

# JSS IF – Bonds CHF Foreign

**Investment fund incorporated under Swiss law  
(type “Other funds for traditional investments”)**

**Fund Contract**

**August 2024**



# Contents

## **Fund Contract**

- |       |   |                                     |
|-------|---|-------------------------------------|
| I.    | Basic principles  | <b>Error! Bookmark not defined.</b> |
| II.   | Rights and obligations of parties to the contract                         | <b>Error! Bookmark not defined.</b> |
| III.  | Investment policy guidelines  | <b>Error! Bookmark not defined.</b> |
| IV.   | Calculation of the net asset value, and the issue and redemption of units | <b>Error! Bookmark not defined.</b> |
|       | <b>defined.</b>   |                                     |
| V.    | Fees and incidental costs   | <b>Error! Bookmark not defined.</b> |
| VI.   | Financial statements and audit  | <b>Error! Bookmark not defined.</b> |
| VII.  | Appropriation of net income   | <b>Error! Bookmark not defined.</b> |
| VIII. | Publication of official notices by the Investment Fund                    | <b>Error! Bookmark not defined.</b> |
| IX.   | Restructuring and dissolution   | <b>Error! Bookmark not defined.</b> |
| X.    | Amendments to the Fund Contract   | <b>Error! Bookmark not defined.</b> |
| XI.   | Applicable law and jurisdiction   | <b>Error! Bookmark not defined.</b> |

## **Appendix**

- |     |   |                                     |
|-----|---|-------------------------------------|
| 1.  | General information on the Fund Management Company  | <b>Error! Bookmark not defined.</b> |
| 2.  | Delegation of investment decisions  | <b>Error! Bookmark not defined.</b> |
| 3.  | Delegation of other specific tasks  | <b>Error! Bookmark not defined.</b> |
| 4.  | Custodian bank and paying agents  | <b>Error! Bookmark not defined.</b> |
| 5.  | Audit firm  | <b>Error! Bookmark not defined.</b> |
| 6.  | Key data  | <b>Error! Bookmark not defined.</b> |
| 7.  | Terms for the issue and redemption of fund units  | <b>Error! Bookmark not defined.</b> |
| 8.  | Commissions and Costs   | <b>Error! Bookmark not defined.</b> |
| 9.  | Information on the Investment Fund  | <b>Error! Bookmark not defined.</b> |
| 10. | Sales restrictions  | <b>Error! Bookmark not defined.</b> |
| 11. | Collateral strategy within the scope of transactions involving derivative financial instruments | <b>Error! Bookmark not defined.</b> |
|     | <b>Bookmark not defined.</b>  |                                     |



## Part I Fund Contract

### I. Basic principles

#### § 1 Name of the Fund; name and registered office of the Fund Management Company, Custodian Bank and asset manager

1. A contractual fund of the “other funds for traditional investments” type has been established under the name of JSS IF – Bonds CHF Foreign (referred to below as the “Investment Fund”, or the “Fund”) in accordance with Art. 25 et seq. in conjunction with Article 68 et seq. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).
2. The Fund Management Company is J. Safra Sarasin Investmentfonds Ltd, Basel.
3. The Custodian Bank is Bank J. Safra Sarasin Ltd, Basel.
4. The Asset Manager is Bank J. Safra Sarasin Ltd, Basel.
5. The circle of investors is limited to qualified investors within the meaning of § 5.1 of this Fund Contract who have concluded an asset management mandate or have signed an advisory agreement with Bank J. Safra Sarasin Ltd. or one of its group companies or branches.
6. At the request of the Fund Management Company and the Custodian Bank, FINMA has exempted this Fund from the following provisions pursuant to Art. 10 para. 5 CISA:

- The obligation to prepare a semi-annual report;

FINMA has further exempted this Fund from the obligation to publish a prospectus in accordance with Art. 50 of the Financial Services Act of 15 June 2018 (FinSA).

7. In application of Art. 78 para. 4 CISA, FINMA has, at the request of the Fund Management Company and the Custodian Bank, exempted this Fund from the obligation to make deposits and withdrawals in cash. Instead of a prospectus, the Fund Management Company will provide the additional information to investors set out in the Appendix to this Fund Contract, including details of any delegation of investment decisions and certain other fund management tasks, as well as information on the Fund’s paying agents, distributors and audit firm. The Investor is entitled at any time to receive additional details and information about the Investment Fund from the Fund Management Company.

### II. Rights and obligations of parties to the contract

#### § 2 The Fund Contract

The legal relationship between the Investor<sup>1</sup>, on the one hand, and the Fund Management Company and the Custodian Bank, on the other, is governed by this Fund Contract and the applicable provisions of the legislation on collective investment schemes.

#### § 3 The Fund Management Company

8. The Fund Management Company manages the Fund at its own discretion and in its own name, but for the account of the Investors. In particular, it shall make all decisions relating to the issue of units, the transfer in of securities, the return of securities, the investments made and their valuation. It calculates the net asset value and determines the issue and redemption price of units, as well as distributions of income. It exercises all rights associated with the Investment Fund.
9. The Fund Management Company and its agents are subject to duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the Investors. They implement the organisational measures that are necessary for proper management. They account for the collective investment schemes they manage and provide information on all fees and costs charged directly or indirectly to Investors and on compensation received from third parties, in particular commissions, discounts or other pecuniary benefits.
10. The Fund Management Company may delegate investment decisions and specific tasks to third parties, provided that this is in the interests of proper management. It only commissions persons who have the necessary skills and authorisation for this activity. It carefully instructs and monitors the third parties involved. Investment decisions may only be delegated to asset managers who have the necessary authorisation. The Fund Management Company will remain responsible for the fulfilment of the supervisory duties and will safeguard the interests of the Investors when delegating tasks. The Fund Management Company is liable for the actions of persons to whom it has delegated tasks as if they were its own actions.
11. The Fund Management Company may, with the consent of the Custodian Bank, submit a change to this Fund Contract to the supervisory authority for approval (see § 27).
12. The Fund Management Company may, in accordance with the provisions set down under § 24, merge the Investment Fund with other investment funds or may, in accordance with the provisions set down under § 26, dissolve the Investment Fund.
13. The Fund Management Company is entitled to receive the fees stipulated in § 19 and § 20. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.

#### § 4 The Custodian Bank

1. The Custodian Bank is responsible for the safekeeping of the fund assets. It handles the issue and redemption of

<sup>1</sup>

fund units as well as payment transfers on behalf of the Investment Fund.

