

*The English version of the prospectus is an unofficial translation from the original, which was prepared in German. Only the German version binding.*

## **Tavau Swiss Fund**

Investment fund issued for Entrepreneur Partners AG, Zurich  
of the type 'other fund for alternative  
investments' with particular risks  
under Swiss law

Prospectus with integrated fund contract  
September 2024

Fund management company: LLB Swiss Investment AG, Zurich  
Custodian bank: Bank J. Safra Sarasin AG, Basel

Tavau Swiss Fund is an investment fund under Swiss law with particular risks of the type 'other funds for alternative investments'. This categorization was necessary as the fund according to § 13 of the fund contract is allowed to borrow up to 100% of the total net asset value of the fund. A fund of the type, other funds for traditional investments' according to Art. 100 CISO may borrow only up to 25% of the total net asset value of the fund. Investors can accept considerable fluctuations and a sustained decline in the net assets value of the fund shares. They have experience with the substantial risks of equity products and leverage effect. The investor must not rely on a certain date for the realization of the investment.

The historical performance is neither a guarantee nor a guide to future performance.

**LLB Swiss Investment AG**

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## Part 1: Prospectus

This prospectus with integrated fund contract, the Key Information Document and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units in this investment fund.

Only the information contained in the prospectus, the Key Information Document or in the fund contract will be deemed to be valid.

### 1 Information on the investment fund

#### 1.1. Establishment of the investment fund

The fund contract of the Tavau Swiss Fund was submitted by LLB Swiss Investment Ltd. (formerly LB(Swiss) Investment AG), Zurich, Switzerland, in its capacity as the fund management company, and Bank J. Safra Sarasin AG, Basel in its capacity as the custodian bank, to the Swiss Federal Market Supervisory Authority (FINMA and first approved by FINMA on December 23<sup>rd</sup>, 2009.

#### 1.2. Term of investment fund

The investment fund has an unlimited term.

#### 1.3. Tax regulations relevant to the investment fund

The investment fund has no legal personality in Switzerland. It is not subject to tax on income or capital.

The Swiss federal withholding tax deducted from the investment fund's domestic income can be reclaimed in full for the investment fund by the fund management company.

Income and capital gains realized outside Switzerland may be subject to withholding tax imposed by the country of investment. Insofar as is possible, these taxes will be reclaimed by the fund management company on behalf of investors domiciled in Switzerland under the terms of double taxation treaties or other such agreements.

Distributions of income made by the investment fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35%, irrespective of whether they are reinvested or distributed. Any capital gains distributed by a separate coupon are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim withholding tax deducted from their distributions by filing tax returns or by submitting a separate refund application.

Investors domiciled outside Switzerland may reclaim withholding tax deducted under the terms of double taxation treaties between Switzerland and their country of domicile. If no such treaty exists, the withholding tax may not be reclaimed.

Distributions of income to Investors domiciled outside Switzerland are made free of Swiss withholding tax, provided at least 80% of the fund's income originates from foreign sources. This is subject to presentation of confirmation from a bank stating that the units in question are held at the bank in the custody account of an Investor domiciled outside Switzerland, and that the distributions of income are credited to this Investor's account (bank declaration / affidavit). No guarantee can be given that at least 80% of the fund's income originates from foreign sources.

If withholding tax is charged to an Investor domiciled outside Switzerland owing to a failure to present a declaration of domicile, under Swiss law they may submit a refund application directly to the Swiss Federal Tax Administration in Berne.

Furthermore, both income and capital gains, whether distributed or reinvested, may, depending on the person who holds the units directly or indirectly, be subject in full or in part to a "paying agent tax".

#### Information for investors in Germany:

The investment fund under Swiss law (approved by the Swiss supervisory authority FINMA) qualifies as an investment fund within the meaning of the German Investment Tax Act (InvStG). For the purpose of investor taxation, regular reporting is made to WM Datenservice. In addition, tax-relevant information is made available via the fund management company's website ([www.llbswiss.ch](http://www.llbswiss.ch)). The compilation and verification of the tax information relevant for the German investor is carried out by the fund management company's German tax advisor.

#### Partial exemption entitlement for equity and mixed funds:

The fund management company intends to ensure that investment funds that meet the requirements of an equity fund or mixed fund within the meaning of Article 2 para. 6 or 7 InvStG on the basis of their investment strategy are formally qualified as equity funds or mixed funds by including the following wording.

The fund management company shall ensure that more than 50% of the value of the fund assets are invested in such equity investments within the meaning of Article 2 para. 8 InvStG that may be acquired under Swiss law in accordance with the fund contract for the investment fund (e.g. in shares of corporations that are admitted to official trading on a stock exchange or are listed on an organised market). The consideration of the shares in other investment funds is either based on the actual capital participation ratios published by these other investment funds on valuation days or on the capital participation ratios specified in the investment guidelines of these other investment funds. German investors should thus benefit from the partial exemption pursuant to Article 20 para. 1 InvStG. A German tax advisor was commissioned to monitor compliance with the investment limits and to document this accordingly.

This investment fund therefore qualifies as an equity fund pursuant to Article 2 para. 6 InvStG. The daily equity participation ratios are published via WM Datenservice as required.

This tax information is based on the current legal situation and practice. It is subject to changes in legislation, the decisions of the courts and the ordinances and practices of the tax authorities

**Taxation and other tax implications for investors, who hold, buy or sell fund units are defined by the tax laws and regulations in the investor's country of domicile.**

**Neither the fund management company nor the custodian may be held responsible for individual tax consequences for investors resulting from the purchase and sale or holding of fund units. Potential investors should inform themselves about the laws and ordinances, which apply to the subscription, purchase, ownership and sale of shares or units in the place of domicile and, if applicable, seek counsel.**

The investment fund has the following tax status:

International automatic exchange of information in tax matters (automatic exchange of information)

For the purposes of the automatic exchange of information in accordance with the Common Standard on Reporting and Due Diligence for Financial Account Information (CRS) of the Organisation for Economic Co-Operation and Development (OECD), the Fund qualifies as a non-reporting financial institution.

FATCA:

The investment fund has been registered with the tax authorities in the United States as a Registered Deemed-Compliant Financial Institution under a Model 2 IGA as provided for by Sections 1471 – 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, FATCA).

The investment fund is neither licensed nor registered in the United States of America (USA) in conjunction with the tax considerations. The investment fund therefore can be classified as intransparent, which can be linked to tax consequences.

#### **1.4. Financial year**

The financial year runs from 1 January to 31 December.

#### **1.5. Auditors**

The auditing company is PricewaterhouseCoopers AG with registered office in Zurich.

Address of the auditing company:

PricewaterhouseCoopers Ltd.  
Birchstrasse 160  
CH-8050 Zurich

## 1.6. Fund units

The fund units are bearer units. Units will not take the form of actual certificates but will exist purely as book entries.

Pursuant to the fund contract, the fund management company is entitled to establish, liquidate or merge unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

There are currently the following unit classes which are equally suitable for all investors:

The unit classes differ in terms of the reference currency and the currency hedging.

- „CHF“-Class: accumulation class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and which is suitable for all investors. No minimum investment is required. No retrocessions or rebates are paid in respect of the distribution of the "CHF"-class.
- „EUR hedged“-Class: accumulation class, denominated in Euro EUR (reference currency) and which is suitable for all investors. At least 90% of the currency risk of the EUR class will be hedged against the reference currency of the fund (CHF). No minimum investment is required. No retrocessions or rebates are paid in respect of the distribution of the "EUR hedged"-class.

At the moment there is no minimum subsequent investment amount required for all unit classes.

Unitholders may request on any dealing day to switch shares of any unit class to shares of another unit class based on the net asset value of the unit classes, if they meet the contractual requirements for participation in the unit class they want to switch in.

The investor participates only in the assets and in the earnings of the unit class, in which he is invested. All unit classes are entitled to participate in the undivided assets of the fund. This participation may be different due to specific costs of these particular unit classes or specific income distributions of these particular unit classes. Therefore, the NAV per unit may be different for each unit class.

The individual unit classes do not constitute segregated pools of assets. Although, as a general rule, expenses are charged only to the unit class for which the service in question was rendered, the possibility cannot be ruled out that a unit class may be charged with the liabilities of another unit class.

The reference currency of all currently issued unit classes as well as the unit of account of the fund is not necessarily the currency in which the direct or indirect investments of the fund are denominated.

For all unit classes, the risks of investments not denominated in the reference currency of the respective unit class may be hedged in whole or in part. As there is no need for comprehensive hedging, a loss of value due to exchange rate fluctuations cannot be ruled out.

## 1.7. Listing and trading

The units of the unit classes "CHF" and "EUR hedged" are listed on the stock exchange. There is secondary trading of these unit certificates on the SIX Swiss Exchange (Sponsored Funds segment / sponsor and market maker is Bank Julius Baer & Co. AG).

## 1.8. 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 of units 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 respectively if 50% or more of the fund's investments cannot be adequately valued or under the exceptional circumstances defined under § 18 prov. 4 of the fund contract. The fund management company and the custodian bank may reject applications for the subscription at their own discretion.

Subscription and redemption orders received by the custodian bank by 12.00 o'clock CET on a 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 day on the basis of the closing prices on the order day. Orders which arrive at the custodian bank after 12.00 o'clock CET (cut-off-time) will be handled on the following bank working day.

The issue price of units of a given class corresponds to the net asset value of that class calculated on the valuation day. No issuing commission or other commissions are charged.

The redemption price of units of a given class corresponds to the net asset value of that class calculated on the valuation day. No redemption commission or other commissions are charged.

The ancillary costs for the purchase and sale of the investments (customary brokerage fees, commissions, taxes and duties) incurred by the investment fund from the investment of the amount paid in or from the sale of a portion of the investments corresponding to the unit terminated shall be charged to the fund's assets.

The issue and redemption prices are rounded up to the smallest unit of the reference currency of a given unit class. Payment will be made two bank working days after the order day (T+2).

Fraction of units are issued to 1/1,000 (three decimal places) units.

