derivatives of the same underlying, as well as opposite positions in derivatives and investments of the same underlying, may be offset, notwithstanding the netting of derivatives, if the derivative transaction has been entered into solely for the purpose of hedging against risks in connection with the acquired derivatives or investments, if significant risks are not disregarded, and if the chargeable amount of the derivatives is calculated in accordance with Art. 35 CISO-FINMA
- b) If, in hedging transactions, the derivatives do not relate to the same underlying as the asset to be hedged, the following conditions, in addition to those set out in letter a, must be met for offsetting (hedging): the derivative transactions must not be based on an investment strategy that serves to realise a gain, the derivative must result in a verifiable reduction of risk, the risks of the derivative must be offset, the derivatives, underlyings or asset items to be offset must relate to the same category of financial instruments and the hedging strategy must also be effective under exceptional market conditions.
- c) If interest rate derivatives are predominantly used, the amount attributable to the total commitment resulting from derivative instruments may be calculated using internationally recognised duration netting rules, provided that these rules lead to a correct calculation of the investment fund's risk profile, the main risks are taken into account, their application does not lead to an unjustified leverage effect, no interest rate arbitrage strategy is pursued, and the leverage effect of the investment fund is not increased by the application of these rules or by investments in short-term positions.
- d) Derivatives that are used solely for the purpose of hedging currency risks and that do not involve leverage or additional market risks may be offset when calculating the total commitment resulting from the derivatives without having to comply with the requirements stipulated in letter b.
- e) Payment obligations resulting from derivatives must be covered at all times by means close to cash, debt securities, security rights or shares traded on a stock exchange or other regulated market open to the public, in accordance with the legislation on collective capital investments.
- f) If the fund management company enters into a commitment to physically deliver an underlying by means of a derivative, the derivative must be hedged by the corresponding underlyings, or by other investments if the investments and

underlyings are highly liquid and can be bought or sold at any time if delivery is required. These underlyings or investments must be available to the fund management company at all times without restriction.

7. The fund management company may carry out standardised and non-standardised derivative transactions. It can trade in derivatives on a stock exchange or other regulated market open to the public, or OTC (over the counter).
8.
  - a) The fund management company may only enter into OTC transactions with financial intermediaries that specialise in this type of transaction, that are subject to supervision and that guarantee proper execution of the transactions. If the counterparty is not a custodian, the counterparty or guarantor must have a high credit rating.
  - b) It must be possible to reliably and verifiably value an OTC derivative on a daily basis and to sell or close out the derivative at market value at any time.
  - c) If no market price is available for an OTC derivative, the price, determined by means of an appropriate valuation model recognised in practice, on the basis of the market value of the underlyings from which the derivative is derived, must be understandable at all times. Before concluding a contract on such a derivative, concrete offers must in principle be obtained from at least two counterparties. In principle, the contract must be concluded with the counterparty that submitted the most advantageous offer from a price point of view. Exceptions to this principle are permitted for reasons of risk spreading or if other elements of the contract, such as the counterparty's creditworthiness or service offering, indicate that another offer is, as a whole, more advantageous for investors. In addition, the request for bids from at least two counterparties may be waived in exceptional cases in order to serve the best interests of investors. The contract conclusion and determination of the price must be clearly documented.
  - d) In the context of an OTC transaction, the fund management company or its agents may only accept collateral that meets the requirements of Art. 51 CISO-FINMA. The issuer of the collateral must be highly creditworthy and the collateral may not be issued by the counterparty or by a company belonging to the counterparty's group or dependent on it. The collateral must be highly liquid, traded at a transparent price on a stock exchange or other regulated market open to the public and valued at least every trading day. In managing the securities, the fund management company or its agents must meet the obligations and requirements pursuant to Art. 52 CISO-FINMA. In particular, they are obliged to diversify the collateral appropriately by country, market and issuer; issuer diversification is considered

appropriate if the collateral held by a single issuer does not exceed 20% of the net asset value. The exceptions relating to investments issued or guaranteed by public-law institutions within the meaning of Article 83 CISO remain reserved. Furthermore, the fund management company or its agents must be able to obtain the power and capacity to dispose of the collateral at any time, without the intervention or consent of the counterparty, in the event of default by the counterparty. The securities received must be kept with the custodian bank. At the request of the fund management company, the securities received may be held by a supervised third-party custodian, provided that ownership of the securities is not transferred and that the third-party custodian is independent of the counterparty.

9. To ensure compliance with maximum and minimum statutory and regulatory limits, derivatives must be accounted for in the manner provided for in the legislation on collective investment schemes.

#### **§ 13 Borrowing and lending**

1. The fund management company is not authorised to grant loans on behalf of the sub-funds.
2. For each sub-fund, the fund management company may temporarily borrow up to a maximum of 10% of the sub-fund's net assets.

#### **§ 14 Pledging of sub-fund assets**

1. The fund management company may not encumber any sub-fund by creating a pledge or guarantee for over 60% of that sub-fund's net assets.
2. The assets of the sub-funds may not be encumbered by the granting of guarantees.  
A credit enhancement derivative is not considered a guarantee within the meaning of this paragraph.

#### C Investment restrictions

#### **§ 15 Risk diversification**

1. The following should be incorporated in the risk diversification provisions below:
  - a) investments in accordance with § 8, with the exception of index derivatives, provided that the index is sufficiently diversified, is representative of the market to which it refers and is published in an appropriate manner;
  - b) liquid assets according to § 9;
  - c) claims against counterparties arising from OTC transactions.
2. The risk diversification provisions apply to each of the sub-funds. Companies which form a group in accordance with international accounting regulations are deemed to be a single issuer.
3. The fund management company may invest a maximum of 20% of the sub-fund's assets in the transferable

securities and money market instruments of a single issuer, including derivatives and structured products. The total value of the transferable securities and money market instruments of issuers with whom more than 10% of the sub-fund's assets have been invested may not exceed 60% of the sub-fund's assets. The provisions of para. 4 and 5 remain applicable.