2. The Custodian Bank and its agents are subject to duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the Investors. They implement the organisational measures that are necessary for proper management. They account for the collective investment schemes they manage and provide information on all fees and costs charged directly or indirectly to Investors and on compensation received from third parties, in particular commissions, discounts or other pecuniary benefits.
3. The Custodian Bank is responsible for account and safekeeping account management on behalf of the Investment Fund, but does not have independent access to its assets.
4. The Custodian Bank ensures that, in the case of transactions relating to the assets of the Investment Fund, the countervalue is transferred within the usual time limit. It notifies the Fund Management Company if the countervalue is not remitted within the usual time limit and, where possible, requests reimbursement for the asset item concerned from the counterparty.
5. The Custodian Bank keeps the required records and accounts in such a manner that it is, at all times, able to distinguish between the assets held in safekeeping for the individual investment funds.  
In relation to assets that cannot be taken into safekeeping, the Custodian Bank verifies ownership by the Fund Management Company, and keeps a record thereof.
6. The Custodian Bank may entrust the safekeeping of the fund assets to third-party custodians and central securities depositories in Switzerland or abroad, provided that this is in the interests of proper safekeeping. The Custodian Bank verifies and monitors that the third-party custodian or central securities depository it appoints:
  - a) possesses an appropriate organisational structure, financial guarantees and the specialist qualifications required given the nature and complexity of the assets entrusted to it;
  - b) is subject to regular external audits, thereby ensuring that it possesses the financial instruments;
  - c) the assets received from the Custodian Bank are held in safekeeping in such a manner that by means of regular portfolio comparisons they can, at all times, be clearly identified as belonging to the fund assets;
  - d) complies with the provisions applicable to the Custodian Bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.

The Custodian Bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction,

and monitoring. The Appendix contains information on the risks associated with the delegation of safekeeping to third-party custodians and central securities depositories. In respect of financial instruments, the delegation of safekeeping in the sense of the previous paragraph may only be made to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the delegation of safekeeping to regulated third-party custodians and central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the Appendix about the safekeeping with non-regulated third-party custodians or central securities depositories.

7. The Custodian Bank ensures that the Fund Management Company complies with the law and the Fund Contract. It verifies that the calculation of the net asset value and of the issue and redemption prices of the units, as well as the investment decisions, are in compliance with the law and the Fund Contract, and that income is appropriated in accordance with the Fund Contract. The Custodian Bank is not responsible for the choice of investments which the Fund Management Company makes in accordance with the investment regulations.
8. The Custodian Bank is entitled to receive the fees stipulated in §§18 and 19. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.
9. The Custodian Bank is not responsible for the safekeeping of the assets of the target funds in which this Investment Fund invests, unless this task has been delegated to it.

#### § 5 Qualified Investors

1. "Qualified Investors" within the meaning of this Fund Contract are exclusively Investors pursuant to Art. 10 para. 3 and 3ter CISA.  
Furthermore, the investment fund is only open for subscription to investors who have concluded a discretionary asset management mandate or a specific agreement for the purpose of investment in this investment fund with Bank J. Safra Sarasin AG or one of its subsidiaries or affiliated companies. The Fund Management Company, together with the Custodian Bank, must ensure that Investors meet the criteria for Qualified Investors.
2. On concluding the contract and making a payment in cash, the Investor acquires a claim against the Fund Management Company in respect of participation in the Investment Fund's assets and income. Instead of a payment in cash and with the Fund Management

Company's permission, the Investor can make a contribution in kind in accordance with the provisions set out in § 17.7. This Investor's claim is evidenced in the form of fund units.

3. Investors are obliged only to remit payment for the units of the Fund they subscribe. They are not held personally liable for the liabilities of the Fund.
4. Investors may obtain information concerning the basis of the calculation of the net asset value per unit from the Fund Management Company at any time. If Investors assert an interest in more detailed information on specific business transactions effected by the Fund Management Company, such as the exercise of membership and creditors' rights, or on risk management or the transfer in/out of securities (see § 17), they must be given such information by the Fund Management Company at any time. The Investors may request before the courts of the registered office of the Fund Management Company that the audit firm or another expert investigate the matter which requires clarification and furnish the Investors with a report.
5. The Investors may terminate the Fund Contract at any time and demand that their share in the Investment Fund be paid out in cash. Instead of a withdrawal in cash and with the Fund Management Company's permission, the Investor can be granted a disbursement in kind in accordance with the provisions set out in § 17.7.
6. Upon request, the Investors are obliged to provide the Fund Management Company and/or the Custodian Bank and their agents with proof that they comply with or continue to comply with the conditions laid down in the law or the Fund Contract in respect of participation in the Investment Fund. Furthermore, they are obliged to inform the Custodian Bank, the Fund Management Company and their agents as soon as they cease to meet these conditions.
7. The Fund Management Company, in cooperation with the Custodian Bank, must make an enforced redemption of the units of an Investor at the current 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 or contractual preconditions for participation in this Investment Fund.
8. The Fund Management Company, in cooperation with the Custodian Bank, may also make an enforced redemption of the units of an Investor at the current redemption price if:
  - a) the participation of the Investor in the Investment Fund is such that it might have a significant detrimental impact on the economic interests of the other Investors, in particular if the participation might result in tax disadvantages for the Investment Fund in Switzerland or abroad;

- b) the Investor has acquired or holds their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present Fund Contract or of the Appendix;
- c) the financial interests of investors are affected, specifically in situations where, by carrying out systematic subscriptions followed immediately by redemptions, certain investors attempt to obtain price advantages by exploiting differences between the times at which the closing price is set and the Fund's net asset value is calculated (market timing practices).

## § 6 Units and unit classes

1. The Fund Management Company may establish different unit classes and may also merge or dissolve unit classes at any time subject to the consent of the Custodian Bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the Fund, which are not segmented. This share may differ owing to class-specific costs or distributions or class-specific income and the various classes may therefore have different net asset values per unit. The assets of the Investment Fund as a whole are liable for class-specific costs.
2. Notification of the creation, dissolution or merger of unit classes is published in the official medium of publication. Only mergers are deemed a change to the Fund Contract pursuant to § 26.
3. The various unit classes may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required, and investor eligibility.  
Fees and costs are charged only to that unit class for which the service in question is performed. Fees and costs that cannot be allocated unequivocally to a specific unit class are charged to the individual unit classes on a pro rata basis in relation to their share of the fund assets.
4. The investment fund is not divided into different unit classes.
5. Units do not take the form of actual certificates but will exist purely as book entries. Investors are not entitled to demand the delivery of a registered or bearer fund unit certificate.
6. The Custodian Bank and the Fund Management Company are obliged to instruct Investors who no longer meet the conditions for holding a unit class that, within 30 calendar days, they must redeem their units pursuant to § 17, transfer them to a person who does meet the aforementioned conditions, or convert them into units of another unit class whose conditions they do meet. If an Investor fails to comply with this demand, the Fund Management Company must, in cooperation with the Custodian Bank, make an enforced conversion into another unit class of this Investment Fund or, should this

not be possible, enforce the redemption of the units in question pursuant to § 5.7.