<b>Overview</b>		<b>T</b>	<b>T+1</b>	<b>T+2</b>
1.	Subscription and redemption orders received by the custodian bank by 12.00 o'clock CET (order day)	X		
2.	closing prices for the valuation of the net asset value	X		
3.	calculation of the net asset value (valuation day)		X	
4.	Procession date of transaction		X	
5.	Publication of net asset value		X	
6.	Value date of transaction			X

T = Trade date and deadline for closing prices / T+1 = Valuation date

### **1.9. Use of income**

The net income of the investment fund shall be added annually per unit class to the assets of the corresponding unit class for reinvestment (reinvestment) within four months of the close of the accounting year at the latest.

The fund management company may also decide to reinvest the income of each unit class on an interim basis. Any taxes and duties levied on the reinvestment remain reserved.

Realized capital gains from the sale of assets and rights may either be distributed by the fund management company or retained for reinvestment.

## **1.10. Investment objective and investment policy**

### **1.10.1 Investment objective**

The investment objective of the investment fund is principally to achieve an absolute increase in value, by means of long and short investments in the Swiss stock market.

### **1.10.2 Investment policy**

The focus of the investment decision at the stock-specific level is the management of a company and the quantitative analysis of a company. The fund should be able to achieve a positive return contribution in any market situation. This includes both credit-financed over-exposure to the market (positive leverage) and the short sale of individual shares (negative leverage). Furthermore, the fund can use derivatives (options, futures, etc.) to hedge, prescribe positions or generate additional income.

The various investment techniques have the following effects:

- Use of derivatives: exposure-increasing or exposure-reducing.
- Taking out loans: exposure-increasing
- Use of short sales: commitment-reducing

The investment techniques listed can be used individually or in combination, depending on the expected stock market development. Even if the investment techniques are used in combination, the total exposure may not exceed 200% of the net fund's assets.

- a) The fund management company invests, after deduction of the liquid assets, at least 51% of the fund assets into:
  - aa) investment securities and claims (shares, bonus shares, shares in cooperatives, participation certificates and the like) of companies that are domiciled in Switzerland or which exercise a predominant proportion of their economic activities in this market;
  - ab) derivatives (incl. warrants) on the investments mentioned in ab) above.
- b) In addition the fund management company can invest, after deduction of the liquid assets, up to 49% of the fund's assets in:
  - ba) investment securities and claims (shares, bonus shares, shares in cooperatives, participation certificates and the like) from issuers that do not conform with the aforementioned requirements under aa);
  - bb) debt securities and claims (straight bonds, convertible bonds, convertible notes, warrant issues, etc.), denominated in CHF and issued by Swiss private debtors or public-law entities;
  - bc) structured products such as certificates on indices and on investment securities and claims mentioned under point aa) and ba) above;
  - bd) units of other collective investments which invest their assets or parts of them according to the guidelines of this investment fund;
  - be) money market instruments denominated in CHF, issued by Swiss debtors;
  - bf) derivatives (including warrants) on investments mentioned under point b) above.

The fund's asset management currently does not explicitly take environmental/social criteria into account or explicitly target sustainable investments.

### **1.10.3 Investment restrictions**

Including derivatives and structured products, the Fund Management Company may invest up to a maximum of 20% of the fund assets in securities and money market instruments from the same issuer. The total value of the securities and money market instruments from the issuers in which more than 10% of the fund's assets are invested may not exceed 60% of the fund's assets.

#### Investment restrictions for the fund management company

In accordance with Art. 84 para. 2 CISO, the supervisory authority has authorized the fund management company to increase the limit regarding the restriction of participation in a single issuer from 10% pursuant to Art. 84 para. 1 CISO to 20% for funds with an investment policy focus on a "narrow market". The detailed provisions in this regard are set out in § 16 of the fund contract. Due to its investment policy, this fund has not focus on a "narrow market" and is therefore allocated to the investment segment "**Others**".

Detailed information on the investment restrictions can be found in the fund contract (see Part 2 § 16 of fund contract).



#### **1.10.4 Management of collateral**

##### Permitted types of collateral:

Assets received as collateral as part of investment techniques or OTC transactions must satisfy the following requirements:

- They are highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing. They can be sold quickly at a price that is close to its pre-sale valuation;
- they are valued on at least a daily basis. Assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- they should be issued by an entity that is independent from the counterparty or by a company that does not belong to nor is dependent on the counterparty's group;
- Issuer credit quality of collateral received should be of high quality.

##### Required level of collateralization

The required level of collateralization is fulfilled by the following obligations and requirements in the management of collateral:

- collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the collateral exposure to a given issuer does not exceed 20% of its net asset value. Deviation from this rule is permitted if the collateral is issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organization to which Switzerland or a member state of the European Union belongs. or the approval conditions set out in article 83 paragraph 2 CISO are met. If collateral is provided by more than one counterparty, an aggregate perspective must be ensured;
- The fund management company or its agents must be able to obtain power of disposal over, and authority to dispose of the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent; assets received as collateral will be booked into a safe custody account with the custodian bank in the name of the fund management company with reference to the fund;
- The fund management company or its agents may not re-lend, re-pledge, sell or reinvest collateral pledged or transferred to them or use it as part of a repurchase transaction or to hedge obligations arising from derivative financial instruments. If a counterparty fails to perform its obligations in a timely manner, the fund management company decides on the realization of the collateral to indemnify the collective investment scheme;
- if the fund management company receives collateral for at least 30% of a fund's assets, it must ensure that the liquidity risks can be captured and monitored appropriately. Regular stress tests must be carried out that take account of both normal and exceptional liquidity conditions. The controls carried out must be documented;
- The fund management company and its agents must be in a position to attribute any uncovered claims remaining after the realization of collateral to the securities funds whose assets were the subject of the underlying transactions.

##### Determination of security margins

The fund management company and its agents provide for appropriate security margins.

The risks involved in the management of the collateral are taken into account in the risk management process. These are namely operational risks, liquidity risks and counterparty risks.

#### **1.10.5 Use of derivatives**

The fund management company may use derivatives. However, even under extreme market conditions, the use of derivatives is not permitted to give rise to a deviation from the fund's investment goals or cause a change in the investment character of the investment fund. The Commitment II approach will be applied for risk assessment purposes.

Derivatives form part of the investment strategy and are not used solely to hedge investment positions.

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

Both basic forms of derivatives and exotic derivatives may be used, the latter to a negligible extent, as described in more detail in the fund contract (cf. § 12 of the fund contract), provided the underlying securities are permitted as investments under the fund contract. The derivative transactions may be concluded either on a stock exchange or another regulated market open to the public, or in OTC (over-the-counter) trading. In addition to market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.

The fund management company insures that the total engagement from engagement increasing derivatives (s. §12 of the fund contract) and from taking-up loans (s. §13 of the fund contract) does not exceed 100% of the total net asset value of the fund and the total engagement does not exceed 200% of the net asset value.

#### **1.10.6 Liquid assets**

In extraordinary market conditions the fund management company can temporarily hold up to 100% of the total fund assets in liquid assets.

#### **1.10.7 Short sales**

1. The fund management company can transact short sales of securities (physical short sales) or by use of derivatives, which from the economic point of view correspond to a short sale (synthetic short sales) under the conditions listed below. For synthetic short sales, i.e. transactions in derivatives, § 12 of the fund contract is applicable.
2. The fund management company can transact physical short sales under the following conditions:
  - a) Securities, which are traded on a stock exchange or on another regulated market open to the public and normally exhibit high market liquidity, which can be sold physically.
  - b) The total exposure from direct short sales must not exceed -100% of the total net fund assets. In addition the Fund Management Company must borrow the securities according to §10.
3. The potential loss on a short sale is theoretically unlimited. The sold securities have to be borrowed from a lender and must be bought back at a later time to be able to return them to the lender. The repurchase price at that time can rise without any limit compared to the achieved selling price when the short sale took place. The use of derivatives, which from the economic point of view correspond to a short sale, may either contain an unlimited risk of loss or the risk of loss of the premium paid up front or on the value of the underlying securities of a derivative. The Fund Management Company will try to minimize the total risk arising either from physical or from synthetic short sales by an adequate risk diversification and risk monitoring and further risk minimizing strategies.

Detailed information on the fund's investment policy and its restrictions, as well as the permitted investment techniques and instruments (in particular derivative financial instruments and their scope) are contained in the fund contract (cf. part II, §§ 7-16 of the fund contract).

#### **1.11. Net asset value**

The net asset value of unit of a given class is determined by the proportion of the market value of the fund assets attributable to that unit class, less any of the fund liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded to one centime.

## 1.12. Fees and incidental costs

### 1.12.1 Fees and incidental costs charged to the fund's assets (excerpt from § 20 of the fund contract)

Management fee charged by the fund management company (for all unit classes): max. 1.70% p.a.

This covers the management (incl. fund administration), asset management and where applicable, the distribution activities relating to the investment fund.

Custodian bank's fee (for all unit classes) max. 0.13% p.a.

The fee covers the tasks of the custodian bank such as the safekeeping of the fund assets, the handling of payment transactions, and the performance of the other tasks listed under § 4 of the fund contract.

In addition, the costs listed in § 20 of the fund contract may also be charged to the investment fund.

Information on the rates currently charged can be found in the annual and semi-annual reports.

### 1.12.2 Total expense ratio (TER)

The coefficient of the total expense ratio (TER) charged to the fund's assets on an ongoing basis was:

#### TER, without Performance Fee:

Year	„CHF“-class	„EUR hedged“-class
2021	1.68%	1.68%
2022	1.70%	1.70%
2023	1.69%	1.70%

#### TER, including Performance Fee:

Year	„CHF“-class	„EUR hedged“-class
2021	3.79%	3.79%
2022	1.70%	1.70%
2023	1.69%	1.70%

### 1.12.3 Payment of retrocessions and rebates

The fund management company and its agents do not pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland.

In respect of distribution in or from Switzerland, the fund management company and its agents do not pay any rebates to reduce the fees or costs incurred by the Investor and charged to the fund.