4. The fund management company may invest a maximum of 20% of the sub-fund's assets in sight and time deposits with a single bank. Both liquid assets pursuant to § 9 and bank deposits pursuant to § 8 shall be considered within this limit.
5. The management company may invest a maximum of 10% of the sub-fund's assets in OTC transactions with a single counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or in another State in which it is subject to supervision comparable to Swiss supervision, this limit is raised to 20% of the sub-fund's assets.  
Where the claims arising from OTC transactions are hedged using collateral in the form of liquid assets in accordance with Articles 50 to 55 CISO-FINMA, such claims are not included in the calculation of the counterparty risk.
6. The investments, deposits and claims in para. 3 or 5 above from the same issuer may not exceed 20% of the sub-fund's assets. Subject to the higher limits under para. 12 and 13 below.
7. Investments in accordance with para. 3 above from the same group of companies may not exceed a total of 20% of the sub-fund's assets. Subject to the higher limits under para. 12 and 13 below.
8. The fund management company may invest a maximum of 20% of the sub-fund's assets in units of the same target fund.
9. The fund management company may not acquire equity securities representing more than 10% of the overall voting rights or which would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire up to 10% of the non-voting equity securities, bonds and/or money market instruments of any one issuer as well as up to 25% of the units of other collective investment schemes. These limits do not apply if, at the time of acquisition, the gross amount of the debt instruments, the money market instruments or the units in other collective investment schemes cannot be calculated.
11. The limits defined in para. 9 and 10 above do not apply to securities and money market instruments which are issued or guaranteed by a country or public body belonging to the OECD or by international public bodies of which Switzerland or a member state of the European Union is a member.
12. The 20% limit mentioned in para. 3 is increased to 35% if the securities or money market instruments are issued or guaranteed by a country or public body belonging to the OECD or by international public bodies of which Switzer-

land or a member state of the European Union is a member. The above securities or money market instruments are not taken into consideration when applying the 60% limit in accordance with para. 3. The individual limits of para. 3 and 5 may not, however, be combined with the above-mentioned limit of 35%.

13. The 20% limit mentioned in para. 3 is increased to 100% if the securities or money market instruments are issued or guaranteed by a country or public body belonging to the OECD or by international public bodies of which Switzerland or a member state of the European Union is a member. In this case, the investment fund must hold securities or money market instruments from at least six different issues; up to 30% of the fund's assets may be invested in securities or money market instruments from the same issue. The above securities or money market instruments are not taken into consideration when applying the 60% limit in accordance with para. 3.

The authorised issuers or guarantors referred to above are the European Union (EU), the United States, the OECD countries, 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. Investment policy guidelines

##### § 16 Calculation of net asset values

1. The net asset value of each sub-fund and the share of the various classes is determined at the market value at the end of the accounting year and each day on which units are issued or redeemed, in the unit of account of the corresponding sub-fund. On days when the stock exchanges or markets of the main countries in which a sub-fund invests are closed (e.g. on bank and stock exchange holidays), the net asset value of the sub-fund in question is not calculated.
2. Investments that are listed on a stock exchange or another regulated market open to the public shall be valued at the current price paid on the main market. Other investments or investments for which no current price is available must be valued at the price that would probably be obtained in a diligent sale at the time of valuation. In order to determine the market value, the fund management company uses appropriate valuation models and principles that are recognised in practice.
3. Open-ended collective investment schemes are valued at their redemption price or net asset value. If they are regularly traded on a stock exchange or other regulated market open to the public, the fund management company may value them in accordance with para. 2.
4. Bank deposits are valued at their amount plus accrued interest. In the event of significant changes in market

conditions or creditworthiness, the valuation basis for bank time deposits is adjusted to the new circumstances.

5. The net asset value of a unit of a class of a sub-fund is calculated by dividing the share of the market value of the sub-fund's assets attributable to the class in question, less any liabilities of the sub-fund attributable to this class, by the number of outstanding units in the corresponding class. The result is rounded to the nearest USD 0.01.
6. The shares of the market value of a sub-fund's net assets (assets of a sub-fund, less liabilities) that must be attributed to the various unit classes are determined for the first time on the initial issue of several unit classes (if they are all issued at the same time) or on the initial issue of a new unit class, on the basis of the amount attributable to the sub-fund for each unit class corresponding to said sub-fund. The share is recalculated at each subsequent event:
  - a) when units are issued or redeemed;
  - b) on the distribution reference date, to the extent that (i) such distributions are only made for separate unit classes (distribution classes), (ii) the distributions to the individual unit classes differ as a percent of their respective net asset value, or (iii) different fees or commissions are applied to the distributions of the different unit classes as a percentage of each distribution;
  - c) when the net asset value is calculated as part of the allocation of liabilities (including fees and charges due) to the various unit classes, if the liabilities of the various unit classes differ with respect to their percentage of their respective net asset value, i.e. if (i) different commission rates are applied to the various unit classes, or (ii) specific costs are charged to each unit class;
  - d) when the net asset value is calculated as part of the allocation of income or capital gains to the various unit classes, provided that the income or capital gains have been generated by transactions conducted solely for one or several unit classes, but not in proportion to their share of the net assets of the fund.

### § 17 Issue and redemption of units

1. Subscription and redemption orders for units are accepted up to a certain cut-off time specified in the information memorandum on the day the orders are placed. Definitive unit issue and redemption prices are determined at the earliest on the bank business day following the day on which the order is placed (valuation day). This is referred to as "forward pricing".
2. The issue and redemption price of the units is determined on the basis of the net asset value per unit on the valuation day, using the last closing prices on the bank business day following the day on which the order is placed, in accordance with § 16. When units are issued and

redeemed, an issue commission in accordance with § 18 may be added to the net asset value, or a redemption commission in accordance with § 18 may be deducted from the net asset value.

Incidental costs for the purchase and sale of the investments (standard brokerage fees, duties, commissions, taxes, etc.) incurred by a sub-fund in connection with the investment of the amount paid in, or in relation to the sale of that portion of investments corresponding to the unit, will be charged to the respective sub-fund's assets.

3. The fund management company may suspend unit issuance and refuse requests to subscribe or exchange units at any time.
4. In the interests of all investors, the fund management company may temporarily suspend the redemption of a sub-fund's units in the following exceptional cases:
  - a) where a market which serves as the basis for the valuation of a significant proportion of the sub-fund's assets is closed, or if trading on such market is restricted or suspended;
  - b) in the event of political, economic, military, monetary or other emergencies;
  - c) if, owing to exchange controls or restrictions on other asset transfers, the sub-fund can no longer transact its business;
  - d) in the event of large-scale withdrawals of units in a sub-fund which may significantly endanger the interests of the other investors in the sub-fund.
5. The fund management company will immediately inform the audit company, the supervisory authority and the investors of any decision to suspend redemptions in an appropriate manner.
6. No units shall be issued as long as the redemption of the units of a sub-fund is deferred for the reasons stipulated under para. 4 letters a) to c).
7. In the context of a subscription, investors may ask to contribute assets to the fund's assets instead of cash ("contribution in kind"). Similarly, in the context of a withdrawal, investors can ask for assets to be transferred to them instead of cash ("redemption in kind"). The request must be submitted with the subscription or withdrawal order. The fund management company is not required to authorise contributions and redemptions in kind.