### III. Investment policy guidelines

#### A Investment Principles

##### § 7 Compliance with investment restrictions

1. In selecting individual investments the Fund Management Company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to fund assets at market value and must be complied with at all times.
2. If the limits are exceeded as result of market-related changes, the investments must be restored to the permitted level within a reasonable period, taking due account of the Investors' interests. If the limits relating to derivatives pursuant to § 12 below are exceeded as a result of a change in the Delta, this is to be rectified within three bank working days at the latest, taking due account of the Investors' interests.

##### § 8 Investment policy

1. The Fund Management Company may invest the assets of this Investment Fund in the following investments.
  - a) Securities, i.e. transferable securities issued on a large scale and non-securitised rights with the same function (uncertified securities) that are traded on an exchange or other regulated market open to the public, and that embody a participation right or claim, or the right to acquire such securities and uncertified securities by way of subscription or exchange, for example warrants.

Investments in securities from new issues are permitted only if their terms of issue provide for their admission to an exchange or other regulated market open to the public. If they have not been admitted to an exchange or other regulated market open to the public within one year after their acquisition, these securities must be sold within one month or included under the restriction set down in paragraph 1 e).
  - b) Derivatives, if (i) the underlyings are securities as defined in a); derivatives as defined in b); units in collective investment schemes as defined in c); financial indices, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the Fund Contract. Derivatives are either traded on an exchange or other regulated market open to the public, or are traded OTC;

OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specialising in such transactions; and (ii) the OTC derivatives can be traded daily or a return to the issuer is possible at any time. In addition, it must be

possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.

- c) Units of other collective investment schemes (target funds), provided that (i) their documents restrict investments for their part in other target funds to a total of 10%; (ii) these target funds are subject to provisions equivalent to those pertaining to securities funds in respect of the object, organisation, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money market instruments, the issuing and redemption of fund units and the content of the semi-annual and annual reports; and (iii) these target funds are authorised as collective investment schemes in their country of domicile and are subject there to supervision which is equivalent to that in Switzerland and which serves to protect Investors, and that international administrative assistance is ensured.

Subject to the provisions of § 19, the Fund Management Company may acquire units in target funds managed directly or indirectly by the Fund Management Company itself or by a company to which the Fund Management Company is related by virtue of common management or control, or by a significant direct or indirect interest.
  - d) Money-market instruments, provided these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public. Money-market instruments which are not traded on an exchange or other regulated market open to the public may be acquired only if the issue or the issuer is subject to provisions regarding creditor or investor protection and if the money-market instruments are issued or guaranteed by issuers pursuant to Article 74 paragraph 2 CISO.
  - e) Investments other than those specified in a) to d) above up to a total of 10% of the fund assets. The following are not permitted: (i) investments in precious metals, precious metals certificates, commodities and commodity certificates as well as (ii) real short-selling of any type of investment.
14. The investment policy of this Fund is geared towards the Swiss Bond Index Foreign AAA-BBB (SBI Domestic AAA-BBB), which serves as the benchmark index and which the Fund aims to outperform in the long term.
  15.
    - a) The Fund Management Company may invest at least two thirds of the fund assets (after deducting liquid assets) in:
      - aa) CHF-denominated bonds, notes and other fixed- or variable-rate debt securities and debt rights issued by Swiss public-sector and private debtors;



ab) Units in other collective investment schemes that invest their assets in accordance with the guidelines of this Investment Fund or parts thereof as reflected in their documents.

In the case of investments in other collective investment schemes, the Fund Management Company will ensure that on a consolidated basis at least two thirds of the fund assets are invested in investments indicated in paragraph aa) above.

- b) The credit rating of investments in notes and other fixed- or variable-rate debt securities and debt rights issued by private debtors must qualify as investment grade.
- c) In addition, the Fund Management Company may, without prejudice to paragraph d), invest up to a third of the fund assets, after deducting liquid assets, in:
- ca) Fixed- or variable-rate debt securities and debt rights that do not meet the requirements specified above;
  - cb) Convertible bonds, bonds with warrants and warrant certificates on said investments;
  - cc) Equities and other participating securities;
  - cd) Derivative instruments pursuant to 1 b);
  - ce) Units in other collective investment schemes that do not meet the requirements cited in point 3 ab);
  - cf) Money-market instruments pursuant to 1 d) denominated in the Fund's reference currency or in another currency, originating from issuers worldwide.
- d) In addition, the Fund Management Company shall comply with the investment restrictions below that relate to the fund assets after deducting liquid assets:
- No more than 25% in convertible bonds, convertible notes and bonds with warrants;
  - No more than 5% in equities and other participating securities and rights
  - No more than 20% in other collective investments with a similar investment policy;
  - No more than 10% overall may be invested in derivatives (including warrants).

16. The Fund Management Company will ensure appropriate liquidity management.

### § 9 Liquid assets

The Fund Management Company may also hold liquid assets in an appropriate amount in the Investment Fund's accounting currency and in any other currency in which investments are permitted. Liquid assets comprise sight and time deposits with maturities up to 12 months.

## B Investment techniques and instruments

### § 10 Securities lending

The Fund Management Company does not engage in securities lending transactions.

### § 11 Repurchase Agreements

The Fund Management Company does not engage in securities repurchase agreements.

### § 12 Derivatives

1. The Fund Management Company may use derivatives. It ensures that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the present Fund Contract and that it does not change the investment character of the Investment Fund. Furthermore, the underlyings of the derivatives must be permissible investments according to this Fund Contract. In connection with collective investment schemes, derivatives may only be used for the purposes of currency hedging. The hedging of market, interest rate and credit risks in the case of collective investment schemes is unaffected, provided that the risks can be clearly determined and measured.

17. The Commitment II approach is used in measuring risk. The overall exposure of this Investment Fund that is associated with derivatives may therefore not exceed 100% of its net assets, and overall exposure may not exceed a total of 200% of its net assets. Taking into account the possibility of temporary borrowing amounting to no more than 25% of the Fund's net assets pursuant to § 13.2, the overall exposure of the Investment Fund may be up to 225% of the Fund's net assets. The total exposure is determined in accordance with Article 35 CISO-FINMA.

18. The Fund Management Company may, in particular, use basic forms of derivatives 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 sign (+ or -), credit default swaps (CDS), swaps, the payments of which 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 future and forward transactions, the value of which is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives.

19. a) Offsetting positions in derivatives of the same underlying as well as offsetting positions in derivatives and in investments of the same underlying may be offset against each other irrespective of the expiry of the derivatives ("netting") if the derivative transaction was concluded for the

sole purpose of eliminating the risks associated with the acquired derivatives or investments, the material risks are not neglected in the process and the attributable amount of the derivatives is determined in accordance with Article 35 CISO-FINMA.