### 1.12.4 Fees and incidental costs charged to the investor (excerpt from § 19 of the fund contract)

No issuing or redemption commission is charged on subscriptions and redemptions of units.

No charges are applied for the switch from one share class to the other by the fund management company and its delegated parties.

### 1.12.5 Performance fee

Furthermore, the fund management company charges a performance-based commission ("Performance Fee"). The Performance Fee will be calculated according to the following table:

<b>Performance Fee</b>		15%	A performance-based commission of 15% will be calculated on the arithmetic difference between the cumulated performance of the Fund and the cumulated Hurdle Rate during the period under review i.
<b>period under review</b>		quarter	The period under review for the calculation of the performance fee is each quarter (i.e. four quarters per year).
<b>Interval of performance calculation</b>		daily	The basis of the performance-based commission is the daily performance of the net asset value per unit. No performance fee will be determined on days where the net asset value fund is not calculated (Sundays and holidays).
<b>Consideration of costs and fees</b>		net	The performance-based commission will be calculated on the net asset value per unit <i>after</i> deduction of all costs and fees but <i>before</i> deduction of the accrued performance-based commission until that date.
<b>Share-by Share basis</b>	<b>Fee per unit</b>	High Watermark	The performance-based commission per unit will be calculated by taking into account the currently applicable High Watermark.
	<b>Total Fee</b>	average of outstanding units	For the calculation of the total amount of the performance-based commission to be accrued the average of outstanding units since the beginning of the actual quarter will be taken into account.
<b>high watermark principle</b>		yes	The net asset value per unit must have reached a new historic high since the launch of the fund, to allow a performance-based commission to be accrued
<b>"High Watermark"- Reset-Interval</b>	<b>Performance Fee</b>	after payment	The High Watermark for a new quarter will only be adjusted, if a performance-based commission has been paid out at the end of the previous quarter.
	<b>Fund distributions</b>		If distributions of income and capital gains are made to the investors resp. taxes are levied on their reinvestment, the High Watermark will be adjusted by these amounts.
<b>„Hurdle Rate“- principle</b>		none	No minimum return is required to allow a performance-based commission to be accrued
<b>Interval of accrual</b>		valuation day	The performance-based commission will be calculated and accrued on each valuation day and accrual will be increased or liquidated in part or in full according to the development of the net asset value
<b>Interval of payment</b>		quarterly	The performance-based commission will be paid out at the end of each quarter.

#### **1.12.6 Commission sharing agreements and soft commissions**

The fund management company has not concluded any commission sharing agreements.

The fund management company has not concluded agreements in respect of soft commissions.

#### **1.13. Availability of fund documents and reports**

The prospectus with integrated fund contract, the corresponding key information document and the annual and semi-annual reports can be obtained free of charge from the fund management company, the custodian bank and all distributors.

#### **1.14. Legal form of the investment fund**

The investment fund is an investment fund under Swiss law of the type "other funds for alternative investments" pursuant to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006.

The investment fund is based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide investors with a stake in the investment fund in proportion to the fund units acquired by those investors, and to manage this investment fund in its own discretion and for its own account in accordance with applicable law and the terms of the fund contract. The custodian bank is a party to the fund contract and performs such duties as are ascribed to it by law and the fund contract.

#### **1.15. Significant risks**

***The present investment fund is a fund of the type 'Other fund for alternative investments'. This categorisation was necessary because the fund is granted a borrowing limit of 100% of the net fund assets in accordance with § 13 of the fund contract. A fund of the type 'Other fund for traditional investments' would only be allowed to borrow 25% of the net fund assets according to Art. 100 CISO.***

Before making an investment decision with respect to any units class of the fund, potential investors should carefully consider all the information contained in this prospectus with integrated fund contract as well as their own personal circumstances. Prospective investors should pay particular attention to the considerations in this section and the "Profile of the typical investor."

An investment in the fund is only suitable for investors who (independently or together with an appropriate financial or other adviser) are able to evaluate the merits and risks of such an investment and who have sufficient resources to accept any losses that may result.

The risk factors set out in this prospectus and the relevant key information document are not exhaustive. There may be other risks that a potential investor should consider as relevant to its own particular circumstances or as relevant generally.

#### **General risk factors**

##### General risks

The main risks of the investment fund are changes in the market values of the respective investments. Depending on the general stock market trend and the development of the securities held in the fund's asset portfolio, the net asset value may fluctuate considerably. It cannot be ruled out that the value will fall over a longer period of time. There is no guarantee that the Fund's investment objective will be achieved or that the investor will get back all the capital he has invested, achieve a specific return or interest rate or return the units to the fund management company at a specific price. Past performance is not indicative of future investment results.

Due to its focus on equities and equity securities as well as investments in debt securities of various sectors and companies of different sizes, the investment fund essentially exhibits such risks as are associated with investments in equities and debt securities. The market risk, interest rate risks, liquidity risks and company-specific risks as well as possible foreign currency risks from investments in currencies other than the reference currency of a unit class, insofar as these are not fully hedged, are particularly relevant.

##### Market risk

Market risk is a general risk associated with all investments. A deterioration in market conditions or general uncertainty regarding economic markets may result in a decline in the market value of existing or potential investments or increased illiquidity of investments. Such declines or illiquidity could result in losses and reduced investment opportunities for the fund, prevent the fund from successfully achieving its investment objective or require the fund to dispose of investments at a loss during adverse market conditions. Causes of market risks may include, in particular, political uncertainties, currency export restrictions, changes in laws and fiscal framework conditions, economic factors and changes in investor confidence or behavior.

### Currency risk

If the investment fund holds assets denominated in foreign currency(ies), it is exposed to direct currency risk (to the extent that such foreign currency positions are not hedged). Falling foreign exchange rates lead to a reduction in the value of the foreign currency investments. Conversely, the foreign exchange market also offers opportunities for gains. In addition to direct currency risks, there are also indirect currency risks. Internationally active companies are more or less dependent on exchange rate developments, which can also indirectly affect the price development of investments.

### Liquidity risk

In the case of financial instruments, there is the risk that a market is illiquid at times. This may result in instruments not being traded at the desired time and/or in the desired quantity and/or at the expected price. Phased illiquid financial markets combined with high redemption requests may mean that the fund management company may not be able to make redemptions within the time period specified in this fund contract and/or without significantly affecting the net asset value of the investment fund. In addition, financial instruments listed on a stock exchange may be delisted in exceptional cases. The liquidity risk is limited insofar as investments in relatively liquid instruments and markets are predominantly sought for the fund.

### Counterparty risk

Counterparty risk denotes the probability of insolvency of the debtor, a counterparty to a pending transaction or the issuer or guarantor of a security, derivative or structured product. The occurrence of the insolvency of such a party results in the partial or total loss of the amount of the investment subject to the risk of this party. One measure of the creditworthiness of a counterparty is its rating by rating agencies. In addition, an investment fund is exposed to the risk that an expected payment or delivery of assets will not be made or will not be made on time. Market practices relating to the settlement of transactions and the safekeeping of assets can lead to increased risks.

### Economic risks

This is the risk of price losses resulting from the fact that economic developments are not taken into account or are not taken into account correctly when making investment decisions, and as a result securities investments are made at the wrong time or securities are held in an unfavorable economic phase.

### Operational risks

Operational risks are risks in administration, trade processing, delivery of financial instruments (settlement) and their safekeeping as well as valuation. Such administrative risks can arise from disruptions to processes from crises, disasters or human error.

### Settlement risk

This is the risk of loss to the investment fund because a concluded transaction is not fulfilled as expected because a counterparty does not pay or deliver, or that losses may occur due to operational errors in the course of settling a transaction.

## **Specific risk factors**

### Borrowing

The fund may borrow up to 100% of the net assets of the fund. If the value of the securities purchased halves, the fund may suffer a total loss under extreme conditions.

### Short selling/short squeeze

With physical short sales, the risk of loss is theoretically unlimited. The assets sold must be borrowed from a lender and repurchased at a later date in order to return them to the lender. The repurchase price at that time can theoretically rise indefinitely compared to the selling price achieved in the short sale. When using derivatives, which from an economic point of view correspond to a short sale, there may either be an unlimited risk, or the risk may be limited to the loss of the premium paid or to the value of the underlying asset on which a derivative is based. The fund management manages the overall risk for both physical and synthetic short sales by means of balanced risk diversification and ongoing risk monitoring.

### Investments in stocks

The price of stocks may be affected by many factors at the individual company level and by general economic and political developments, including trends in economic growth, inflation and interest rates, reports of corporate earnings, demographic trends and catastrophes. Risks associated with investing in stocks and stock-related securities include, in particular, major market price fluctuations, negative information about issuers or markets, and the subordinated status of equity securities to debt securities of the same issuer.

#### Investments in companies with small market capitalization

There are certain risks associated with investing in small capitalization companies and in securities of small and medium-sized companies. The market prices of such securities may be more volatile than those of large companies, in part because of less liquidity. Because small and medium-sized companies typically have fewer shares outstanding than larger companies, it may be more difficult to buy and sell significant amounts of stock without affecting market prices. There is usually less publicly available information about these firms than about large firms. The smaller capitalization of such firms and the fact that small firms may have smaller product lines and command a smaller market share than larger firms may make them more sensitive to fluctuations in the economic cycle. In addition, in exceptional cases, shares of smaller companies listed on a stock exchange may be delisted.

#### Interest rate risk

The value of fixed income securities held by the investment fund will change in response to changes in interest rates. The value of fixed income securities generally increases when interest rates fall and decreases when interest rates rise. Fixed income securities with higher interest rate sensitivity and longer maturities are generally subject to greater fluctuations in value as a result of changes in interest rates.

#### Credit risk

Fixed income securities are subject to the risk of the inability of the issuer or a guarantor to make principal and/or interest payments on its obligations. Issuers or guarantors that have higher credit risk generally offer higher yields for this additional risk. Changes in the financial condition of an issuer or guarantor, changes in economic and political circumstances generally, or changes in economic and political circumstances affecting a particular issuer or guarantor are factors that may have an adverse effect on an issuer's or guarantor's credit quality.