The fund management company has sole discretion over contributions and redemptions in kind; it only approves such transactions if they are carried out in full compliance with the sub-fund's investment policy and if they do not compromise the interests of other investors.

Costs incurred in connection with a contribution or redemption in kind cannot be charged to the sub-fund's assets.

For contributions or redemptions in kind, the fund management company draws up a report containing details of the various investments transferred, the market value of these investments on the reference date of the transfer, the number of units issued or redeemed, and any

balancing cash payments. The custodian bank shall check each contribution or repayment in kind for compliance with the duty of loyalty on the part of the management and for the valuation of the transferred investments and the issued or redeemed shares on the relevant key date. The custodian bank shall immediately report any reservations or criticisms to the auditing company. Transactions relating to contributions and redemptions in kind must be disclosed in the annual report.

## V. Remuneration and incidental costs

### § 18 Remuneration and incidental costs payable by the investor

1. When units are issued, the investor may be charged issue commissions in favour of the fund management company, the custodian and/or the distributors in Switzerland and abroad, which may not collectively exceed 2% of the net asset value. The maximum applicable rate is shown in the information memorandum.
2. When units are redeemed, the investor may be charged redemption commissions in favour of the fund management company, the custodian and/or the distributors in Switzerland and abroad, which may not collectively exceed 2% of the net asset value. The maximum applicable rate is shown in the information memorandum.
3. An issue fee may be charged when investors change sub-fund (i.e. switch from one of the fund's sub-funds to another).
4. No issue fee is applied when investors switch from one class to another within the same sub-fund. The above terms and conditions are applied on the condition that the amount invested remains unchanged and the notice periods are followed.  
Where liquidation proceeds are paid out in the event of the dissolution of the Fund or one of its sub-funds, the custodian shall charge a fee of max 0.5%, to be shared equally between the management company and the custodian.

### § 19 Remuneration and incidental costs payable from the sub-funds' assets

1. The fund management company charges the sub-funds an annual fee for the administration, asset management and marketing of the sub-funds, as well as the custodian's tasks such as the safekeeping of the fund's assets, handling payments and other tasks set out in § 4, as follows:
  - a maximum of 2% of the net assets of the NCM Global Equity Selection sub-fund,
  - a maximum of 2% of the net assets of the NCM Fixed Income Opportunities sub-fund,

The annual fee is debited from the assets of the sub-funds concerned pro rata temporis at the time of each net asset value calculation and paid at the end of each quarter (management fee).

The actual management fee rate applied to each sub-fund is shown in the annual report.

2. In addition to the management fee, the asset manager is entitled to a performance fee calculated on the basis of the net asset value of each unit class. The performance fee is due if the last net asset value calculated of a calendar year (before performance fee) is higher than the last net asset value of the prior calendar year for which a performance fee was payable ("high watermark"). For the first year, the performance fee is due if the last net asset value calculated of the calendar year (before performance fee) is higher than the first net asset value calculated after the launch of the fund. The performance fee is a percentage of the outperformance. The performance fee and the necessary provisions are determined on the basis of the net asset value of the outstanding units of the relevant class. The performance fee is payable on an annual basis for the performance period in question. The amount due in respect of the performance fee is the sum of the provisions made over a year. In each case, the amounts accrued as performance fees are paid after the end of the financial year. When units are redeemed, any performance fee provision in respect of the units redeemed will be paid to the asset manager.

The performance of each sub-fund is the arithmetic difference between the net asset value per unit at the beginning and end of the period under review, expressed as a percentage.

High watermark: The highest net asset value at the end of a year of the performance period in respect of which a performance fee was payable.

The performance fee for the NCM Global Equity Selection sub-fund is 10%, paid annually.

The performance fee for the NCM Fixed Income Opportunities sub-fund is 5%, paid annually.

3. The fund management company and the custodian are also entitled to deduct the expenses listed below, incurred in the performance of the fund contract:
  - a) costs for the purchase and sale of investments, including standard brokerage fees, commissions, settlement and processing fees, bank charges, taxes and duties, as well as the costs of reviewing and maintaining the quality standards of physical investments.
  - 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 company's fees for annual auditing as well as certification in the case of establishments, amendments, liquidation or merger of the fund or any sub-funds;
  - e) fees for legal and tax advisors in connection with the establishment, modification, liquidation or merger of funds or any sub-funds, as well as generally upholding the interests of the Fund and its investors;

- f) the cost of publishing the net asset value of the Fund or its sub-funds, together with all the costs of providing notices to investors, including translation costs, provided such costs cannot be ascribed to any failure on the part of the fund management company;
- g) the cost of printing and translating legal documents as well as the Fund's annual and semi-annual reports;
- h) the cost of any registration of the Fund with a foreign supervisory authority, and specifically the commission levied by the foreign supervisory authority, translation costs and remuneration for the representative or paying agent abroad;
- i) costs relating to the exercising of voting rights or creditors' rights by the fund, including the cost of fees paid to external advisors;
- j) costs and fees relating to intellectual property registered in the name of the fund or with rights of use for the fund;
- k) all costs incurred through any extraordinary steps taken to safeguard the interests of investors by the fund management company, manager of collective assets or custodian;
- l) the costs of registering or renewing a Legal Entity Identifier with a registry in Switzerland or abroad;
- m) costs and fees relating to the purchase and use of data and data licences, insofar as they can be charged to the fund and do not constitute search costs;
- n) costs and fees relating to the use and review of independent labels.
4. The costs listed under para. 3, letter a) are directly added to the cost price or deducted from the sale value.
5. The management company and its agents may pay retrocessions as reimbursement for the distribution of fund units in accordance with the provisions of the information memorandum, and provide rebates to reduce fees and costs accruing to investors and charged to the fund.
6. The management fee for the target funds in which the assets of the sub-funds are invested may not exceed 5%, taking any rebates and retrocessions into account, in cases where a flat management fee is explicitly provided for in the prospectus of the target funds. The maximum management fee for the target funds in which investments are made must be disclosed in the annual report, including any rebates and retrocessions.
7. When the management company acquires units in other collective investment schemes that are managed directly or indirectly by the management company or the asset manager, or by a company to which the management company or the asset manager is related by virtue of common management or control or by a significant direct or indirect interest ("linked target funds"), the management company may not charge the sub-funds any issue or redemption fees with respect to the linked target funds.
8. Remuneration may only be charged to the sub-funds to which a specific service has been provided. Costs that cannot be allocated with certainty to a given sub-fund are divided among all the sub-funds in proportion to their share of the fund's assets.
9. The costs and expenses, as well as the commissions incurred in relation to the funds or investment companies in which the assets of the sub-funds are invested, are charged directly to these funds or investment companies.