- b) If, in the case of hedging transactions, the derivatives do not relate to the same underlying asset as the asset to be hedged, then in addition to the rules in point (a), the requirements that the derivative transactions must not be based on an investment strategy that serves to generate a profit must be fulfilled for offsetting purposes ("hedging"). In addition, the derivative must lead to a verifiable reduction in risk, the risks of the derivative must be offset, the derivatives, underlyings or assets to be offset must relate to the same class of financial instruments and the hedging strategy must be effective even under exceptional market conditions.
  - c) In the case of a predominant use of interest rate derivatives, the amount to be counted towards the total exposure from derivatives may be determined by means of internationally recognised duration netting rules, provided that the rules lead to a correct determination of the risk profile of the Investment Fund, the material risks are taken into account, the application of these rules does not lead to an unjustified leverage effect, no interest arbitrage strategies are pursued and the leverage effect of the Investment Fund is not increased either by applying these rules or by investing in short-term positions.
  - d) Derivatives that are used purely to hedge foreign currency risks and do not lead to leverage or involve additional market risks may be offset in the calculation of the total exposure from derivatives without the requirements under point (b).
  - e) Payment obligations in respect of derivatives must be covered at all times by near-money assets, debt securities and rights, or equities that are traded on an exchange or other regulated market open to the public, in accordance with the legislation on collective investment schemes.
  - f) If the Fund Management Company enters into an obligation to physically deliver an underlying with a derivative, the derivative must be covered with the corresponding underlyings or with other investments if the investments and the underlyings are highly liquid and can be acquired or sold at any time in the event of a required delivery. The Fund Management Company must always have unlimited access to these underlying assets or investments.
20. The Fund Management Company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments

on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading.

21.

- a) The Fund Management Company may conclude OTC transactions only with regulated financial intermediaries specialised in such types of transactions that ensure proper execution of the contract. If the counterparty is not the Custodian Bank, the former or the guarantor must have a high credit rating.
- b) It must be possible reliably and verifiably to value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
- c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time based on the market value of the underlyings, using appropriate valuation models that are recognised in practice. Before concluding a contract for such a derivative, specific offers must be obtained from at least two counterparties, whereby the contract must be concluded with the counterparty that submits the best offer in terms of price. Deviations from this principle are permissible for reasons of risk diversification or if other contractual components such as the counterparty's creditworthiness or range of services make another offer appear more advantageous overall for the Investors. Furthermore, the solicitation of offers from at least two possible counterparties may be waived as an exception if this is in the best interest of the Investors. The reasons for this as well as the conclusion of the contract and the price determination will be documented in a comprehensible manner.
- d) The Fund Management Company or its agents may only accept collateral within the scope of an OTC transaction that meets the requirements pursuant to Article 51 CISO-FINMA. The issuer of the collateral must have a high credit rating and the collateral must not be issued by the counterparty or by a company belonging to or dependent on the group of the counterparty. The collateral must be highly liquid, traded at a transparent price on a stock exchange or another regulated market open to the public and valued at least daily. In managing the collateral, the Fund Management Company or its agents must comply with the obligations and requirements pursuant to Article 52 CISO-FINMA. In particular, they must adequately diversify the collateral in terms of countries, markets and issuers, whereby adequate diversification of issuers is deemed to have been achieved if the collateral held by a single issuer does not correspond to more than 20% of the net asset value. Exceptions for publicly guaranteed or issued investments pursuant to

Article 83 CISO are unaffected. Furthermore, the Fund Management Company or its agents must be able to obtain the power of disposal and the authority to dispose of the collateral received in the event of default by the counterparty at any time and without involving the counterparty or obtaining its consent. The collateral received will be held in custody at the Custodian Bank. The collateral received may be held in custody on behalf of the Fund Management Company with a regulated third-party custodian if ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

22. In complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives must be factored in in accordance with the legislation on collective investment schemes.

### § 13 Borrowing and lending

1. The Fund Management Company may not grant loans for the Fund's account.
2. The Fund Management Company may borrow the equivalent of up to 25% of the Fund's net assets on a temporary basis.

### § 14 Encumbrance of the fund assets

1. No more than 60% of the Fund's net assets may be pledged or ownership thereof transferred as collateral by the Fund Management Company at the expense of the Investment Fund.
2. The fund assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

## C Investment restrictions

### § 15 Risk diversification

1. The regulations on risk diversification must include the following:
  - a) Investments pursuant to § 8, with the exception of index-based derivatives as long as the index is sufficiently diversified and representative of the market to which it relates and sufficiently publicised;
  - b) liquid assets pursuant to § 9;
  - c) Claims against counterparties arising from OTC transactions.
2. Companies which form a group in accordance with international accounting standards are deemed to be a single issuer.
3. The Fund Management Company may invest a maximum of 10% of the fund assets, including derivatives and structured products, in securities and money market instruments of the same issuer. The total value of the securities and money market instruments of issuers in which more than 5% of the fund assets are invested may

not exceed 40% of the fund assets. The provisions under point 4 and 5 below remain reserved.

4. The Fund Management Company may invest up to a maximum of 20% of the fund assets in sight and time deposits held with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 must be included in this limit.
5. The Fund Management Company may invest up to a maximum of 5% of the fund assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is raised to 10% of the fund assets.
6. If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets in accordance with Article 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.
7. Investments, deposits and claims pursuant to points 3 to 5 above from the same issuer/borrower may not, in total, exceed 20% of the fund assets. This does not affect the higher limits set out in points 12 and 13 below.
8. Investments pursuant to point 3 above with the same group of companies may not, in total, exceed 20% of the fund assets. This does not affect the higher limits set out in points 12 and 13 below.
9. The Fund Management Company may invest up to a maximum of 20% of the fund assets in units in the same target fund.
10. The Fund Management Company may not acquire any participation rights that in total represent more than 10% of the voting rights or that allow it to exert significant influence on the management of an issuer.
11. The Fund Management Company may acquire for the fund assets up to a maximum of 10% of non-voting participating securities, debt instruments and/or money market instruments of the same issuer, as well as up to a maximum of 25% of the units in other collective investment schemes. These restrictions do not apply if the gross amount of the debt instruments, money-market instruments or the units in other collective investment schemes cannot be calculated at the time of the acquisition.
12. The restrictions in points 9 and 10 above do not apply in the case of securities and money market instruments that are issued or guaranteed by a country or a public-law entity from the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.
13. The limit in point 3 above is increased from 10% to 35% if the securities or money-market instruments are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs. The aforementioned securities or money-market instruments will not be taken into account in the

application of the 40% limit pursuant to point 3. However, the individual limits specified in points 3 and 5 may not be added to the existing limit of 35%.