#### High-yield and lower-than-investment-grade debt securities and rights

High yield and non-investment grade securities generally carry a higher credit or default risk than higher quality securities. The lower the credit rating, the greater the likelihood that an issuer or guarantor will be unable to meet its principal and/or interest payments. Such securities tend to be more volatile than higher quality securities and, therefore, adverse economic and political events may have a greater impact on the prices of such securities. The market for such securities generally has less liquidity and activity than the market for better quality securities and the ability of the investment fund to dispose of its holdings as a result of changes in the economic and political situation or as a result of changes in the situation in the financial markets may be more limited by such factors.

#### Concentration risks

A fund's strategy of investing in a limited number of factors, markets, sectors or assets may increase the volatility of the fund's investment performance relative to other funds that invest in a larger number of factors, markets, sectors or assets. If factors, markets, sectors or assets in which the fund invests perform poorly, the fund could incur greater losses than if it had invested in a larger number of factors, markets, sectors or assets.

#### Derivatives risk

Through the possible use of derivatives in pursuit of the investment objective or to hedge the fund's assets, the investment fund assumes additional risks, which depend on the characteristics of both the derivative in question and the underlying asset. Exposures to derivatives may be subject to leverage effects, so that even a small investment in derivatives may have a significant, even negative, impact on the performance of the fund.

#### Investments in structured products / certificates

The investment fund invests in structured products/certificates. Their value is usually linked to the underlying assets of the structured products/certificates. Structured products/certificates do not entitle the holder to the underlying. They do not represent any claim and in the event of a loss the investor has no claim against the company of the underlying. Investors in structured products/certificates are exposed to counterparty risk. If the issuer becomes insolvent, investors can only sue the issuer as creditor and may lose their entire investment, even if the underlying performs as expected. There can be no guarantee that structured products/certificates can be traded on the secondary market or whether such a market is liquid or illiquid. Not all structured products/certificates are traded on any exchange or on any other market open to the public. It may be difficult to obtain pricing information and the liquidity and market prices of the certificates may be adversely affected as a result.

### Investments in target funds

When investing in target funds, the same costs may be incurred both at the level of the investment fund and at the level of the target fund. Where applicable, foreign target funds do not have to be authorized for distribution in Switzerland and may not be subject to equivalent regulation and supervision in their country of origin that provides a comparable level of protection. An investment fund may only be able to achieve its investment objective if a target fund also achieves its investment objective. The performance of units or shares of a target fund is largely dependent on the performance of the respective asset manager, whereby neither the fund management company nor the asset manager appointed for the fund has any direct control over the management of the investments in a target fund. Depending on the investments in which the target fund invests, the value of the units or shares held in a target fund may be influenced by further risks to which the investing fund assets are consequently also exposed. Investing in units or shares of a target fund involves the risk that the redemption of the units or shares may be subject to restrictions, as a result of which investments in target funds may be less liquid than other types of investments.

### Sustainability risk

Sustainability risk is the negative impact on the value of an investment caused by sustainability factors. Sustainability factors may include environmental, social and/or governance aspects, as well as being exogenous in nature and/or company-specific. Sustainability risks can lead to a material deterioration in a company's financial profile, profitability or reputation and thus have a significant impact on security prices.

The current risk profile of the investment fund is set out in the relevant key information document.

#### **1.16. Liquidity risks management**

The fund management company ensures appropriate liquidity risk management. The fund management company's Risk Committee regularly assesses the liquidity risk of its own investment funds on a risk-oriented basis.

The Risk Committee assesses the liquidity risk by analysing, for example, the liquidity of the investments in the fund, the redemption conditions and frequencies in unit certificate transactions, the composition of the investor base and distribution structures.

In order to assess the liquidity of the investments in the current market environment, an internal threshold has been set, which defines the minimum liquidity required in the fund. If this threshold is not met, the Risk Committee carries out an in-depth analysis of liquidity-relevant factors and obtains a liquidity assessment from the delegated asset manager. This is followed by a new assessment of the appropriateness of the investment fund's liquidity. If the liquidity of the investment fund is deemed insufficient, appropriate measures are initiated (e.g. introduction of liquidity management tools, reduction of redemption frequencies in units or portfolio reallocations).

The assessment of the liquidity of all investments is based on a quantitative or qualitative analysis, depending on the type of investment. In the case of exchange-traded securities such as shares, a quantitative approach is used in which the liquidity of the share is assessed on the basis of historical trading volumes. In the case of non-exchange-traded securities and bonds, the fund management pursues a qualitative approach, whereby various liquidity-relevant criteria such as the remaining term, the credit rating, the share held in an issue, the country of domicile or the currency are used to assess liquidity.

The Risk Committee also applies various scenarios and stress tests when monitoring liquidity risks. This involves simulating changed conditions on the asset side of the investment fund by simulating a deterioration in the liquidity of the investments. At the same time, possible changes on the liabilities side of the investment fund are also taken into account by assuming higher net redemptions of units.

Finally, the Risk Committee also maintains a crisis plan in which the measures for the use of liquidity management tools as well as the processes and internal responsibilities are defined.



## **2 Information on the fund management company**

### **2.1 General information on the fund management company**

LLB Swiss Investment Ltd. is the fund management company. The fund management company, which is domiciled in Zurich, Switzerland, has been active in the fund business since its formation as a public limited company in 1995.

### **2.2 Further information on the fund management company**

As at Dec 31, 2023, the fund management company administers a total of 67 collective investment schemes in Switzerland, with assets under management totaling CHF 5.5 billion.

Apart from the representation of foreign collective investment schemes, the fund management company does not provide any other services pursuant to Art. 34 FINIG as of the date of this prospectus.

Address of the fund management company:

LLB Swiss Investment Ltd.  
Claridenstrasse 20  
CH-8002 Zurich  
www.llbsswiss.ch

### **2.3 Management**

Board of directors of the fund management company

Natalie Flatz, President, at the same time member of the executive board of the Liechtensteinische Landesbank AG, Vaduz,

Bruno Schranz, Vice President, at the same time head of the department „Fund Services“ of Liechtensteinische Landesbank AG, Vaduz

Markus Fuchs

Executive board

Dominik Rutishauser

Ferdinand Buholzer

### **2.4 Subscribed and paid-in capital**

On the 31st of December 2023 the subscribed share capital of the fund management company amounted to CHF 8,000,000 millions.

The share capital is divided into registered shares and has been paid up in full.

The shares of the fund management company are held 100% by Liechtensteinische Landesbank AG, Vaduz

### **2.5 Delegation of investment decisions and other tasks**

Investment decisions in respect of the fund have been delegated to Entrepreneur Partners AG ("Asset Manager"), Zurich.

Address of the asset manager:

Entrepreneur Partners AG  
Seestrasse 356  
Postfach  
CH-8038 Zurich

Delegation of other tasks

The operation and maintenance of the IT infrastructure, including data storage, has been transferred to Liechtensteinische Landesbank AG in Vaduz, Liechtenstein.

The operation and provision, including data storage, of the integrated software solution used by the fund management company for the areas of "investment accounting" and "investment controlling/reporting" has been transferred to Frankfurter Bankgesellschaft (Schweiz) AG in Zurich.

No other sub-tasks pursuant to Articles 14 and 35 FINIG have been transferred.

## **2.6 Exercise of shareholder and creditors' rights**

The fund management company exercises the shareholder and creditors' rights associated with the investments of the funds it manages, and does so independently and exclusively in the interests of the investors. The fund management company will, upon request, provide investors with information on its exercise of shareholder and creditors' rights.

In the case of scheduled routine transactions, the fund management company is free to exercise shareholder and creditors' rights itself or to delegate their exercise to the custodian bank or a third party, or to waive the exercise of shareholder and creditors' rights.

In the case of all other events that might have a lasting impact on the interests of the investors, such as, in particular, the exercise of shareholder and creditors' rights that the fund management company holds as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In such cases, it may base its actions on information it receives from the custodian bank, the asset manager, the company, third parties or the press.

## **3 Information on the custodian bank**

### **3.1 General Information on the custodian bank**

The Custodian Bank is Bank J. Safra Sarasin Ltd., Basel.

The Bank was founded in Basel in 1841.

### **3.2 Further Information on the custodian bank**

The custodian is a Swiss private bank with locations in Europe, Asia, the Middle East and Latin America. Its main activities include investment advisory services, asset management for private and institutional clients, custody, lending, execution of securities transactions and investment fund business. Investment foundations, corporate finance and market making complement the range of services.

The Custodian Bank may delegate the safekeeping of the fund's assets to third-party custodians and central securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. Financial instruments may only be transferred to supervised third-party custodians or central securities depositories. This does not apply to mandatory custody at a location where the transfer to supervised 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. This is accompanied by the following risks:

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. Furthermore, if the third-party custodians and collective securities depositories are not subject to supervision, they are unlikely to meet the organizational requirements imposed on Swiss banks.

In the case of third-party custody abroad, the legal provisions and practices of the respective place of custody are also applicable.

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

The custodian bank is registered with the US tax authorities as Participating Foreign Financial Institution (PFFI) pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, "FATCA") (GIIN: IPRKWG.00000.LE.756).

#### Address of the custodian bank:

Bank J. Safra Sarasin AG  
Depotbankkontrolle  
Elisabethenstrasse 62  
CH-4002 Basel

## 4 Information on third parties

### 4.1 Paying agents

The paying agent is the custodian bank (see point 3)

### 4.2 Distributors

The following institutions have been appointed as distributors for the fund:

Entrepreneur Partners AG, Zurich. (see point. 2.5)

The fund management company may at any time designate additional distributing agents.

### 4.3 Delegation of Investment decisions

Investment decisions in respect of the fund have been delegated to Entrepreneur Partners AG. The asset manager is licensed as an asset manager of collective capital investment schemes and is supervised as such by the Swiss Financial Market Supervisory Authority (FINMA).