## VI. Financial statements and auditing

### § 20 Financial statements

- The units of account of each sub-fund are:  
NCM Traditional Assets – NCM Global Equity Selection: USD  
NCM Traditional Assets – NCM Fixed Income Opportunities: USD
- The financial year runs from 1 November to 31 October of each year, with the first financial year ending on 31 October 2022.
- The fund management company publishes an audited annual report of the umbrella fund and/or the sub-funds within four months of the end of the financial year.
- The investor's right to information in accordance with § 5, para. 5 remains applicable.

### § 21 Auditing

The audit company verifies that the fund management company and the custodian comply with the provisions of the fund contract, the CISA and the rules of the Asset Management Association Switzerland (AMAS) that may be applicable. The annual report contains a short report from the audit company on the annual financial statements as published.

## VII. Appropriation of net income

### § 22 Depending on the unit classes:

- For the distributing unit classes, the net income is distributed annually to investors by unit class no later than four months after the end of the financial year, in the corresponding accounting currency. The fund management company may make additional interim income distributions.  
Up to 30% of the net income of a unit class may be carried forward. A distribution may be waived and net income carried forward if:
  - the net income for the current financial year and income carried forward from previous financial years of a collective investment scheme, sub-fund or unit class amount to less than 1% of the net asset value of the collective investment scheme, sub-fund or unit classes, and
  - the net income for the current financial year and income carried forward from previous financial years of

## Investment fund contract

a collective investment scheme, sub-fund or unit class amount to less than USD 1 per unit.

2. For the accumulating unit class, the net income of the unit classes is reinvested annually in the fund's assets, no later than four months after financial year-end. The fund management company may also decide to make interim income accumulations. Any taxes and duties on the accumulation remain unchanged.
3. Capital gains realised on the sale of assets and rights may be distributed by the fund management company or retained for the purpose of reinvestment.

### VIII. Publications of the umbrella fund and/or the sub-funds

#### § 23

1. The media of publication of the umbrella fund and/or the sub-funds are the electronic media listed in the appendix. Changes to the media of publication must be communicated therein.
2. The following information in particular shall be communicated via the media of publication: summaries of material amendments to the fund contract, indicating the addresses from which the full text of the amendments may be obtained free of charge, any change of fund management company and/or custodian, the creation, dissolution or merger of unit classes, as well as the liquidation of the each sub-fund. Amendments required by law that do not affect investors' rights or are of an exclusively formal nature may be exempted from the publication requirement, with the supervisory authority's approval.
3. The fund contract, together with the information memorandum and annual reports, can be requested free of charge from the fund management company, the custodian and all distributors.

### IX. Restructuring and dissolution

#### § 24 Mergers

1. With the authorisation of the custodian, the fund management company may merge certain sub-funds with other sub-funds or other funds, in that the assets and liabilities of the merging sub-funds and/or funds shall be transferred to the receiving sub-fund and/or fund on the date of the merger. Investors in the merging sub-fund and/or fund shall receive units of the receiving sub-fund and/or fund of a corresponding value. On the date of the merger, the merging sub-fund and/or fund shall be dissolved without liquidation and the contract of the receiving sub-fund and/or fund shall also apply to the merging sub-fund and/or fund.
2. Investment funds may only be merged if:
  - a) provision therefore is made in the relevant fund contracts;
  - b) they are managed by the same fund management company;
  - c) the relevant fund contracts are generally identical in their requirements on the following:

- investment policy, investment techniques, risk diversification and investment risks;
- appropriation of net income and capital gains from the disposal of assets and rights;
- nature, amount and calculation method of all remuneration, the issue and redemption fees as well as the incidental costs for the purchase and sale of investments (such as brokerage fees, other fees and levies) which may be charged to the assets of the sub-fund or to investors;

- redemption conditions;
  - term of the contract and the conditions for termination;
- d) the assets of the participating funds and/or sub-funds are valued, the exchange ratio is calculated, and the assets and liabilities are acquired on the same day;
  - e) no costs arise as a result for the investment fund and/or sub-fund, or the investors. The provisions of § 19 para. 4, letter a, remain applicable.

3. If the merger is likely to take more than one day, the supervisory authority may authorise the suspension of redemptions of the units of the sub-funds and/or the investment fund for a specified period.
4. The fund management company must submit the proposed changes to the fund contract and the merger itself together with the merger plan to the supervisory authority for review at least one month before the planned publication. The merger plan must contain information about the reasons for the merger, the investment policy of the participating investment funds and/or sub-funds and any differences between the receiving fund and/or sub-fund and the merging fund and/or sub-fund, the calculation of the exchange ratio, any differences in remuneration, any tax consequences for the investment funds and/or sub-funds, as well as the statement from the collective investment audit company.
5. The fund management company must publish the changes to the fund contract pursuant to § 23 para. 2, as well as the merger and the scheduled date together with the merger plan, at least two months before the planned date of merger, in the media of publication of the participating investment funds and/or sub-funds. In this notice, the fund management company must inform investors that they may lodge any objections to the proposed changes to the fund contract with the supervisory authority within 30 days of the publication or request redemption of their units in cash or in kind according to § 17 para. 7.
6. The audit company immediately verifies that the merger has been carried out correctly and issues a report in this regard to the fund management company and the supervisory authority.
7. The fund management company promptly notifies the supervisory authority of the completion of the merger, and



publishes the merger's completion, confirmation from the audit company that the operation has been conducted properly and the exchange ratio, via the media of publication of the participating funds and/or sub-funds.

8. The fund management company must refer to the merger in the next annual report of the receiving fund and/or sub-fund and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the merging fund and/or sub-fund.

#### **§ 25 Term and dissolution of the sub-funds**

1. The sub-funds have been established for an indefinite period.
2. The fund management company or custodian may choose to dissolve individual sub-funds by immediately terminating the investment fund contract, without notice.
3. Individual sub-funds may be dissolved at the discretion of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch), or a longer extended period approved by the supervisory authority at the request of the custodian and the fund management company, it does not have net assets of at least CHF 5 million (or the equivalent).
4. The fund management company shall inform the supervisory authority of the dissolution without delay and publish it in the media of publication.
5. Once the investment fund contract has been terminated, the fund management company may liquidate the sub-funds immediately. If the supervisory authority has ordered the dissolution of a sub-fund, it shall be liquidated immediately. The custodian is responsible for the payment of 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 the approval of the supervisory authority.