The limit in point 3 above is increased from 10% to 100% if the securities or money-market instruments are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organisation to which Switzerland or a member state of the European Union belongs. In this case, the Investment Fund must invest in securities or money-market instruments from at least six different issues; no more than 30% of the fund assets may be invested in securities or money-market instruments from the same issue. The aforementioned securities or money-market instruments will not be taken into account in the application of the 40% limit pursuant to point 3.

The aforementioned authorised issuers/guarantors are: OECD countries;

Public-sector organisations: International Bank for Reconstruction and Development (IBRD), Inter-American Development Bank (IADB), Asian Development Bank (ADB), African Development Bank (AFDB), International Finance Corp. (IFC), Eurofima, Council of Europe (COE), European Investment Bank (EIB), European Union (EU); State-guaranteed: Kreditanstalt für Wiederaufbau (KfW), Treuhandanstalt, Autobahn Schnellstrassen Finanzierungs AG (ASFINAG), Österreichische Kontrollbank (OeKB), Kansai International Airport Co, Yokohama City, Development Bank of Japan, Trans-Tokyo Bay Highway, Japan Highway Public Corp., Export-Import Bank Japan, Tokyo Electric Power, Kobe, Japan Finance Corp., Instituto Credito Oficial (ICO).

#### IV. Calculation of the net asset value, and the issue and redemption of units

##### § 16 Calculation of the net asset value

1. The net asset value of the Investment Fund is calculated in Swiss francs (CHF) at the market value as at the end of the financial year and for each day on which units are issued or redeemed. The fund assets will not be calculated on days on which the exchanges / markets in the Fund's main investment countries are closed (e.g. bank and stock exchange holidays).
2. Securities traded on an exchange or other regulated market open to the public are to be valued at the current prices paid on the main market. Other investments or investments for which no current price is available are to be valued at the price that would probably have been obtained in a diligent sale at the time of the estimate. In such cases, the Fund Management Company will use appropriate and recognised valuation models and principles to determine the market value.
3. Open-ended collective investment schemes are valued at their redemption price or net asset value. If they are regularly traded on an exchange or other regulated market

open to the public, the Fund Management Company may value them in accordance with point 2.

4. The value of money-market instruments that are not traded on an exchange or other regulated market open to the public is determined as follows: The valuation price of such investments is gradually adjusted in line with the repayment price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in market conditions, the valuation principles for individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, calculations are, as a rule, based on the valuation of money-market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).
5. The net asset value of a unit represents the market value of the Fund's assets, less any liabilities of the Fund, divided by the number of units in circulation. It is rounded up to one centime (CHF 0.01).

##### § 17 Issue and redemption of units

1. Subscription and redemption orders for units will be accepted on the order day up to a certain cut-off time specified in the Appendix. The definitive price of the units for the issues and redemptions is determined at the earliest on the bank working day following the day the order is placed (valuation day). This is referred to as "forward pricing". The details are set out in the Appendix.
2. The issue and redemption price of units is based on the net asset value per unit, calculated pursuant to § 16 on the valuation day on the basis of the closing prices from the previous day. At the time of issue, the average incidental costs (standard brokerage charges, fees, taxes etc.) arising for the Fund as a result of the investment of the paid-in sum, are added to the net asset value. In the case of unit redemptions, the incidental costs incurred in connection with the sale of a redeemed portion of investments will be deducted from the net asset value. The rate actually applied is set out in the Appendix. No issue or redemption commission is charged for this Fund.
3. The Fund Management Company may suspend the issue of units at any time, and may reject applications for the subscription or conversion of units.
4. The Fund Management Company may, temporarily and by way of exception, defer repayment in respect of fund units in the interests of all Investors:
  - a) if a market which forms the basis of the valuation of a significant proportion of the fund assets is closed, or if trading on such a market is restricted or suspended;
  - b) in the event of a political, economic, military, monetary or other emergency;
  - c) if, owing to exchange controls or restrictions on other asset transfers, the Fund is no longer able to transact its business;

- d) in the event of large-scale redemptions that might significantly impair the interests of the remaining Investors.
5. The Fund Management Company will immediately inform the audit firm and the supervisory authority of any decision to defer redemptions. It must also inform the Investors in a suitable manner.
  6. No units will be issued for as long as repayments in respect of units are deferred for the reasons stipulated under point 4 a) to c).
  7. At the investor's request, the Fund Management Company may allow listed securities to be deposited in lieu of cash ("contribution in kind") when making a subscription, or, on cancellation of the Fund Contract, may arrange for the payout to be made in the form of assets belonging to the fund in place of cash ("redemption in kind"). The request must be made when making the application for the subscription or redemption of units. The Fund Management Company is not obliged to permit contributions in kind or disbursements in kind. The Fund Management Company alone decides on contributions or disbursements in kind and only approves such transactions if the execution of the transactions is fully in line with the investment policy of the fund and the interests of the other investors are not adversely affected.
  8. Any costs incurred in association with transfers in/out of securities may not be charged against the Fund's assets.
  9. The Fund Management Company draws up a report listing the individual transfers in and out of securities, showing details of their price on the date of transfer, the number of units exchanged in return and any settlement of fractions made in cash. The Custodian Bank checks that the Fund Management Company respects its duty of loyalty in every case and at the same time monitors the calculation of the value of the securities being transferred in/out, based on the relevant reporting date. The Custodian Bank shall immediately notify the audit firm of any reservations or objections.

Transactions involving contributions in kind and disbursements in kind must be mentioned in the annual report.

## V. Fees and incidental costs

### § 18 Fees and incidental costs charged to the Investor

1. No commission is charged on the issue or redemption of fund units (see § 17).
2. Upon issuing and redeeming units, the Fund Management Company also charges to the Fund's assets the average incidental costs arising for the Fund as a result of the investment of the paid-in sum or costs from the sale of redeemed units (see § 17 point 2). The rate actually applied is set out in the Appendix.
3. For payments in connection with the liquidation of the Fund, the Custodian Bank may charge the Investor a commission not exceeding 0.5% of the net asset value of the units.