Precise details of the delegation are laid down in an asset management agreement between the fund management company and the asset manager.

The following persons are in charge of the fund management:

**Rudolf König** - Partner, Fund Manager

Rudolf König, 1960, has over 25 years of experience as broker for Swiss equities with various companies, last as co-Head of Sales at Mainfirst (Switzerland) Ltd. After his successful studies of economics at Hochschule St. Gallen he started his career with Bank Julius Bär and later with Bank Sal. Oppenheim (Schweiz) At Lombard Odier und NZB he participated decisively in the development of the brokerage business. Various job-oriented and management courses.

**Christian Wyss** - Partner, Fund Manager

Christian Wyss has worked in the financial industry since 2001, primarily in the role of Portfolio Manager. Before joining Entrepreneur Partners AG, Christian worked for over 11 years at Credit Suisse, eight of which was spent working on tailored wealth management solutions for private Swiss clients. Christian holds a Swiss Federal Certificate in Banking and is a Certified International Investment Analyst (CIIA).

The following persons at the fund management company are responsible for the supervision of the asset manager for funds of the type "Other funds for alternative Investments":

- Dominik Rutishauser
- Ferdinand Buholzer
- Michael Hugelshofer

**Dominik Rutishauser** has been active in the financial industry for more than 20 years. He started his career as a legal engineer for the fund management company of UBS and subsequently held various positions at UBS (ABS structuring, credit portfolio management) and Swiss Re (credit structuring). Before he assumed the role as CEO of LLB Swiss Investment in 2019, he had a leading role in the private label fund business of GAM in Zurich, most recently as head of the client directors team. From 2016, he was also a member of the executive board of GAM Investment Management (Switzerland) AG. Dominik Rutishauser holds a master degree in law from the University of Fribourg and an executive MBA from the University of Strathclyde. He has also completed the first level of CAIA.

**Ferdinand Buholzer** worked for PricewaterhouseCoopers for almost 10 years as an auditor, specializing in financial companies, after having completed his studies at the University of Applied Science and graduating in business economics in 2002. In 2006, he obtained a degree as Swiss Certified Public Accountant and was subsequently employed as a manager on various national and international mandates. In 2012, Ferdinand Buholzer took over the function of Head of Compliance and Risk Management at LLB Swiss Investment AG as a member of the Executive Board. In the coming years he completed further training to become a Financial Risk Manager and a qualified International Fund & Asset Management Officer FA.

**Michael Hugelshofer** began his professional career as a management supporter / business analyst in the document management division of Credit Suisse in 1997 after having studied business and production sciences at the ETH Zurich. From 2000 to 2004 he worked as a project manager in asset management at the same company. He then worked in various risk management and compliance functions at UBS and Credit Suisse. In the course of 2018, he set up his own business with a focus on stock market trading, investment advice and Android app programming. Since January 2021, Michael Hugelshofer is a compliance & risk manager for LLB Swiss Investment AG.

### Delegation of other tasks

The operation and maintenance of the IT infrastructure, including data storage, has been transferred to Liechtensteinische Landesbank AG in Vaduz/Liechtenstein, a banking institution approved by the Liechtenstein supervisory authority FMA. As the sole shareholder of the fund management company, Liechtensteinische Landesbank AG has a professional IT infrastructure with many years of technical experience and a high level of competence. The exact execution of the order is governed by a contract concluded between the fund management company LLB Swiss Investment AG and Liechtensteinische Landesbank AG.

The operation and provision, including data storage, of the integrated software solution used by the fund management company for "Investment Accounting" and "Investment Controlling/Reporting" has been transferred to Frankfurter Bankgesellschaft (Schweiz) AG in Zurich, a bank licensed by the Swiss supervisory authority FINMA. Frankfurter Bankgesellschaft (Schweiz) AG has been providing this service since 2010 and is distinguished by its special expertise in the operation of this investment management tool. The exact execution of the assignment is governed by a contract concluded between the fund management company LLB Swiss Investment Ltd. and Frankfurter Bankgesellschaft (Schweiz) AG.

## 5 Further information

### 5.1 Key data

Securities number	„CHF“-class:	10532590
	„EUR hedged“-class:	29852324
ISIN	„CHF“-class:	CH0105325903
	„EUR hedged“-class:	CH0298523249
FATCA-GIIN	5SXFN7.99999.SL.756	
Accounting currency of the fund	Swiss Francs (CHF)	
Accounting currency of the share classes	„CHF“-class:	Swiss Francs (CHF)
	„EUR hedged“-class:	Euro (EUR)

### 5.2 Publications of official notices of the investment fund

Further information on the investment fund may be found in the latest annual or semi-annual report. The latest information can also be found on the Internet at [www.llbsswiss.ch](http://www.llbsswiss.ch).

In the event of an amendment to the fund contract, a change on the fund management company or the custodian bank, as well the dissolution of the fund, the corresponding notice will be published by the fund management company on the electronic platform of the Swiss Fund Data ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

Prices are published daily (except on days, when the fund is closed for subscriptions and redemptions) on the homepage of Swiss Fund Data ([www.swissfunddata.ch](http://www.swissfunddata.ch)). In addition the fund management company may decide to publish prices in other media, like newspapers, journals or electronic media and price information systems.

### 5.3 Sales restrictions

With respect to the issue and redemption of units of this investment fund outside Switzerland, the regulations valid in the country in question apply.

- The fund has been authorized for distribution in the following countries  
Switzerland (domicile)
- Units of this investment fund may not be offered, sold or delivered to the USA or US persons (as defined under Regulation S of the US Securities Act of 1933 and/or Rule 4.7 of the US Commodity Futures Trading Commission, in the respective valid versions).

The fund management company and the custodian bank may prohibit or restrict the sale, brokerage or transfer of units vis-à-vis natural persons or legal entities in certain countries and territories.

## 6. Further investment information

### 6.1 Historic performance

Performance of the last three financial years

Reporting Date	CHF-class	EUR-hedged-class
31.12.2021	15.72%	15.82%
31.12.2022	-14.26%	-14.45%
31.12.2023	12.36%	14.11%

### 6.2 Profile of the typical investor / Definition of target market within the meaning of MiFID II

The investment fund is suitable for investors with a long-term investment horizon, whose primary goal is to achieve capital growth. These investors are able to tolerate significant fluctuations and reductions in the net asset value of their units in the fund, and such fluctuations and reductions may prevail for a longer period of time. These investors are familiar with the main risks of investing in stocks. Because the fund also invests in bonds, these investors must be willing to accept fluctuations in the net asset value of their units arising from interest rate movements. The fund is not suitable for investors who are looking for a speculative investment or who want or need to dispose of the invested capital at short notice. The investor must not be dependent on the realization of the investment on a specific date.

The definition of the target markets of the fund can be found in the Key Information Document in the section „What is the type of the product?“. This Key Information Document has been set up pursuant to the guidelines of the delegated regulation 2017/653 of the EU Commission resp. in addition to the relevant fund documents in accordance with Swiss law. The actual Key Information Document of the fund is available on the website [www.llbsswiss.ch](http://www.llbsswiss.ch). For Retail Clients of the EU resp. EEA countries this PRIIP KID together with the present prospectus with integrated fund contract as well as the last annual and semi-annual reports (if published after the last annual report) is the basis for any subscriptions.

## 7. Detailed regulations

All further information on the fund, such as the method used for the valuation of the fund assets, a list of all fees and incidental costs charged to the Investor and the Fund, and the appropriation of net income, can be found in detail in the fund contract.

## Glossary

### A

#### **Accumulating**

Income such as interest and dividends is not distributed, but reinvested directly in the fund's assets.

### C

#### **Counterparty**

Other party involved in a derivative financial instrument.

#### **Creditworthiness**

reflects a debtor's ability and willingness to meet its financial obligations.

#### **Custodian bank**

In accordance with the Swiss Federal Act on Collective Investment Schemes the custodian bank is responsible for the safekeeping of the fund's assets. The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians in Switzerland or abroad („Sub-Custodians“). Bank Sarasin & Cie. AG acts as custodian bank for Tavau Swiss Equity.

### D

#### **Derivatives**

Financial contracts such as options, futures, interest- and currency swaps as well as forward transactions, of which the value is derived from the price of securities or from benchmarks such as interest rates, currency rates and indices.

#### **Distributor**

Institution or individual person, which commercially offers or distributes fund units.

### F

#### **FINMA**

Swiss Financial Market Supervisory Authority. It is the Swiss supervisory authority for banks, insurance companies, stock exchanges and securities dealers as well as other financial intermediaries.

#### **Futures**

Standardized forward transaction traded on an exchange or on another regulated market that is open to the public, whereby its market value is determined daily, and the price differences are equalized daily (mark-to-market). Futures are derivative financial instruments

### H

#### **High Watermark**

The profit share of the fund manager (Performance Fee) shall only be authorised after a decrease of value is recouped, i.e. the initial highest value of the net asset value per unit is exceeded once again.

#### **Hurdle Rate**

The hurdle rate is the minimum return that must be exceeded by the investment fund in order for a performance fee to be charged. The hurdle rate can be defined as an absolute value (interest rate) or relative to another investment (benchmark).

### I

#### **Net Asset Value**

The net asset value represents the total assets of the fund minus the fund's liabilities at market value (Net Asset Value; NAV)

### K

#### **KAG**

Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).

#### **KKV**

Swiss Federal Ordinance on Collective Investment Schemes (CISO).

## **KKV-FINMA**

FINMA Ordinance on Collective Investment Schemes (CISO-FINMA).

## **L**

### **Leverage**

Leverage with regard to the fund's investments that is achieved by borrowing and/or derivative financial instruments.

### **Liquid Assets**

Liquid assets comprise bank deposits at sight or on demand with maturities up to twelve months.

### **Long/Short**

The strategy long/short seeks to achieve a return independent of the general development of the stock market by buying and short selling of various equity positions. Contrary to the market-neutral-strategy there may be an overweight either on the long- or the short-side.