#### **X. Approval and amendment of the investment fund contract**

##### **§ 26**

If this investment fund contract is to be amended or if there are plans to merge unit classes or change the management company or custodian, investors may lodge objections with the

supervisory authority within 30 days of the last corresponding publication. The management company shall inform investors, in the publication, of amendments to the fund contract that are covered by the audit and the determination of legal compliance by FINMA. In the event of amendments to the fund contract, including the merging of unit classes, investors may also ask to redeem their units in cash within the contractual timeframes. This does not apply to the cases provided for under § 23 para. 2, which are exempt from the regulations governing publications and disclosure with the approval of the supervisory authority.

#### **XI. Applicable law and jurisdiction**

##### **§ 27**

1. The umbrella fund and each sub-fund are subject to Swiss law, in particular the Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Financial Market Supervisory Authority (FINMA) on Collective Investment Schemes of 27 August 2014.  
The place of jurisdiction shall be the registered office of the fund management company.
2. For the interpretation of this investment fund contract, the French version is authoritative.
3. This investment fund contract enters into force on 23 September 23 September 2024 and replaces the version of 10 July 2024.
4. When approving the investment fund contract, FINMA examines only those provisions covered by article 35a para. 1 letters a to g of the CISO and checks that they are legally compliant.

##### **Fund management company:**

J. Safra Sarasin Investmentfonds SA  
Wallstrasse 9  
4002 Basel

##### **Custodian:**

Bank J. Safra Sarasin SA  
Elisabethenstrasse 62  
4002 Basel

## 1. General information about the fund management company

The fund management company is J. Safra Sarasin Investmentfonds SA. The fund management company, which is based in Basel, has been active in the fund industry since it was founded as a joint stock company in 1993.

As at 31 December 2023, the fund management company's subscribed share capital amounted to CHF 4 million. The share capital is divided into fully paid-up registered shares. J. Safra Sarasin Investmentfonds SA is a wholly owned subsidiary of J. Safra Sarasin Holding Ltd, which also owns Bank J. Safra Sarasin SA.

The Board of Directors comprises the following members:

- Oliver Cartade (Chair), Member of the executive committee of Bank J. Safra Sarasin SA
- Urs Oberer (Vice-Chair), Managing Director of Bank J. Safra Sarasin SA
- Daniel Graf, Managing Director of Bank J. Safra Sarasin SA
- Jan Stig Rasmussen

The management team comprises the following members:

- Michaela Imwinkelried, Managing Director
- Sarah Saade, Executive Director
- Elvan Sahin, Executive Director
- Valter Rinaldi, Executive Director
- Pinar Tiniç, Director

The fund management company manages a total of 18 collective investment schemes in Switzerland, with overall assets under management of CHF 2.884 billion as at 31 December 2023.

The fund management company is registered with the US tax authorities as a "Participating Foreign Financial Institution" (PFFI) as defined in sections 1471 to 1474 of the US tax code (Foreign Account Tax Compliance Act, including related legislation – "FATCA") (GIIN: IPRKWG.00010.ME.756).

J. Safra Sarasin Investmentfonds SA, Wallstrasse 9, Postfach, 4002 Basel

## 2. Delegation of investment decisions

Investment decisions are delegated to Noble Capital Management (NCM) SA, Collonge-Bellerive. Noble Capital Management (NCM) SA is a duly licensed collective asset manager, supervised by FINMA, and it manages several collective investment schemes.

## 3. Delegation of other sub-tasks

Fund accounting is handled by CACEIS Investor Services Bank S.A., Esch-sur-Alzette, Zurich branch, which has many years of experience in investment fund and securities accounting.

## 4. Custodian and paying agent

### 4.1 Information on the custodian

Bank J. Safra Sarasin SA, Elisabethenstrasse 62, 4051 Basel, Switzerland, acts as custodian bank (including market maker). It is a Swiss private bank with offices in Europe, Asia, the Middle East and Latin America. The bank's main activities include asset management for private and institutional clients, deposit management, lending, securities transactions and investment fund activities. Investment foundations, corporate finance and market making complete the service offering.

The custodian may transfer responsibility for the safekeeping of the fund's assets to a third-party custodian or central depository in Switzerland or abroad, provided that appropriate custody is assured.

This involves the following risks: Safekeeping of financial instruments may only be entrusted to a third party or central depository that is subject to supervision. This provision does not apply to mandatory custody at a location where delegation to a third party or to a central depository subject to supervision is not possible, in particular due to legally binding provisions or the terms of the investment product. Third-party and central custody means that the fund management company no longer has exclusive ownership of the securities deposited, and only has co-ownership. Furthermore, if third-party or central custodians are not subject to supervision, they cannot meet the organisational requirements imposed on Swiss banks.

The custodian shall be liable for any damage caused by an agent unless it can prove that it exercised due care in selecting, instructing and supervising the agent.

The custodian is registered with the US tax authorities as a Participating Foreign Financial Institution (PFFI) as defined in sections 1471 to 1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act, including the relevant orders, hereinafter "FATCA") (GIIN: IPRKWG.00000.LE.756).

Bank J. Safra Sarasin SA, Elisabethenstrasse 62, 4051 Basel, Switzerland

### 4.2 Paying agent

The paying agent is Bank J. Safra Sarasin SA, Elisabethenstrasse 62, 4051 Basel.

## 5. Audit company

Deloitte SA, Zurich.

## 6. Useful information

Swiss securities number

NCM Global Equity Selection, Class « A » : 113912465

NCM Global Equity Selection, Class « D » : 113912466

NCM Fixed Income Opportunities, Class « A » : 113932545

NCM Fixed Income Opportunities, Class « D » : 113932546

## ISIN

NCM Global Equity Selection, Class « A » : CH1139124650

NCM Global Equity Selection, Class « D » : CH1139124668

NCM Fixed Income Opportunities, Class « A » : CH1139325455

NCM Fixed Income Opportunities, Class « D » : CH1139325463

Quotation: no  
 Financial year: November 1st – October 31st  
 Term: indefinite  
 Unit of account: USD

## Appropriation of income:

Class « A » : accumulating

Class « D » : distribution

## 7. Terms and conditions for the issue and redemption of fund units

Units of the investment fund are issued or redeemed on each bank business day (Monday to Friday). No issues or redemptions are made on Swiss public holidays (Easter, Whitsun, Christmas, New Year's Day, national holidays, etc.) or on days when the stock exchanges or markets of the main countries in which the investment fund invests are closed, or in the event of extraordinary circumstances within the meaning of § 17ch. 4 of the fund contract.

