

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

## **Pilatus Partners Fonds**

Umbrella-Fund under Swiss law  
of the type 'securities fund'

Prospectus with integrated fund contract  
September 2024

Fund Management Company: LLB Swiss Investment Ltd., Zurich  
Custodian Bank: UBS Switzerland AG, Zurich

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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 umbrella fund or the sub-funds

#### 1.1. Establishment of the umbrella fund in Switzerland

The fund contract of the umbrella fund "Pilatus Partners Fund" was established by LLB Swiss Investment AG (formerly LB(Swiss) Investment AG), Zurich, as fund management company and submitted to the Swiss Financial Market Supervisory Authority (FINMA) with the consent of UBS AG, Basel and Zurich, as custodian bank, and approved by the latter for the first time on 14 July 2014.

The Umbrella Fund currently consists of the following sub-funds:

- A) Pilatus Invest Income CHF
- B) Pilatus Invest Income USD
- C) Pilatus Invest Income EUR

In accordance with the fund contract, the fund management company is entitled to establish additional subfunds, liquidate existing subfunds or merge subfunds, subject to the consent of the Custodian Bank and the approval of the supervisory authority.

Investors are only entitled to the assets and income of the subfund in which they have invested. Liabilities that are attributable to an individual subfund will be borne solely by the said subfund.

#### 1.2. Term of investment fund

The Umbrella Fund and the individual sub-funds have an unlimited term.

#### 1.3. Tax regulations relevant to the Umbrella Fund

The umbrella fund and its subfunds have no legal personality in Switzerland. They are not subject to tax on income or capital.

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

Income and capital gains realized outside Switzerland may be subject to the relevant withholding tax deductions imposed by the country of investment. To the extent possible, these taxes will be reclaimed for the investor in Switzerland based on the double-taxation agreement provisions or other corresponding agreements.

Income distributions made by the subfunds to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35% whether distributed or reinvested. Any capital gains paid on a separate coupon are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.

Investors domiciled outside Switzerland may reclaim the withholding tax under the provisions of a possibly existing double-taxation agreement between Switzerland and their country of domicile. There is no possibility of reclaiming when such an agreement is not in place.

Distributions of income of a subfund to investors domiciled outside Switzerland are made free of Swiss withholding tax, provided at least 80% of the fund's income stems from foreign sources, and 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 (declaration of domicile / affidavit). No guarantee can be given that at least 80% of the fund's income will stem from foreign sources.

If withholding tax is charged to an investor domiciled outside Switzerland owing to the 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, depending on the person, which is directly or indirectly related to the units, can be partially or entirely be subject to a paying agent tax (e.g. final withholding tax, European savings tax, Foreign Account Tax Compliance Act).

**Informations for Investors in Germany:**

The subfunds under Swiss law (approved by the Swiss supervisory authority FINMA) are qualifying as investment funds 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). 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.

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

**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 Umbrella Fund respectively the subfunds have the following tax status:

Automatic international exchange of information on tax matters (automatic exchange of information):

This Umbrella-Fund resp. the subfunds qualify for the purposes of the automatic exchange of information within the meaning of the common reporting standards and standards of diligence of the Organisation for Economic Cooperation and Development (OECD) for informations on financial accounts (GMS) as non reporting financial institutes.

FATCA:

With the United States tax authorities, the umbrella fund respectively the subfunds are registered as "registered deemed-compliant FFI" under the terms of sections 1471-1474 of the United States Internal Revenue code (Foreign Account Tax Compliance Act, including related decrees, FATCA).

The umbrella fund and the subfunds are 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 AG  
Birchstrasse 160  
CH-8050 Zurich

## 1.6. Fund units

The units of all sub-funds and their unit classes 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, with the consent of the custodian bank and the approval of the supervisory authority, to create, liquidate or merge different unit classes for each sub-fund at any time.

Currently the subfunds are divided into the following unit classes, which are equally suitable for all investors.

The unit classes differ in terms of the commissions and in respect of the minimum initial subscription amount.

- "B"-Class: accumulation class, denominated in the reference currency of the respective subfund. No minimum investment or minimum holding is required. No rebates and, with the following exception, no retrocessions are paid for the "B" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.
- „I“-Class: accumulation class, denominated in reference currency of the respective subfund. A minimum initial subscription amount per investor or per asset manager (these include also banks and/or securities traders in the function as an asset manager and/or investment advisor with a corresponding asset management agreement and/or advisory agreement) of 1 million in the reference currency of the respective subfund is required. It is up to the fund management company to assess whether the preconditions for an investment in this class are fulfilled. No rebates and, with the following exception, no retrocessions are paid for the "I" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.