## **M**

### **Money market instruments**

Financial instruments in the sense of short-term financing (money market), i.e. with maturities usually < 1 year.

## **O**

### **Option**

The right to buy (Call) or to sell (Put) a predetermined number of an underlying security during a specific period of time at a predetermined price; an option is a derivative financial instrument.

### **OTC**

Over-the-counter. Trading of securities or derivative financial instruments that are not traded on a stock exchange or another regulated market among banks, brokers or other professional market participants.

## **P**

### **Performance Fee**

Performance based compensation for the manager of a portfolio resp. a fund. The performance fee may be combined with the „high watermark“.

## **S**

### **Short Sale**

A Short-Position arises through the sale of securities, derivatives, currencies etc., which are not in the property of the seller at the time of sale.

### **Swaps**

A binding agreement for the exchange of payments on a specified future date. The amount of the payments is either fixed or related to one or more underlying values (e.g. currencies). Swaps are derivative financial instruments.

## **V**

### **Valuation day**

A certain day, on which the fund's assets are evaluated. For Tavau Swiss Fund it is normally each bank business day.

### **Volatility**

Price swings of traded securities, currencies, etc. Generally, volatility is used to measure the risk of an investment (in the form of the standard deviation).

## Part 2: Fund contract

### Tavau Swiss Fund

#### 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 type 'other funds for alternative investments' has been established under the name of Tavau Swiss Fund (hereinafter referred to as the "investment fund") in accordance with Art. 25ff. in conjunction with Art. 68ff. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).
2. The fund management company is LLB Swiss Investment AG, Zurich.
3. The custodian bank is the Bank J. Safra Sarasin AG, Basel.
4. The asset manager is Entrepreneur Partners AG, Zurich.

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

##### § 2 The fund contract

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

##### § 3 The fund management company

1. The fund management company manages the fund at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value and determines the issue and redemption prices of units. It exercises all rights associated with the investment fund.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They shall account for the collective investment schemes they manage and provide information on all fees and costs charged directly or indirectly to investors as well as on compensation received from third parties, in particular commissions, rebates or other pecuniary advantages.
3. The fund management company may delegate investment decisions as well as specific tasks, provided this is in the interests of efficient management. It shall only engage persons who have the necessary skills, knowledge and experience for this activity and who have the required licenses. It shall carefully instruct and supervise the third parties involved.

The investment decisions may only be delegated to asset managers who have the necessary authorization.

The fund management company shall remain responsible for the fulfilment of its duties under supervisory law and shall safeguard the interests of the investors when delegating tasks. The fund management company shall be liable for the actions of persons to whom it has delegated tasks as for its own actions.

4. The fund management company may with the consent of the custodian bank submit a change to the present fund contract to the supervisory authority for approval (cf. § 27).
5. The fund management company can dissolve the investment fund pursuant to the provisions set down under § 26.
6. 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's assets. It handles the issue and redemption of fund units as well as payments on behalf of the investment fund.
2. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the Investors. They implement the organizational measures that are necessary for proper management. They shall account for the collective investment schemes held in their custody and provide information on all fees and costs charged directly or indirectly to investors as well as on compensation received from third parties, in particular commissions, discounts or other pecuniary advantages.
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 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 transfer the safekeeping of the fund assets to third-party custodians and central securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. The custodian bank verifies and monitors that the third-party custodian or central securities depository it appoints:
  - a) possesses an appropriate organizational 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 Prospectus contains information on the risks associated with the transfer of safekeeping to third-party custodians and central securities depositories.

In respect of financial instruments, the transfer of safekeeping in the sense of the previous paragraph may be made only to regulated third-party custodians and central securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the prospectus of 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 §§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.
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 The investor**

1. There are no restrictions in terms of investor eligibility.  
Restrictions are possible for individual classes in accordance with § 6.4.
2. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of a participation in the investment fund's assets and income. The investor's claim is evidenced in the form of fund units.
3. The investors are only obliged to remit payment for the units of the fund they subscribe. They shall not be 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, 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 on a daily basis and demand that their share in the investment fund be paid out in cash.
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 or in a unit class. Furthermore, they are obliged to inform the custodian bank, the fund management company and their agents immediately they cease to meet these conditions.
7. The investment fund or a unit class may be subject to a "soft closing", under which investors may not subscribe for units if, in the opinion of the fund management company, the closing is necessary to protect the interests of existing investors. Soft closing applies in respect of an investment fund or share class to new subscriptions or switches into the investment fund or share class, but not to redemptions, transfers or switches out of the investment fund or share class. An investment fund or a unit class may be subject to a soft closing without notice to investors.
8. 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 conditions for participation in this investment fund.
9. 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 the prospectus;
  - c) there is a detrimental impact on the economic interests of the investors, in particular in cases in which individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a financial benefit by exploiting the time differences between the setting of the closing prices and the valuation of the fund assets (market timing).

## **§ 6 Units and unit classes**

1. The fund management company can establish different unit classes and can 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 due to class-specific costs or distributions or class-specific income and the various classes may therefore have different net asset values per unit. Class-specific costs are covered by the assets of the investment fund as a whole.
2. Notification of the creation, dissolution or merger of unit classes shall be published in the media of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 27.

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 in-come, the minimum investment required and investor eligibility.

Fees and costs are only charged to the unit class for which the respective service is performed. Fees and costs that cannot be unequivocally allocated to a unit class shall be charged to the individual unit classes in relation to their share of the fund's assets.

4. At present, there are the following unit classes:

The unit classes differ in terms of the reference currency and the currency hedging.

- „CHF“-Class: accumulation class, denominated in Swiss Francs CHF (reference currency), which is at the same time the reference currency of the fund and which is suitable for all investors. No minimum investment is required. No retrocessions or rebates are paid in respect of the distribution of the "CHF"-class.
  - „EUR hedged“-class: accumulation class, denominated in Euro EUR (reference currency) and which is suitable for all investors. At least 90% of the currency risk of the EUR class will be hedged against the reference currency of the fund (CHF). No minimum investment is required. No retrocessions or rebates are paid in respect of the distribution of the "EUR hedged"-class.
5. Units do not take the form of actual certificates, but exist purely as book entries. Investors are not entitled to demand the delivery of a registered or bearer unit certificate.

### **III. Investment policy guidelines**

#### **A. Investment principles**

##### **§ 7 Compliance with investment regulations**

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 the fund assets at market value and must be complied with at all times.
2. If the limits are exceeded as a 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 due to 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 objective and investment policy**

1. The fund management company may invest the assets of this investment fund in the following investments. The risks involved in these investments must be disclosed in the prospectus.
  - a) Securities, i.e. securities issued in large quantities and non-securitized rights with the same function (uncertified securities) that are traded on a stock exchange or another 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 only permitted if their admission to a stock exchange or another regulated market open to the public is envisaged under the terms of issue. If they have not been admitted to a stock exchange or another regulated market open to the public within a year after their acquisition, these securities must be sold within one month or included under the restriction set down in prov. 1 lit g.
  - b) Derivatives, if (i) the underlying securities are securities pursuant to lit. a, derivatives pursuant to lit. b, units in collective investment schemes pursuant to lit. d, money market instruments pursuant to lit. e, financial indices, interest rates, exchange rates or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Derivatives are either traded on a stock exchange or another regulated market open to the public, or are traded OTC;  
Investments in derivatives traded OTC (OTC transactions) are only permitted if (i) the counterparty is a regulated financial intermediary specializing 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 shall be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.
  - c) Structured products, if (i) the underlyings are securities as defined in a); derivatives as defined in b); units in collective investment schemes as defined in d); money market instruments as defined in e); financial indices, interest rates, exchange rates or currencies; and (ii) the underlyings are permitted as investments under the Fund Contract. Structured products are either traded on an exchange or other regulated market open to the public, or are traded OTC;

OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specializing in such transactions; and (ii) the OTC products 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.

- d) Units of other collective investment schemes (target funds):
- collective investment schemes under Swiss law of the type 'securities fund' or 'other funds for traditional investments' in accordance with Art.70 of the Swiss Federal Act on Collective Investment Schemes
- The Fund Management Company does not 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.
- e) 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 only be acquired 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 Art. 74 para. 2 CISO.
  - f) Sight or time deposits with terms to maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union or in another country provided that the bank is subject to supervision in this country which is equivalent to the supervision in Switzerland.
  - g) Investments other than those specified in a to f above up to a total of 10% of the fund's assets. The following are not permitted: investments in precious metals, precious metals certificates, commodities and commodity certificates.
  - h) The fund management company can transact short sales of securities in accordance with this Fund Contract. (§ 15) (physical short sales) or by use of derivatives, which from the economic point of view correspond to a short sale (synthetic short sales) (§12)

## 2. Investment objective

The investment objective of the investment fund is principally to achieve an absolute increase in value, by means of long and short investments in the Swiss stock market.

### Investment policy

- a) The fund management company invests, after deduction of the liquid assets, at least 51% of the fund assets into
    - aa) investment securities and claims (shares, bonus shares, shares in cooperatives, participation certificates and the like) of companies that are domiciled in Switzerland or which exercise a predominant proportion of their economic activities in this market
    - ab) derivatives (incl. warrants) on the investments mentioned under point a) above
  - b) In addition the fund management company can invest, after deduction of the liquid assets, up to 49% of the fund's assets in:
    - ba) investment securities and claims (shares, bonus shares, shares in cooperatives, participation certificates and the like) from issuers that do not conform with the requirements mentioned under aa);
    - bb) debt securities and claims (obligations, convertible bonds, convertible notes, warrant issues, etc.), denominated in CHF and issued by Swiss private debtors or public-law entities;
    - bc) structured products such as certificates on indices and on investment securities and claims mentioned under point a) and b) above;
    - bd) units of other collective investments which invest their assets or parts of them according to the guidelines of this investment fund;
    - be) money market instruments denominated in CHF, issued by Swiss debtors;
    - bf) derivatives (including warrants) on investments mentioned under point b) above.
3. The fund management company shall ensure appropriate liquidity management. The details shall be disclosed in the prospectus.