### § 19 Fees and incidental costs charged to the fund assets

1. For the management of the Fund and to cover the costs incurred, the Fund Management Company will charge the Fund an all-in fee of maximum 0.12% p.a. and minimum 0.02% of the fund assets, to be charged to the fund assets on a pro rata basis each time the net asset value is calculated and paid at the end of each quarter (all-in management fee).  
Information on the rates actually charged for the all-in management fee may be found in the annual report.  
In return, the fund management company bears all costs connected with the management of the Fund that are not covered by Bank J. Safra Sarasin Ltd as part of an asset management mandate according to para. 3 below, as well as:
  - a) annual fees and costs for the registration and supervision of the fund in Switzerland and abroad;
  - b) other fees charged by the supervisory authorities;
  - c) Printing the Fund Contracts incl. Appendix, as well as the annual report;
  - d) Publication of notices to Investors;
  - e) Fees paid to the audit firm.
2. Costs incurred by the Custodian Bank in providing its services, such as the safekeeping of the Fund's assets, payments clearance, the other tasks mentioned in § 4 and any costs incurred in connection with the delegation of investment decisions to Bank J. Safra Sarasin Ltd (management fee, brokerage fees, etc.) are covered by the remuneration paid to Bank J. Safra Sarasin Ltd under a separate asset management agreement, or a specific agreement for investing in this Fund, which also forms the basis for the full or partial investment of the entrusted assets in this particular investment fund (see also I. § 1 (2) of this Fund Contract). This compensation is levied by Bank J. Safra Sarasin Ltd at the end of each quarter pro rata temporis on the basis of the average net asset value during the preceding three months and amounts to a maximum of 1.5% p.a. This is a so-called third-party fee. The asset management commission effectively applied is shown on a quarterly basis in the Custodian Bank statements.
4. The following remuneration and incidental costs of the Fund Management Company and the Custodian Bank, which are additionally charged to the fund assets, are not included in the all-in management fee:
  - a) Costs for the purchase and sale of investments, namely standard brokerage fees, commissions, clearing and settlement costs, bank charges, taxes and duties, as well as costs for the review and maintenance of quality standards for physical investments. These costs will be offset directly against the stated acquisition or saleable value of the investments in question.

- b) all costs incurred through any extraordinary steps taken to safeguard the interests of Investors by the Fund Management Company, asset manager or Custodian Bank.
  - c) Costs of registration or renewal of the Legal Entity Identifier with domestic or foreign registration agents;
  - d) Fees and expenses for the purchase and use of data and data licences, provided they can be attributed to the Fund and do not constitute research costs
  - e) Fees and expenses for the use and review of the use of independent labels.
3. The management fee of the target funds invested in must not exceed 3%, taking into account any retrocessions and rebates. Details of the maximum management fee for target funds invested in, taking into account any retrocessions and rebates, must be provided in the annual report.
  4. If the Fund Management Company acquires units in other collective investment schemes that are managed directly or indirectly by the Fund Management Company itself or a company to which it is related by virtue of common management or control or by a significant direct or indirect interest ("related target funds"), it may not charge any issuing or redemption commissions of the related target funds to the Investment Fund.

## VI. Financial statements and audit

### § 20 Financial statements

1. The Fund's accounting currency is the Swiss franc (CHF).
2. The financial year runs from 1 November to 31 October.
3. The Fund Management Company publishes an audited annual report for the Investment Fund within four months of the end of the financial year.
4. The Investor's right to obtain information under § 5.4 is reserved.

### § 21 Verification

The audit firm examines whether the Fund Management Company and the Custodian Bank have complied with the statutory and contractual provisions, and with the code of conduct of the Asset Management Association Switzerland. The annual report contains a short report by the audit firm on the published annual financial statements.

## VII. Appropriation of net income

### § 22

1. The net income of the Investment Fund is distributed annually to the Investors in the Fund's accounting currency, Swiss francs (CHF) within four months of the close of the financial year.  
The Fund Management Company may make additional interim distributions from the income.

Up to 30% of the net income may be carried forward to the new account. A distribution may be waived and the entire net income may be carried forward to the new account if

- the net income in the current financial year and income carried forward from previous financial years of the collective investment scheme is less than 1% of the net asset value of the collective investment scheme, and
  - the net income in the current financial year and income carried forward from previous financial years of the collective investment scheme is less than 1% of the net asset value of the collective investment scheme, and
2. 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. Publication of official notices by the Investment Fund

### § 23

1. The medium of publication of the Investment Fund is the print medium or electronic medium specified in the Appendix. Notification of any change in the medium of publication must be published in the medium of publication.
2. The following information must, in particular, be published in the medium of publication: summaries of material amendments to the Fund Contract, indicating the offices from which the amended wording may be obtained free of charge; any change of Fund Management Company and/or Custodian Bank; the creation, dissolution or merger of unit classes; and the liquidation of the Investment Fund. Amendments that are required by law that do not affect the rights of Investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.
3. Information on the publication of the issue and redemption prices and the net asset value is provided in the Appendix to this Fund Contract.
4. The Fund Contract with Appendix and the respective annual reports can be obtained free of charge from the Fund Management Company, the Custodian Bank and all distributors.

## IX. Restructuring and dissolution

### § 24 Mergers

1. Subject to the consent of the Custodian Bank, the Fund Management Company may merge funds by transferring the assets and liabilities as at the time of the merger of the fund(s) being acquired to the acquiring fund. The Investors of the fund(s) being acquired will receive the corresponding number of units in the acquiring fund. The fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the Fund

Contract of the acquiring fund will also apply for the fund(s) being acquired.

2. Investment funds may be merged only if:
  - a) provision for this is made in the relevant fund contracts;
  - b) they are managed by the same fund management company;
  - c) the relevant fund contracts essentially correspond in terms of the following provisions:
    - the investment policy, investment techniques, risk diversification, and the risks associated with the investment,
    - the appropriation of net income and capital gains from the sale of assets and rights,
    - the type, amount and calculation of all fees, issue and redemption commissions, and the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund assets or to the Investors,
    - the redemption conditions,
    - the duration of the contract and the conditions of dissolution;
  - d) the assets of the funds concerned 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 either the Investment Fund or the Investors.

The provisions of § 19 para. 4 (b) and (e) are unaffected.
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the investment funds involved.
4. At least one month before the planned publication, the Fund Management Company must submit the proposed changes to the Fund Contract, and the proposed merger, as well as the merger schedule to the supervisory authority for review. The merger schedule must contain information on the reasons for the merger, the investment policies of the funds involved and any differences between the acquiring fund and the fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds, as well as a statement from the audit firm responsible in accordance with the legislation on collective investment schemes.
5. The Fund Management Company must publish a notice of the proposed changes to the Fund Contract pursuant to § 23.2 and the proposed merger and its timing, as well as the merger schedule, at least two months before the planned date of merger in the medium/media of publication of the funds in question. In this notice, the Fund Management Company must inform the Investors that they may lodge objections to the proposed changes to the Fund Contract with the supervisory authority within 30 days of the last publication or notification, or request

redemption of their units in cash or as a disbursement in kind pursuant to § 17.7.