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

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

All unit classes are entitled to participate in the undivided assets of the subfund, which does not constitute a segregated pool of assets. 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 of a subfund. The assets of the subfund as a whole are liable for class-specific costs.

The individual unit classes do not constitute segregated pools of assets. Although costs are in principle charged only to the unit class for which the service in question was rendered, the possibility of a unit class being held liable for the liabilities of another unit class cannot be ruled out

**The reference currency of all unit classes of a subfund and of the subfund itself is not necessarily the currency in which the direct or indirect investments of the subfunds are denominated.**

For all unit classes of a subfund the risks of assets whose reference currency is not the same as the reference currency of the respective unit class of the fund, the currency risk may be totally or partially hedged. As full hedging is not required, investment loss due to foreign-exchange market risks cannot be excluded.

The fund management company shall undertake to treat all investors in the fund fairly. The fund management company shall not place the interests of one investor or a group of investors before the interests of another investor or investor group in the management of the liquidity risk and the redemption of units. The fund management company shall primarily take the principle of the equal treatment of investors into account in that is ensured that no investor can gain an advantage through the purchase or sale of units at already known unit prices. Therefore, it shall set a daily order acceptance deadline. Subscription and redemption orders, received at the custodian bank by 12 am (noon, CET) on a bank business day will be processed based on the net asset value applicable on the next bank business day (valuation day). Therefore, the net asset value used for settlement is not yet known at the point in time when the order was issued (forward pricing). It is calculated on the valuation day based on the closing price on the order date.

## 1.7. Listing and trading

The units of all subfunds and their share classes are not admitted to trading in a secondary market. No listing is planned.

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

Subfund units will be issued and redeemed daily. No issues or redemptions will take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, 1 August, etc.), or on days when the stock exchanges and markets in the fund's main investment countries are closed or, respectively 50% or more of the investments of the fund may not be valued adequately or when extraordinary conditions within the meaning of §17 section 4 of the fund contract are present. The fund management company and the custodian bank are entitled, to refuse applications for subscriptions at their own discretion.

Subscription and redemption orders received by the custodian bank by 12.00 noon CET at the latest on a given bank working day (order day T) will be settled on the next bank working day (valuation day T+1) 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 am CET (cut-off-time) will be handled on the following bank working day.

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

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

Incidental costs for the purchase and sale of investments (brokerage fees in line with the market, commissions, taxes and duties.) incurred by the subfund in connection with the investment of the amount paid or the sale of the terminated corresponding part of the investment will be charged to the assets of the corresponding subfund.

Issue and redemption prices are rounded to the smallest common unit of the reference currency of the respective unit class in accordance with commercial rounding principles. Payment will be made three bank working days after the order day (value date two days).

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

Overview	T	T+1	T+2	T+3
1. Subscription and redemption orders received by the custodian bank by 12.00 noon CET (order day)	X			
2. Closing prices for the calculation 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 = Order day and basis of the closing prices for valuation / T+1 = Valuation date

### Contribution and Redemption in kind

In the event of a subscription, every Investor may apply to make deposits into a subfund's portfolio instead of making payment in cash ("contribution in kind"), respectively in the event of a termination have assets transferred to them instead of payment in cash ("redemption in kind"). The application must be submitted together with the subscription / termination. The Fund Management Company is not obliged to permit contributions and redemptions in kind.

The decision on contributions and redemptions in kind lies with the Fund Management Company alone, and it approves such transactions only if the execution of the transactions is fully in accordance with the investment policy of the respective subfund and if the interests of the other Investors are not impaired.

The details of contributions and redemptions in kind are governed by § 17.7 of the Fund Contract.

### 1.9. Use of income

The net income of the B classes and the I classes of all subfunds shall be added annually per unit class to the assets of the corresponding unit class for reinvestment (reinvestment) in the reference currency of the corresponding unit classes 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.

Furthermore, extraordinary distributions of the net income of the accumulating unit classes of the subfunds in the respective reference currency of the corresponding unit class to the investors are 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 of the fund**

### **1.10.1. Investment objective of the subfunds**

The investment universe of the subfunds covers globally all fixed-income investment categories. Particular attention is paid to the portfolio risks. The part of investment-grade bonds shall amount to at least 75%, and independently thereof a diversification in respect of sectors and countries is taken into account. The interest-rate risks and the tactical duration management can be managed via the use of derivatives (mainly in the form of financial futures). At least 50% of the investments (except Pilatus Invest Income CHF 30%) are in the reference currency of the individual subfunds. At least 80% of the currency risk resulting from investments in foreign currencies (other than the reference currency of a subfund) shall be hedged.