## **§ 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 bank deposits at sight or on demand with maturities up to twelve months.

In extraordinary market conditions the fund management company can temporarily hold up to 100% of the fund assets in liquid means.

## **B. Investment techniques and instruments**

### **§ 10 Securities lending**

1. The fund management company may lend all types of securities, which are traded on an exchange or a regulated market open to the public.
2. The fund management company may lend securities and rights in its own name and for its own account to a borrower ("principal") or appoint an intermediary to put the securities at the disposal of the borrower either indirectly on a fiduciary basis ("agent") or directly ("finder").
3. The fund management company shall only carry out securities lending transactions with first-class supervised borrowers and intermediaries which are specialized in transactions of this type, such as banks, brokers and insurance companies, as well as with licensed and recognized central counterparty clearing houses and central securities depositories that guarantee the proper execution of the security lending transactions.
4. If the fund management company must observe a notice period, which may not be more than 10 bank working days, before it can legally repossess the loaned securities, it may not lend more than 50% of the eligible holding of a particular security. However, should the borrower or the intermediary contractually guarantee to the fund management company that it may legally repossess loaned securities on the same or following bank working day, then the entire eligible holding of a particular security may be lent.
5. The fund management company shall conclude an agreement with the borrower or intermediary whereby the latter shall pledge or transfer collateral to the fund management company for the purposes of guaranteeing restitution in accordance with Article 8 CISO-FINMA. The value of the collateral must be appropriate and must, at all times, be equal to at least 100% of the market value of the securities lent. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the Fund Management Company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets, and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The Fund Management Company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the Custodian Bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the Fund Management Company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
6. The borrower or intermediary is liable for ensuring the prompt, unconditional payment of any income accruing during the lending period, as well as for the assertion of other proprietary rights and for the contractually agreed return of securities of the same type, quantity and quality.
7. The custodian bank ensures that the securities lending transactions are settled in a secure manner in line with the agreements and in particular shall monitor compliance with the requirements relating to collateral. For the duration of the lending transactions it shall also be responsible for the administrative duties assigned to it under the custody account regulations and for asserting all rights associated with the loaned securities, provided these have not been ceded under the terms of an applicable framework agreement.
8. The prospectus must contain further information on the collateral strategy.
9. The fund management company can lend out securities in connection with short selling (see § 15) as a borrower.

## § 11 Securities 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 in the prospectus, 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 the present fund contract.

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

2. Commitment Approach II is applied to the assessment of 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 the funds' net assets. The overall exposure is determined in accordance with Art. 35 CISO-FINMA.
3. 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, as well as derivatives whose financial effect cannot be described by a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).
4.
  - a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
  - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.
  - c) Where interest rate derivatives are predominantly used, the amount to be included in the overall exposure arising from derivatives can be determined using internationally recognized duration-netting rules provided that the rules result in a correct determination of the risk profile of the fund, the material risks are taken into account, the use of these rules does not generate an unjustified level of leverage, no interest-rate arbitrage strategies are pursued, and the leverage of the fund is not increased either by applying these rules or through investments in short-term positions.
  - d) Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.
  - 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, with a derivative, the fund management company enters into an obligation in respect of the physical delivery of an underlying, the derivative must be covered by the corresponding underlyings or by other investments, provided that such investments and the underlyings are highly liquid and may be purchased or sold at any time if delivery is requested. The fund management company must have unrestricted power to dispose of these underlyings or investments at all times.

5. The fund management company may use both standardized and non-standardized 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.
6.
  - a) The fund management company may conclude OTC transactions only with regulated financial intermediaries specialized 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 meet the minimum credit rating requirements stipulated in the legislation on collective investment schemes under Art. 33 CISO-FINMA.
  - 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 derivative, it must be possible at all times to determine the price using an appropriate valuation model that is recognized in practice, based on the market value of the underlyings from which the derivative was derived. Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties, and the contract concluded with the counterparty providing the most favorable offer in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing.
  - d) As part of OTC transactions, the fund management company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, fund management company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets, and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. fund management company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the custodian bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the fund management company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.
7. 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.
8. The prospectus must contain further information on:
  - the importance of derivatives as part of the investment strategy;
  - the effect of the use of derivatives on the risk profile of the investment fund;
  - the counterparty risks of derivatives;
  - possible leverage effect resulting from the use of derivatives;
  - the collateral strategy.

### **§ 13 Raising and granting loans**

1. The fund management company may not grant loans for the fund's account. Securities lending transactions pursuant to § 10 are not deemed to be loans within the meaning of this paragraph.
2. The fund management company may borrow the equivalent of up to 100% of the net fund assets on a temporary basis. The maximum repayment term is 12 months. Securities lending transactions pursuant to § 10 (including the lending of securities as a borrower in connection with the short selling according to § 10 sec. 9) are not deemed to be granting loans within the meaning of this paragraph.

#### **§ 14 Encumbrance of the fund's assets**

1. No more than 100% of the net fund 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's assets may not be encumbered with guarantees.

#### **§ 15 Short selling**

1. The fund management company can transact short sales of securities (physical short sales) or by use of derivatives, which from the economic point of view correspond to a short sale (synthetic short sales) under the conditions listed below. For synthetic short sales, i.e. transactions in derivatives, § 12 is applicable.
2. The fund management company can transact short sales under the following conditions
  - a) Investment securities, which are traded on the stock exchange or at another regulated market open to the public and normally exhibit high market can be sold directly;
  - b) The exposure from direct short sales must not exceed -100% of the total fund assets. In addition the management company has to borrow the securities associated with short selling as borrower as per §10.
3. The potential loss on a short sale is theoretically unlimited. The sold securities have to be borrowed from a lender and must be bought back at a later time to be able to return them to the lender. The re-purchase price at that time can rise without any limit compared to the achieved selling price when the short sale took place. The use of derivatives, which from the economic point of view correspond to a short sale, may either contain an unlimited risk of loss or the risk of loss of the premium paid up front or on the value of the underlying securities of a derivative. The Fund Management Company will try to minimize the total risk arising either from physical or from synthetic short sales by an adequate risk diversification and constant risk monitoring.

### **C. Investment restrictions**

#### **§ 16 Risk diversification**

##### Investment restrictions concerning the investment fund

1. The regulations on risk diversification must include the following:
  - a) investments pursuant to § 8, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market it relates to and is published in an appropriate manner;
  - 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 regulations are deemed to be a single issuer.
3. Including derivatives and structured products, the fund management company may invest up to a maximum of 20% of the fund assets in securities and money market instruments from the same issuer. The total value of the securities and money market instruments from the issuers in which more than 10% of the fund assets are invested may not exceed 60% of the fund assets. The prov. 4 and 5 take precedence.
4. The fund management company may invest up to a maximum of 20% of the fund's assets in sight and term deposits with the same bank. Both the liquid assets pursuant to § 9 and the investments in bank balances pursuant to § 8 are to be included in this limit.
5. The fund management company may invest up to a maximum of 5% of the fund's 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 shall be increased to 10% of the fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA in accordance with the relevant provision of the Swiss Liquidity Ordinance, such claims are not included in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to prov. 3 to 5 above and issued by the same issuer/borrower may not in total exceed 20% of the fund's assets.
7. Investments pursuant to prov. 3 above of the same group of companies may not in total exceed 20% of the fund's assets.



8. The fund management company may invest a maximum of 20% of the fund's assets in units of the same target fund.
9. The fund management company may acquire for the fund's assets up to a maximum of 10% of the non-voting equity and debt instruments and/or money market instruments of the same issuer as well as a maximum of 25% of the units of other collective investment schemes.  
These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units of other collective investment schemes cannot be calculated at the time of the acquisition.
10. The restrictions in provs. 9 and 11 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 organization to which Switzerland or a member state of the European Union belongs.

#### Investment restrictions concerning the fund management company

##### 11. **Basic regulation**

The fund management company may not acquire any equity securities that in total account for more than 10% of the voting rights or that allow it to exercise a significant influence on the management of an issuer ("basic rule").

##### **Exemption**

In deviation from the basic regulation above, the fund management may apply the following limits to funds with an investment policy focus on equity securities in "Swiss small & mid cap companies" or "gold mining companies worldwide":

##### *a) Investment segment: "Swiss Small & Mid Cap Companies"*

For funds with an investment policy focus on equity securities in "Swiss Small & Mid Cap Companies" (as defined by SIX Swiss Exchange AG as well as all unlisted Swiss companies), the fund management company may not acquire more than 20% of the equity securities of an issuer from this investment segment, consolidated across all funds with this investment policy focus, whereby the exercise of voting rights is limited to a maximum of 17% in total.

For all other issuers which are not allocated to the investment segment "Swiss Small & Mid Cap Companies", the basic regulation above applies.

##### *b) Investment Segment: "Gold Mining Companies Worldwide"*

For funds with an investment policy focus on equity securities in "gold mining companies worldwide", the fund management may not acquire more than 20% of the equity securities of an issuer from this investment segment, consolidated across all funds with this investment policy focus, whereby the exercise of voting rights is limited to a maximum of 17% in total.

For all other issuers which are not allocated to the investment segment "Gold mining companies worldwide", the basic regulation above applies.

##### *c) Investment segment: "Others"*

For all funds that have neither an investment policy focus on equity securities in "Swiss small & mid cap companies" (as defined by SIX Swiss Exchange AG as well as all unlisted Swiss companies) nor on equity securities in "gold mining companies worldwide", the fund management company may not acquire equity securities of issuers from these two investment segments that in total account for more than 6% of the voting rights.

For all other issuers that are not allocated to either of the two investment segments "Swiss Small & Mid Cap Companies" and "Gold Mining Companies Worldwide", the basic rule above applies.

##### Maximum limit per issuer (cumulative at fund management level)

Irrespective of the above rules, the fund management company may under no circumstances hold or exercise more than 20% of the participation rights or 17% of the voting rights of an issuer, cumulated across all funds managed by it and across all investment segments.