6. The audit firm must check directly that the merger is being carried out correctly, and must submit a report containing its comments in this regard to the Fund Management Company and the supervisory authority.
7. The Fund Management Company must inform the supervisory authority of the conclusion of the merger, and publish notification of the completion of the merger, confirmation from the audit firm of the proper execution of the merger, and the exchange ratio, without delay in the medium/media of publication of the funds involved.
8. The Fund Management Company will notify the merger in the next annual report of the acquiring fund. 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 fund(s) being acquired.

#### **§ 25 Duration of the Investment Fund and dissolution**

1. The investment fund is established for an indefinite period.
2. The Fund Management Company or the Custodian Bank may dissolve the Fund by terminating the Fund Contract without notice.
3. The Investment Fund may be dissolved by order of the supervisory authority, in particular, if it does not have net assets of at least 5 million Swiss francs (or the equivalent).
4. The Fund Management Company must inform the supervisory authority of the dissolution immediately and must publish notification in the medium of publication.
5. Once the Fund Contract has been terminated, the Fund Management Company may liquidate the Fund forthwith. If the supervisory authority has ordered the dissolution of the Investment Fund, it must be liquidated forthwith. The Custodian Bank is responsible for the payment of liquidation proceeds to the Investors. If the liquidation proceedings are protracted, payment may be made in instalments. The Fund Management Company must obtain authorisation from the supervisory authority prior to the final payment.

#### **X. Amendments to the Fund Contract**

##### **§ 26**

If any amendments are to be made to the present Fund Contract, or if the merger of unit classes or a change of Fund Management Company or of Custodian Bank is planned, Investors may lodge objections with the supervisory authority within 30 days of the last publication or notification. In the publication, the Fund Management Company must inform the Investors about which amendments to the Fund Contract are covered by FINMA's verification and check for compliance with the law. In the event of a change to the Fund Contract (including the merger of unit classes) the Investors may also demand the redemption of their units in cash subject to the contractual

## Part I Fund Contract

period of notice. Exceptions in this regard are cases pursuant to § 23.2 that have been exempted from the duty to publish with the approval of the supervisory authority.

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

#### **§ 27**

1. The Investment Fund is subject to Swiss law, in particular the Swiss 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.
2. The place of jurisdiction is the registered office of the Fund Management Company.
3. The German version is binding in all matters of interpretation relating to this Fund Contract.

4. This Fund Contract takes effect on 15 May 2024.
5. The present Fund Contract replaces the Fund Contract dated 18 July 2022.
6. When approving the Fund Contract, FINMA verifies only the provisions pursuant to Article 35a paragraph 1 letters a) – g) CISO and ensures their compliance with the law.

The Fund Management Company:

**J. Safra Sarasin Investmentfonds Ltd, Basel**

The Custodian Bank:

**Bank J. Safra Sarasin AG, Basel**



## Appendix

### 1. General information on the Fund Management Company

J. Safra Sarasin Investmentfonds Ltd is responsible for the management of the Fund. The Fund Management Company, which is domiciled in Basel, has been active in the fund business since its formation in 1993.

The amount of the subscribed share capital of the Fund Management Company as at 31 December 2023 is CHF 4 million. The share capital is divided into registered shares and is fully paid up. J. Safra Sarasin Investmentfonds Ltd is a wholly-owned subsidiary of J. Safra Sarasin Holding Ltd, to which Bank J. Safra Sarasin Ltd also belongs.

The composition of the Board of Directors is:

Oliver Cartade (Chairman), Member of the Executive Committee of Bank J. Safra Sarasin Ltd, Basel

Urs Oberer (Vice-Chairman), Managing Director Bank J. Safra Sarasin Ltd, Basel

Daniel Graf, Managing Director Bank J. Safra Sarasin Ltd, Basel  
Jan Stig Rasmussen

The Management consists of:

Michaela Imwinkelried, Managing Director

Sarah Saade, Executive Director

Elvan Sahin, Executive Director

Valter Rinaldi, Executive Director

Pinar Tiniç, Director

As of 31 December 2023, the Fund Management Company managed a total of 16 collective investment schemes in Switzerland, with assets under management totalling CHF 2,884 billion.

The Fund Management Company is registered with the US tax authorities as a Participating Foreign Financial Institution (PFFI) pursuant to Sections 1471 – 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the relevant directives, "FATCA") (GIIN: IPRKWG.00010.ME.756).

J. Safra Sarasin Investmentfonds Ltd, Wallstrasse 9, P.O. Box, CH-4002 Basel

### 2. Delegation of investment decisions

Investment decisions in respect of the Fund are delegated to Bank J. Safra Sarasin Ltd, Basel.

Bank J. Safra Sarasin Ltd has many years of experience in constructing, managing and administering portfolios. Precise details of how its remit is to be fulfilled are laid down in an asset management agreement between J. Safra Sarasin Investmentfonds Ltd and Bank J. Safra Sarasin Ltd.

### 3. Delegation of other specific tasks

The Fund's accounts are handled by CACEIS Bank, Montrouge, Zurich branch / Switzerland, which has many years of experience in bookkeeping for investment funds and

securities. Precise details of how its remit is to be fulfilled are laid down in the agreement between J. Safra Sarasin Investmentfonds Ltd and CACEIS Bank, Montrouge, Zurich branch / Switzerland.

### 4. Custodian Bank and paying agents

#### 4.1 Custodian bank

The Custodian Bank is Bank J. Safra Sarasin Ltd, Basel. It is a Swiss private bank with offices in Europe, Asia, the Middle East and Latin America. The bank is active mainly in the field of investment advisory, asset management for private and institutional clients, securities account management, the granting of loans, the execution of securities transactions and investment fund business. Its services also extend to investment foundations, corporate finance and market making. The Custodian Bank may transfer the safekeeping of the fund assets to third-party custodians and central securities depositories in Switzerland or abroad, provided that this is in the interests of proper safekeeping. The use of third-party custodians and central securities depositories means that deposited securities are no longer owned solely by the Fund Management Company, which instead becomes only a co-owner. If the third-party custodians and central securities depositories are not subject to regulation, they are unlikely to satisfy the organisational requirements that Swiss banks have to meet.

The Custodian Bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction, and monitoring. In respect of financial instruments, the delegation of safekeeping in the sense of the previous paragraph may only be made to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the delegation of safekeeping to regulated third-party custodians and central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question.

The Custodian Bank is registered with the US tax authorities as a Participating Foreign Financial Institution (PFFI) pursuant to Sections 1471 – 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the relevant directives, "FATCA") (GIIN: IPRKWG.00000.LE.756).

Bank J. Safra Sarasin Ltd, Custodian Bank Supervision, Elisabethenstrasse 62, 4051 Basel

#### 4.2 Paying agents

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

### 5. Audit firm

The audit firm is Deloitte AG, Zurich.