#### **a) Investment objective of the subfund Pilatus Invest Income CHF**

The primary investment objective of the subfund Pilatus Invest Income CHF is to achieve, an appropriate annual return in Swiss Francs.

In the asset management of this sub-fund, ecological/social criteria are currently not explicitly taken into account or sustainable investments are not explicitly targeted.

#### **b) Investment objective of the subfund Pilatus Invest Income USD**

The primary investment objective of the subfund Pilatus Invest Income USD is to achieve, an appropriate annual return in US Dollar.

In the asset management of this sub-fund, ecological/social criteria are currently not explicitly taken into account or sustainable investments are not explicitly targeted.

#### **c) Investment objective of the subfund Pilatus Invest Income EUR**

The primary investment objective of the subfund Pilatus Invest Income EUR is to achieve, an appropriate annual return in Euro.

Classification and information of the subfund Pilatus Invest Income EUR according to the European Disclosure Regulation 2019/2088 (SFDR - Sustainable Finance Disclosure Regulation):

Due to the investment policy and investment objective applied, the subfund primarily takes traditional financial criteria into account. The asset management of this fund does not currently explicitly take environmental or social criteria into account or does not aim for sustainable investments.

The term "sustainability risks" refers to the risk of an actual or potential loss in value of an investment due to the occurrence of environmental, social or governance-related events. Due to the broad diversification and the performance achieved in the past, their assessment has no relevant impact on the return. The impact of sustainability risks on the subfund's return is therefore considered irrelevant.

The asset manager does not take into account the "main adverse impacts on sustainability factors" for this subfund, as the subfund does not pursue an ESG and/or sustainable investment policy.

In the medium to longer term, the asset manager assumes that traditional investments will achieve a return comparable to that of diversified, sustainable investments. However, no guarantee can be given in this regard.

The investments underlying this financial product do not currently take into account the EU criteria for environmentally sustainable economic activities.

### **1.10.2. Investment policy of the subfunds**

#### **a) Investment policy of the subfund Pilatus Invest Income CHF**

The subfund invests, after deduction of liquid assets, at least 30% directly or via derivatives, units of other collective investment schemes and structured products in bonds, notes and other fixed or variable rate debt securities and claims of private and public issuers worldwide denominated in Swiss Francs and in money market instruments of Swiss and foreign issuers denominated in Swiss Francs. In addition the subfund invests in other investments pursuant to § 8 prov. 3 of the fund contract (including (not conclusive) nicht auf Schweizer Franken lautende debt securities, derivatives, structured products, money market instruments, units of other collective investment schemes not denominated in Swiss Francs). Investments not denominated in the currency of the subfund are hedged against such currency to at least 80%.

The investment policy of the subfund Pilatus Invest Income CHF uses „SBI® Foreign AAA-BBB 3-5 Total Return“ as benchmark. The benchmark can be taken as a basis of comparison. The subfund does not need, however, to invest partially or fully index-linked.



**b) Investment policy of the subfund Pilatus Invest Income USD**

The subfund invests, after deduction of liquid assets, mainly (at least 50%) directly or via derivatives, units of other collective investment schemes and structured products bonds, and other fixed or variable rate debt securities and claims of private and public issuers worldwide denominated in US Dollar and in money market instruments of Swiss and foreign issuers denominated in US Dollar. In addition the subfund invests in other investments pursuant to § 8 prov. 3 of the fund contract (including (not conclusive) debt securities, derivatives, structured products, money market instruments, units of other collective investment schemes not denominated in US Dollar). Investments not denominated in the currency of the subfund are hedged against such currency to at least 80%.

The investment policy of the subfund Pilatus Invest Income USD uses "Bloomberg Eurodollar 3-5 Years Total Return Index" and "Bloomberg Eurodollar Aa or Higher: 3-5 Years Index" with a weighting of 50% each as a customized benchmark. The benchmark can be taken as the basis of comparison. The subfund does not need, however, to invest partially or fully index-linked.

**c) Investment policy of the subfund Pilatus Invest Income EUR**

The subfund invests, after deduction of liquid assets, mainly (at least 50%) directly or via derivatives, units of other collective investment schemes and structured products in bonds, notes and other fixed or variable rate debt securities and claims of private and public issuers worldwide denominated in Euro and in money market instruments of Swiss and foreign issuers denominated in Euro. In addition the subfund invests in other investments pursuant to § 8 prov. 3 of the fund contract (including (not conclusive) nicht auf Schweizer Franken lautende debt securities, derivatives, structured products, money market instruments, units of other collective investment schemes not denominated in Euro). Investments not denominated in the currency of the subfund are hedged against such currency to at least 80%.