##### Classification of the fund

Based on its investment policy, this fund has been allocated to the investment segment "Other". The classification of a fund may be adjusted in the event of changing circumstances.

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

### **§ 17 Calculation of the fund assets and the units**

1. The net asset value of the investment fund and the proportions attributable to the individual classes (percentages) is calculated in accounting currency of each share class at the market value as of 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 when the stock exchanges / markets in the fund's main investment countries are closed (e.g. bank and stock exchange holidays).
2. Securities traded on a stock exchange or another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market value is available shall be valued at the price which would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.
3. Open-ended collective investment schemes are valued at their redemption price / net asset value. If they are regularly traded on a stock exchange or another regulated market open to the public, the fund management company can value such funds in accordance with prov. 2.
4. The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: the valuation price of such investments is successively 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 the market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the 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. Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in the market conditions or the credit rating, the valuation principles for time deposits will be adjusted in line with the new circumstances.
6. The net asset value of unit of a given class is determined by the proportion of the fund's assets as valued at the market value attributable to the given unit class, minus any of the investment fund's liabilities that are attributed to the given unit class, divided by the number of units of the given class in circulation. It will be rounded up to 1 cent.
7. The percentages of the market value of the Fund's net assets (fund assets less liabilities) attributable to the individual unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit class. The calculation is made on the basis of the assets accruing to the Fund for each unit class. The percentage is recalculated when one of the following events occurs:
  - a) when units are issued and redeemed;
  - b) on the cut-off date for distributions, provided that (i) such distributions are made only for individual unit classes (distribution classes), or provided that (ii) the distributions of the various unit classes differ as percentages of their individual net asset values, or provided that (iii) different commission or costs, as percentages, are charged on the distributions of the various unit classes;
  - c) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various unit classes, provided that the liabilities of the various unit classes differ as percentages of their individual net asset values, especially if (i) different commission rates are applied to the various unit classes or if (ii) class-specific costs are charged;
  - d) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains originate from transactions made solely in the interests of one unit class or in the interests of several unit classes, but not in proportion to their share of the net fund assets.

### **§ 18 Issue and redemption of units**

1. Subscription and redemption orders for units are accepted up to a certain cut-off time specified in the prospectus on the day the orders are placed. 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 governed by the prospectus.

2. The issue and redemption price of units is based on the net asset value per unit calculated on the valuation day on the basis of the closing prices from the previous day as defined under § 17.  
Incidental costs (specifically standard brokerage charges, commissions, taxes, and fees) incurred by the Investment Fund in connection with the investment of the amount paid in, or with the sale of that portion of investments corresponding to the redeemed unit(s), will be charged to the fund assets.
3. The fund management company may suspend the issue of units at any time, and may reject applications for the subscription or switching of units.
4. The fund management company may temporarily and by way of exception suspend the redemption of fund units in the interests of all investors:
  - a) if a market which is the basis for the valuation of a significant proportion of the fund's 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 can no longer transact its business;
  - d) in the event of large-scale redemptions that could significantly affect 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 shall be issued as long as the redemption of units is suspended for the reasons stipulated under prov. 4 lit. a to c.

## V. Fees and incidental costs

### § 19 Fees and incidental costs charged to the investor

1. No issuing or redemption commission is charged on subscriptions and redemptions of units.
2. The fund management company does not issue any charges for changing between the unit classes.

### § 20 Fees and incidental costs charged to the fund's assets

1. For the management (incl. fund administration), asset management and distribution activities relating to the investment fund, the fund management company shall charge the investment fund a fee not exceeding 1.70% p.a. of the fund's net asset value, to be charged to the fund's assets on a pro rata basis every time the net asset value of the fund's assets is calculated and paid out at the end of each month (management fee, incl. distribution fee).  
The rate of the management fee actually charged shall be stated in the annual and semi-annual reports.
2. Furthermore, the fund management company charges a performance-based commission ("Performance Fee"). The Performance Fee will be calculated according to the following table:

Performance Fee	15%	A performance-based commission of 15% will be calculated on the arithmetic difference between the cumulated performance of the fund and the cumulated Hurdle Rate during the period under review i.
period under review	quarter	The period under review for the calculation of the performance fee is each quarter (i.e. four quarters per year).
Interval of performance calculation	daily	The basis of the performance-based commission is the daily performance of the net asset value per unit. No performance fee will be determined on days where the net asset value fund is not calculated (Sundays and holidays).
Consideration of costs and fees	net	The performance-based commission will be calculated on the net asset value per unit after deduction of all costs and fees but before deduction of the accrued

			performance-based commission until that date.
Share-by Share basis	Fee per unit	High Watermark	The performance-based commission per unit will be calculated by taking into account the currently applicable High Watermark.
	Total Fee	average of outstanding units	For the calculation of the total amount of the performance-based commission to be accrued the average of outstanding units since the beginning of the actual quarter will be taken into account.
high watermark principle		yes	The net asset value per unit must have reached a new historic high since the launch of the fund, to allow a performance-based commission to be accrued
"High Watermark"-Reset-Interval	Performance Fee	after payment	The High Watermark for a new quarter will only be adjusted, if a performance-based commission has been paid out at the end of the previous quarter.
	Fund distributions		If distributions of income and capital gains are made to the investors resp. taxes are levied on their reinvestment, the High Watermark will be adjusted by these amounts.
„Hurdle Rate“- principle		none	No minimum return is required, to allow a performance-based commission to be accrued
Interval of accrual		valuation day	The performance-based commission will be calculated and accrued on each valuation day and accrual will be increased or liquidated in part or in full according to the development of the net asset value
Interval of payment		quarterly	The performance-based commission will be paid out at the end of each quarter.

3. For the safekeeping of the fund's assets, the handling of the fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4, the custodian bank shall charge the investment fund an annual commission not exceeding 0.13% of the fund's net asset value, to be charged to the fund's assets on a pro rata basis every time the net asset value of the fund's assets is calculated and paid out at the end of each quarter (custodian bank fee).  
The rate of the custodian bank fee actually charged shall be stated in the annual and semi-annual reports.
4. Furthermore, the fund management company and the custodian bank are entitled to reimbursement of the following costs incurred in executing the fund contract:
- Costs for the purchase and sale of investments, namely customary brokerage fees, commissions, taxes and duties, as well as costs for the review and maintenance of quality standards for physical investments;
  - the supervisory authority's fees in relation to the establishment, amendment, liquidation or merger of the Fund printing the annual and semi-annual reports;
  - the supervisory authority's annual fees;
  - the audit firm's fees for annual auditing as well as certification in the case of establishment, amendments, liquidation or mergers of the fund;
  - fees for legal and tax advisors in connection with the establishment, amendment, liquidation or merger of the Fund, 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, 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 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 commissions 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 though any extraordinary steps taken to safeguard the interests of Investors by the fund management company, Asset Manager of Collective Investment Schemes or Custodian Bank;
5. The costs according to sec. 4 letter a) are added directly to the cost value or deducted from the sales value.
6. The fund management company and its agents pay neither retrocessions as remuneration for distribution activity in respect of fund units, nor rebates to reduce the fees or costs incurred by the Investor and charged to the fund.

## **VI. Financial statements and audits**

### **§ 21 Financial statements**

1. The fund's accounting currency is CHF.
2. The financial year runs from the 1<sup>st</sup> of January to the 31<sup>st</sup> of December.
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 fund management company publishes a semi-annual report for the fund within two months following the end of the first half of the financial year.
5. The investor's right to obtain information under § 5 prov. 4 is reserved.

### **§ 22 Audits**

The auditors shall examine whether the fund management company and the custodian bank have complied with the statutory and contractual provisions as well as with the code of conduct of the Asset Management Association Switzerland AMAS as it may apply. The annual report shall contain a short report by the auditors on the published annual financial statements.

## **VII. Appropriation of net income**

### **§ 23**

1. The net income per unit class will be added on an annual basis within four months of the close of the financial year to the assets of the individual unit class for reinvestment, subject to any taxes and duty charged on the reinvestment. The Fund Management Company may make additional interim reinvestments of the income.
2. Capital gains realized 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**

### **§ 24**

1. The medium of publication of the Investment Fund is the print medium or electronic medium specified in the Prospectus. 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. Each time units are issued or redeemed, the fund management company will publish the issue and the redemption prices or the net asset value together with a note stating "excluding commissions" for all unit classes on the electronic platform of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)). Prices must be published at least twice each month. The weeks and weekdays on which publications are made must be specified in the Prospectus. In addition the fund management company may decide to publish prices in other media, like newspapers, journals or electronic media and price information systems.
4. The prospectus with integrated fund contract and the latest annual or semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

## **IX. Restructuring and dissolution of investment funds**

### **§ 25 Mergers**

The fund contract does not plan for this investment fund to merge with another investment fund.

### **§ 26 Duration of the investment fund and dissolution**

1. The investment fund has been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve the fund by terminating the fund contract without observing a period of notice.
3. The investment fund may be dissolved by order of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch) or a longer ex-tened period approved by the supervisory authority at the request of the custodian bank and the fund management company it does not have net assets of at least 5 million Swiss francs (or the equivalent).
4. The fund management company shall 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 installments. The fund management company must obtain authorization from the supervisory authority prior to the final payment.

## **X. Changes to the fund contract**

### **§ 27**

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, the Investors may lodge objections with the supervisory authority within 30 days after the corresponding publication. 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 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 place of jurisdiction**

### **§ 28**

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 on Collective Investment Schemes of 21 December 2006.

The court of jurisdiction is the court at the fund management company's registered office.

2. The German version is binding in all matters of interpretation relating to the present Fund Contract.
3. The present fund contract shall take effect on July 25, 2022.
4. The present fund contract replaces the fund contract dated November 18, 2021.
5. When approving the fund contract, FINMA exclusively assesses compliance with Article 35a (1) a to g Ordinance on Collective Investment Schemes (CISO).

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

LLB Swiss Investment AG

#### **The custodian bank:**

Bank J. Safra Sarasin AG