Subscription and redemption requests received by the custodian bank by 12 noon on a bank business day (order placement day) are calculated and settled on the second bank business day thereafter (valuation day).

The net asset value used for these subscription and redemption requests is based on the closing prices on the first business day following the day on which the order is placed.

The net asset value used for the calculation is therefore not yet known at the time the order is placed (forward pricing).

The net asset value of a unit is calculated by dividing the market value of the fund's assets, less any liabilities of the investment fund, by the number of units in circulation. It is rounded to USD 0.01 in accordance with commercial principles.

The issue price is calculated as follows: net asset value calculated on the valuation day, plus the ancillary costs (brokerage fees, commissions, levies, etc. depending on the market) borne by the investment fund on average on the investment of the amount paid in. The amount of ancillary charges is shown in section 8 below.

The redemption price is calculated as follows: net asset value calculated on the valuation day, less the ancillary costs incurred by the investment fund on average on the sale of part of the investments corresponding to the terminated unit. The amount of ancillary costs is shown in section 8 below.

Units are not securitised, but are held in book-entry form.

## 8. Commissions and fees

### 8.1 Commissions and fees charged to investors (excerpt from § 18 of the fund contract)

Effective issue fee none

Effective redemption fee none

The fund management company as well as its agents may pay retrocessions as reimbursement for the distribution of fund units in or from Switzerland. This allows for the remuneration of the following services in particular:

- Implementation of unit subscription and holding or custody procedures;
- Storage and distribution of marketing and legal documents;
- Transmission or provision of publications and communications;
- Perception and carrying out of due diligence in areas such as money laundering, clarification of client needs and distribution limitations;
- Information and answers to specific investor requests;
- Preparing fund analysis materials;
- Central relationship management;
- Training of client advisors in the field of collective investment schemes;
- Selection, appointment and monitoring of sub-distributors.

Retrocessions are not considered rebates, even if they are fully or partially paid back to investors. Beneficiaries of retrocessions shall ensure transparent disclosure and inform investors proactively and free of charge of the level of remuneration they could theoretically receive for distribution. On request, the beneficiaries of retrocessions shall disclose the amounts actually received for the distribution of collective investment schemes to investors.

The fund management company and its agents may pay rebates directly to investors on request in the context of distribution in or from Switzerland. Rebates serve to reduce the fees or costs incurred by the investors concerned. Rebates are permitted subject to the following:

- they are paid out of the fund management company's fees and are therefore not deducted additionally from the fund's assets;
- they are granted on the basis of objective criteria;
- they are granted subject to the same time limits and to the same extent to all investors who meet the objective criteria and request rebates.

Rebates are granted by the fund management company on the basis of one or more of the following objective criteria:

- Applicable regulatory requirements;
- The volume of investment in a unit class or in a sub-fund;
- The percentage that the investment volume represents relative to the size of the fund or unit class in question;
- The amount of costs generated;
- The date of the investment and/or the expected investment period;

- Support during the launch phase of a fund.

These quantitative criteria may be considered to be met by the cumulative investments held by investors using the same investment advisor.

At the investor's request, the fund management company will provide relevant information about rebates free of charge.

## **8.2 Remuneration and incidental costs charged to the fund assets (excerpt from § 19 of the fund contract)**

The fund management company charges the sub-funds an annual fee for the administration, asset management and marketing of the sub-funds, as well as the custodian, as follows:

For NCM Global Equity Selection:

- a maximum of 2% of the net asset value

For NCM Fixed Income Opportunities:

- a maximum of 2% of the net asset value

In addition to the management fee, the asset manager is entitled to a performance fee calculated on the basis of the net asset value of each unit class. The performance fee is due if the net asset value (before performance fee) is higher than the last net asset value for which a performance fee was payable ("high watermark").

The performance fee is a percentage of the outperformance. The performance fee and the necessary provisions are determined on the basis of the net asset value of the outstanding units of the relevant class. The performance fee is payable on an annual basis for the performance period in question. The amount due in respect of the performance fee is the sum of the provisions made over a year. In each case, the amounts accrued as performance fees are paid after the end of the financial year. When units are redeemed, any performance fee provision in respect of the units redeemed will be paid to the asset manager.

The performance of each sub-fund is the arithmetic difference between the net asset value per unit at the beginning and end of the period under review, expressed as a percentage.

High watermark: The highest net asset value at the end of a year of the performance period in respect of which a performance fee was payable.

The performance fee for the NCM Global Equity Selection sub-fund is 10%, paid annually.

The performance fee for the NCM Fixed Income Opportunities sub-fund is 5%, paid annually.

## **9. Information about the investment fund**

Further information about the investment fund is contained in the annual report.

If the fund contract is amended, the fund management company or custodian changes, or the investment fund is dissolved, the fund management company shall publish the information on the Swiss Fund Data AG web platform ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

The fund management company publishes the issue and redemption prices or the net asset value on the Swiss Fund Data AG platform ([www.swissfunddata.ch](http://www.swissfunddata.ch)). This publication is made voluntarily and may be stopped anytime without announcement by the fund management company, because the Swiss Financial Market Supervisory Authority FINMA has approved an exemption for this investment fund from the provisions relating to the obligation to publish the issue and redemption prices or the net asset value.

### FATCA:

The investment fund is registered with the US tax authorities as a "Qualified Collective Investment Vehicle" (QCIV) within the meaning of sections 1471 to 1474 of the US tax code (Foreign Account Tax Compliance Act, including related legislation – "FATCA").

If units of this investment fund are issued and redeemed abroad, the provisions applicable in that country shall apply.

Apart from the authorisation and supervision of FINMA, the fund is not registered with any foreign authority.

Units of this investment fund may not be offered, sold or delivered in the United States, its territories or possessions.

Units of this investment fund may not be offered, sold or delivered to US citizens or US residents and/or other natural or legal persons whose income and/or proceeds, regardless of their source, are subject to US income tax, as well as to persons considered to be US persons under Regulation S of the US Securities Act of 1933, as amended, and/or the US Commodity Exchange Act, as amended, or to persons who are subject to the provisions of FATCA.

## **10. Collateral strategy for derivatives transactions**

Counterparty risks may arise in transactions involving derivatives. To minimise these risks, the fund management company and the custodian may request collateral from the counterparties as security.