## 6. Key data

Swiss security number	1 957 806
Listing	None
Financial year	1 November to 31 October
Term	unlimited
Accounting currency	Swiss franc (CHF)
Units	Registered units (managed as book securities)

Investment policy of the Fund see § 8 of the Fund Contract  
 Benchmark index Swiss Bond Index® Foreign AAA-BBB

(The Swiss Bond Index® is a registered brand of SIX Swiss Exchange AG.)

Min. amount for initial subscription	CHF 100,000
Min. amount for following subscriptions	CHF 10,000
Min. amount for redemptions	CHF 10,000
Appropriation of net income within four months from the end of the financial year	Distribution of income

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

Fund units will be issued and redeemed on every bank working day (Monday to Friday). No issues or redemptions will take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, 1 August, etc.), or on days when the stock exchanges and markets in the Fund's main investment countries are closed, or under the exceptional circumstances defined under §17.4 of the Fund Contract.

Subscription and redemption orders received by the Custodian Bank by 12 noon at the latest on a given bank working day (order day) will be settled on the next bank working day (valuation day) on the basis of the net asset value calculated on this day.

The net asset value taken as the basis for the settlement of the order is therefore not known when the order is placed (forward pricing). It is calculated on the valuation date on the basis of the closing prices on the order date.

The net asset value of a unit represents the market value of the Fund's assets, less any liabilities of the Fund, divided by the number of units in circulation. It is rounded up to one centime (CHF 0.01).

The issue price is determined as follows: net asset value calculated on the valuation date, plus average incidental costs (standard brokerage charges, fees, taxes etc.) arising for the Fund as a result of the investment of the paid-in sum. The amount of incidental costs is stipulated below in 8.

The redemption price is determined as follows: net asset value calculated on the valuation date, less average incidental costs arising for the Fund as a result of the sale of part of the assets

corresponding to the redeemed portion. The amount of incidental costs is stipulated below in 8.

Payment will be made one bank working day after the valuation day (value date plus two days).

Units do not take the form of actual certificates but will exist purely as book entries.

## 8. Commissions and costs

Commissions and costs charged to the Investor (excerpt from § 18 of the Fund Contract)	
issuing commission	None
Redemption fee	None

Incidental costs arising for the Fund as a result of the investment of the paid-in sum or costs from the sale of redeemed units (see § 17 point 2 of the Fund Contract)

Addition to the net asset value	0.40%
Deduction from the net asset value	0.15%

Commissions and costs charged to the Fund (excerpt from § 19 of the Fund Contract)  
 All-in management fee charged by the Fund Management Company  
 This is used for the administration and management of the fund and to cover the costs incurred max. 0.12% p.a.

The rate actually charged is stated in the annual report.

## 9. Information on the Investment Fund

Further information on the Investment Fund may be found in the latest annual report.

In the event of a change to the Fund Contract, a change in the Fund Management Company or the Custodian Bank, as well as the dissolution of the Fund, the corresponding notice will be published by the Fund Management Company on the electronic platform of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

The Fund Management Company publishes the issue and redemption price as well as the net asset value on the electronic platform of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)) and in particular at [www.jsafrasarasin.ch/funds](http://www.jsafrasarasin.ch/funds).

### FATCA:

The Fund is registered with the US tax authorities as a Qualified Collective Investment Vehicle (QCIV) pursuant to Sections 1471 – 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the relevant directives, "FATCA").

## 10. Sales restrictions

The issue and redemption of units in this investment fund abroad are subject to local regulations in individual countries.

- a) The Fund has been authorised for sale in the following countries: Switzerland.
- b) Units of this Investment Fund may not be offered, sold or delivered in the USA or in any of its territories or possessions. Units in this Investment Fund may not be offered, sold or delivered to US citizens or persons domiciled in the USA and/or other natural persons or legal entities whose income and/or revenue (irrespective of source) is liable to US income tax, or to anyone deemed to be a US person within the meaning of Regulation S of the US Securities Act of 1933 in its current form and/or the US Commodity Exchange Act in its current form, nor to persons residing in an area where the relevant FATCA provisions apply.
- Money market funds as long as they comply with the AMAS guidelines or the CESR guidelines for money market funds, as long as daily redemptions are possible and the assets are of high quality.
  - Cash collateral as long as it is denominated in a freely convertible currency.

Derivative transactions cleared centrally are always subject to collateralisation. The scope and amount of such collateralisation are based on the respective provisions of the central counterparty or the clearing house.

For derivative transactions that are not cleared centrally, the fund management company or its agents may conclude mutual collateralisation agreements with the counterparties. The minimum value of the collateral exchanged must at all times be equal to the replacement value of the outstanding derivative transactions.

#### **11. Collateral strategy within the scope of transactions involving derivative financial instruments**

Counterparty risks may arise in connection with transactions involving derivative financial instruments. These risks are minimised as follows:

The following types of collateral are permissible:

- Equities as long as they are traded on a stock exchange or another market open to the public, are highly liquid and are components of a benchmark index.
  - Exchange traded funds (ETFs) in the form of securities funds, other funds for traditional investments under Swiss law or UCITS are deemed to be equivalent to equities as long as they replicate a benchmark index and physically replicate the index. Swap-based, synthetically replicated ETFs are not permissible.
  - Bonds, as long as they are traded on a stock exchange or another market that is open to the public and the issuer has a first-class credit rating. No rating is required in the case of government bonds from the US, Japan, the UK, Germany (including German federal states) or Switzerland (including cantons).
  - Tradeable Schatzbriefe (Federal savings notes) and Schatzanweisungen (Federal Treasury financing paper) with a state guarantee are equivalent to government bonds as long as the state or the issue has a first-class rating or they are issued by the US, Japan, the UK, Germany (including German federal states) or Switzerland (including cantons).
- Individual items of collateral may be valued at a discount, which is based on the volatility of the markets and the liquidity of the collateral. The following minimum discounts apply to the collateralisation of lending within the scope of securities lending transactions (% discount on the market value):
    - Exchange traded equities and ETFs: 20% – 75%
    - Government bonds (including Schatzanweisungen and Schatzbriefe), issued or guaranteed by the US, the UK, Japan, Germany or Switzerland (including cantons): 3%
    - Other government bonds (including Schatzanweisungen and Schatzbriefe): 5%
    - Corporate bonds: 6%
    - Money market funds: 3%
    - Cash if it is not denominated in the fund currency: 5%
    - Cash in the fund currency: 0%

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

Sight deposits in banks or with a short notice period, government bonds with high credit ratings, money market instruments with counterparties that have high credit ratings and money market funds that are subject to the AMAS guidelines or the CESR guidelines for money market funds. The cash collateral must always be reinvested in the same currency as that of the collateral accepted.