The following types of collateral are eligible:

- Shares, provided they are traded on a stock exchange or other market open to the public, have a high level of liquidity and are part of a relevant index.
- Listed ETFs in the form of securities funds, other traditional investment funds under Swiss law or UCITS, provided that they track a relevant index and physically replicate it. Swap-based and synthetically replicating ETFs are not permitted.
- Bonds, provided they are traded on an exchange or other market open to the public and the issuer has an investment grade credit rating. No rating is required for government bonds of the United States, Japan, the United Kingdom,

Germany (including federal states) and Switzerland (including cantons).

- Negotiable treasury bills and government-backed treasury bills, provided that the government or the issuer has an investment grade rating or they were issued by the United States, Japan, the United Kingdom, Germany (including the federal states) or Switzerland (including the cantons).
- Money market funds, provided they comply with the SFAMA guidelines for money market funds or the CESR guidelines for money market funds, a daily redemption facility is available and the investments are of high quality.
- Cash collateral, provided it is denominated in a freely convertible currency.

CCP derivatives transactions are always subject to collateral, the scope and amount of which are determined by the respective regulations of the CCP or clearing house.

For non-CCP derivative transactions, the fund management company or its agents may enter into collateralisation agreements with the counterparties. The value of the collateral exchanged must be at least equal to the replacement value of the outstanding derivative transactions at all times.

A haircut may be applied to the value of the various collateral components based on market volatility and the liquidity of the collateral. The following minimum haircuts (deduction in % of market value) apply to collateral:

- Listed shares and ETFs: 20% – 75%
- Government bonds (including treasury bills) issued or guaranteed by the United States, the United Kingdom, Japan, Germany or Switzerland (including the cantons): 3%
- Other government bonds (including treasury bills and commercial paper): 5%
- Corporate bonds: 6%
- Money market funds: 3%
- In cash if not in the fund currency: 5%
- In cash in the fund currency: 0%

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

Bank deposits at sight or short term, government bonds with a high credit rating, money market instruments with counterparties with a high credit rating and money market funds subject to the AMAS Directive or the CESR guidelines for money market funds. Cash collateral must always be reinvested in the same currency as the collateral received.

#### **Main risks associated with traditional funds**

NCM Global Equity Selection

- Concentration risk
- Counterparty risk
- Currency risk
- Default risk
- Exchange-traded derivatives risk

- Emerging market risk
- Hedging risk
- Equity market risk
- Investment fund risk
- Leverage risk
- Operational risk
- Small and mid-cap equity risk

NCM Fixed Income Opportunities

- Concentration risk
- Counterparty risk
- Currency risk
- Default risk
- Exchange-traded derivatives risk
- Emerging market risk
- Hedging risk
- High yield bond risk
- Investment fund risk
- Interest rate risk
- Leverage risk
- Operational risk
- Early redemption and extension risk

Counterparty risk. Counterparty risk arising from OTC investments in derivatives (including TRS) is generally mitigated by the transfer or pledging of collateral to the fund. In the event of a counterparty default, the fund may have to sell these non-cash collateral assets at prevailing market prices, in which case the fund may realise a loss. The fund may also incur a loss when reinvesting collateral received in cash due to a decline in the value of the investments made.

Risks related to investing in commodities. Commodity prices can be very volatile, in part because they can be affected by many factors, such as changes in interest rates, changes in supply and demand, extreme weather conditions, pandemics, trade policies and political and regulatory developments.

Concentration risk. To the extent that the fund invests a large proportion of its assets in a limited number of industries, sectors or issuers, or in a limited geographic area, it may be riskier than a fund that offers greater diversification. Where a fund invests a large proportion of its assets in a particular issuer, sector, type of bond, country or region, or in a series of closely interconnected economies, its performance will be more affected by any commercial, economic, financial, market or political conditions affecting the area of concentration. This can mean both greater volatility and greater risk of loss.

Counterparty risk. An entity with which the fund does business may be unwilling or unable to fulfil its obligations to the fund.

Credit risk. A bond or money market security can lose value if the issuer's financial circumstances deteriorate. If the financial circumstances of the issuer of a bond or money market security deteriorate, or if the market believes that they may deteriorate, the

value of the bond or money market security may be adversely affected. The lower the credit rating of the debt, the higher the credit risk. An individual issuer may default (see “Default risk”), even if ordinary conditions prevail in the general market.

**Currency risk.** Exchange rate fluctuations may reduce investment gains or increase investment losses, in some cases significantly. Exchange rates can change rapidly and unpredictably, and it may be difficult for the fund to reduce its exposure to a particular currency in time to avoid losses.

**Derivatives risk.** Some derivatives may behave unexpectedly or expose the fund to losses significantly greater than the cost of the derivative. Derivatives are generally very volatile and confer no voting rights. The price and volatility of many derivatives (particularly credit default swaps) may not strictly reflect the price or volatility of their underlying reference asset(s). In difficult market conditions, it may be impossible or impractical to place orders that would limit or offset market exposure or losses created by certain derivatives.

**OTC derivatives.** Given that OTC derivatives are, by definition, over-the-counter arrangements between the fund and one or more counterparties, they are less regulated than publicly traded securities. OTC derivatives involve greater counterparty risk and liquidity risk, and it may be more difficult to force a counterparty to honour its obligations to the fund. This counterparty default risk is limited by regulatory counterparty limits for OTC derivatives. Techniques to limit this risk can be put in place, including collateral policies and resets in contracts. If a counterparty ceases to offer a derivative that the fund had planned to use, the fund may not be able to find a comparable derivative elsewhere and may miss an opportunity for gain or be unexpectedly exposed to risks or losses, including losses from a derivative position for which it was unable to purchase an offsetting derivative. As it is generally not possible for the fund to spread its OTC derivative transactions across a wide variety of counterparties, deterioration in the financial health of any one counterparty could result in significant losses. Conversely, if a fund experiences even a temporary financial difficulty or fails to meet an obligation at a given time, counterparties may no longer be willing to deal with the fund, which could prevent the fund from operating in an optimal and competitive manner.

**Exchange-traded derivatives risk.** Although exchange-traded derivatives are generally considered less risky than OTC derivatives, there is always the risk that a suspension of trading in derivatives or their underlying assets could prevent the fund from realising gains or avoiding losses, which could result in a delay in processing share redemptions. There is also a risk that the unwinding of exchange-traded derivatives may not occur when or as expected.

**Payment default risk** Issuers of some bonds may not be able to make interest and principal payments on their issues.

**Emerging market risk.** Emerging markets are inherently less well structured than developed markets and therefore carry higher risks, including market, liquidity, currency and interest rate risks, as well as the risk of greater volatility. Reasons for this higher risk may include:

- political, economic or social instability
- fiscal mismanagement or inflationary policies
- adverse changes in regulations and laws and uncertainty as to their interpretation
- failure to enforce laws or regulations, or to recognise investor rights as understood in developed markets
- fees, transaction costs or excessive taxation, or outright confiscation of assets
- rules or practices that disadvantage foreign investors
- incomplete, misleading or inaccurate information about issuers of securities
- lack of uniform accounting, auditing and financial reporting standards
- manipulation of market prices by large investors
- arbitrary delays and market closures
- fraud, corruption and error

Emerging market countries may restrict foreign ownership of securities or have less regulated holding practices, making the fund more vulnerable to losses and less able to seek recourse. In countries where, either due to regulation or for efficiency reasons, the fund uses depositary receipts (negotiable certificates issued by the beneficial owner of the underlying securities), P-notes or similar instruments to gain investment exposure, the fund takes on risks that are not present with direct investment. These instruments involve counterparty risk (since they depend on the creditworthiness of the issuer) and liquidity risk, may trade at prices below the value of their underlying securities, and may not retain some of the rights (such as voting rights) that the fund would have if it owned the underlying securities directly. Since emerging markets are located in different time zones from Switzerland, the fund may not be able to react in a timely manner to price movements that occur during the hours when the sub-fund is not active. The emerging markets category includes markets that are less developed, such as most of Asia, Africa, South America and Eastern Europe, as well as countries that have prosperous economies but may not offer the same level of investor protection as exists, for example, in Western Europe, the United States and Japan.

**Equity risk.** Equities can lose value quickly and generally carry higher risks than bonds or money market instruments. If a company goes bankrupt or undergoes a similar financial restructuring, its shares may lose much or all of their value.

**Hedging risk.** Any hedging requirements (reduction or elimination of certain risks) may not work as intended and, to the extent that the necessary hedging is put in place, it generally eliminates the potential for gain and the risk of loss. Any measures taken by the sub-fund to offset specific risks may not work perfectly, may not be liquid at certain times or may fail completely. To the extent that no hedging is in place, the fund or share class

will be exposed to all the risks that hedging would have protected it from. The fund may engage in hedging transactions within its portfolio. For the designated equity classes, the sub-fund may hedge either the currency exposure of the class (in relation to the currency exposure of the portfolio or of the reference currency). Hedging involves costs, which reduce overall performance.

**High yield securities risk.** High yield debt securities involve special considerations and risks, including risks associated with international investments generally, such as currency fluctuations, risks of investing in countries with smaller capital markets, limited liquidity, price volatility and restrictions on foreign investment. Investment in high yield debt securities is subject to interest rate, currency, market, credit and security risks. Compared with investment grade bonds, high yield bonds are normally lower-rated securities and will generally offer higher yields to compensate for the lower credit quality of the issuer and therefore the higher risk of default that these securities carry.

**Interest rate risk.** When interest rates rise, the value of bonds generally falls. This risk is generally higher when the maturity of a bond investment is a long time away.

**Investment fund risk.** As with any investment fund, investing in the fund involves certain risks that an investor would not face if investing directly in the markets:

- other investors' decisions, particularly large withdrawals, could interfere with the orderly management of the fund and cause its net asset value to fall
- the investor cannot direct or influence how money is invested while it is invested in the fund
- the purchase or sale of securities by the fund may not be optimal for a particular investor from a tax perspective
- the fund is subject to various investment laws and regulations that restrict the use of certain securities and investment techniques that may enhance performance; to the extent that the fund decides to register in jurisdictions that impose more stringent limits, this decision may further limit its investment capabilities
- because the fund is based in Switzerland, the protections that would have been provided by other regulators (including, for investors outside Switzerland, those of their national regulator) may not apply
- as the fund's shares are not publicly traded, the only option for liquidating shares is generally redemption, which may be subject to time limits and any other redemption policies set by the fund
- to the extent that the fund invests in other funds, investors may incur a second layer of investment expenses, which will further erode investment gains
- the investment manager or its agents may at times find their obligations to the fund in conflict with their obligations to other investment portfolios they manage (although in such cases all portfolios are treated equally)

**Leverage risk** The net exposure of the fund above its net asset value makes the unit price more volatile.

**Operational risk** In any country, but especially in emerging markets, losses may occur due to errors, service interruptions or other failures, as well as fraud, corruption, electronic crime, instability, terrorism or other irregular events. Operational risks may expose the fund to errors in valuation, pricing, accounting, tax reporting, financial reporting and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected, it may be impossible to recover prompt and adequate compensation from those responsible.

**Early redemption and extension risk.** Any unexpected movement in interest rates may adversely affect the performance of callable debt securities (securities whose issuers have the right to redeem the principal amount of the security prior to maturity). When interest rates fall, issuers tend to redeem these securities and issue new ones at lower interest rates. When this happens, the fund may have no choice but to reinvest the money from these prepaid securities at a lower interest rate ("early redemption risk"). At the same time, when interest rates rise, borrowers tend not to repay their low-interest mortgages early. This may result in the fund receiving lower returns than the market until interest rates fall or the securities mature ("extension risk"). It may also mean that the fund must either sell the securities at a loss or forego the opportunity to make other investments that may perform better.

Prices and yields of callable securities generally reflect the assumption that they will be redeemed at some point prior to maturity. If this early redemption occurs at the expected time, the fund will generally not be adversely affected. However, if it happens much earlier or later than expected, it may mean that the fund has effectively overpaid for the securities. Other factors may also affect the timing of the early redemption of an individual security, including the presence or absence of any optional redemption and mandatory repayment features, the default rate of the underlying assets and the nature of any turnover of the underlying assets.

Early redemption and extension considerations may also affect the duration of the fund, increasing or decreasing interest rate sensitivity in undesirable ways. In some circumstances, the failure of rates to rise or fall at the expected time may also result in early redemption or extension risks.

**Small and mid-cap equity risk** Shares in small and medium-sized companies may be more volatile than those of large companies. Small and medium-sized enterprises often have fewer financial resources, shorter operating histories and less diversified business lines, making them more vulnerable to bankruptcy or other long-term or permanent business setbacks. Initial public offerings (IPOs) can be very volatile and difficult to evaluate due to the lack of transaction history and the relative lack of public information.

## Appendix

Volatility risk Changes in volatility patterns of the relevant markets may generate sudden and/or significant changes in the fund's unit price.