The investment policy of the subfund Pilatus Invest Income EUR uses "Bloomberg Euro-Aggregate: 3-5 Year Index" as benchmark. The benchmark can be taken as the basis of comparison. The subfund does not need, however, to invest partially or fully index-linked.

Detailed information on the subfund's investment policy is contained in special section of the fund contract for each subfund.

**1.10.3. Investment restrictions of the subfunds**

Including derivatives and structured products the fund management company may invest up to a maximum of 10% of a subfund's 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 5% of a subfund's assets are invested may not exceed 40% of a subfund's assets.

The fund management company may invest up to 35% of the assets of each sub-fund in securities or money market instruments of the same issuer if these are issued or guaranteed by a state or a public-law entity from the OECD or by public international organisations to which Switzerland or a member state of the European Union belongs.

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 or subfunds with an investment policy focus on a "narrow market". The detailed provisions in this regard are set out in § 15 of the fund contract. Due to their investment policy, all sub-funds of this umbrella fund do not have a focus on a "narrow market" and are therefore allocated to the "Other" investment segment.

Detailed information on the subfund's investment restrictions are contained in the fund contract (cf. part 2, § 15 of the 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 collateralisation 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. The use of derivatives**

The fund management company may use derivatives. However, even under extreme market circumstances, the use of derivatives may not result in a deviation from the investment objectives or a change the investment character of the fund. Commitment Approach II is applied to the assessment of risk.

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 unequivocally.

Only basic types of derivatives may be used 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 investment policy. The derivative transactions may be concluded on either an exchange or other 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.

In addition to credit default swaps (CDS), all other types of credit derivatives (e.g. total return swaps [TRS], credit spread options [CSO], credit-linked notes [CLN]) may also be purchased, with which credit risks are transferred to third parties, so-called risk buyers. The risk buyers are compensated for this with a premium. The amount of this premium depends, among other things, on the probability of the occurrence of a loss and the maximum amount of the loss; both factors are generally difficult to assess, which increases the risk associated with credit derivatives. The subfunds can act both as a risk seller and as a risk buyer.

The use of derivatives may have a leverage effect on the assets of a sub-fund or correspond to a short sale. The total exposure to derivatives may amount to up to 100% of the net assets of a sub-fund and thus the total exposure of a sub-fund may amount to up to 200% of its net assets.

The provision of this paragraph are applicable to the individual sub-funds.

Detailed information on the investment policy and its restrictions, as well as the permitted investment techniques and instruments (in particular derivatives and their scope) are contained in the fund contract (cf. part 2, §§ 7-15 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 subfunds' assets (excerpt from § 19 in conjunction with §§ 32A, 32B and 32C of the fund contract):**

#### **a) Pilatus Invest Income CHF**

Management fee charged by the fund management

- Class B: max. 0.80 % p.a.
- Class I: max. 0.65 % p.a.

The commission is used for management (incl. fund administration), asset management and, if applicable, for distribution activities relating to the sub-fund.

Custodian bank commission (for all share classes of the subfund) max. 0.05% p.a.

The commission is used for the duties of the custodian bank such as the safekeeping of the assets of the subfund, the payments on behalf of the subfund and the other duties listed under §4 of the fund contract.

#### **b) Pilatus Invest Income USD**

Management fee charged by the fund management

- Class B: max. 0.90 % p.a.
- Class I: max. 0.70 % p.a.

The commission is used for management (incl. fund administration), asset management and, if applicable, for distribution activities relating to the sub-fund.

Custodian bank commission (for all share classes of the subfund) max. 0.05% p.a.

The commission is used for the duties of the custodian bank such as the safekeeping of the assets of the subfund, the payments on behalf of the subfund and the other duties listed under §4 of the fund contract.

#### **c) Pilatus Invest Income EUR**

Management fee charged by the fund management

- Class B: max. 0.90 % p.a.
- Class I: max. 0.70 % p.a.

The commission is used for management (incl. fund administration), asset management and, if applicable, for distribution activities relating to the sub-fund.

Custodian bank commission (for all share classes of the subfund) max. 0.05% p.a.

The commission is used for the duties of the custodian bank such as the safekeeping of the assets of the subfund, the payments on behalf of the subfund and the other duties listed under §4 of the fund contract.

In addition, the fees and incidental costs listed under § 19 of the fund contract may also be charged to the subfunds.

The actual charged rates are found in the annual and semi-annual report.

### 1.12.2. Total Expense Ratio

The coefficient of the total costs charged to the assets of the sub-funds on an ongoing basis (total expense ratio, TER) was:

#### a) Pilatus Invest Income CHF

Closing date	„B“-class	„I“-class
31.12.2021	0.65%	0.50%
31.12.2022	0.67%	0.52%
31.12.2023	0.67%	0.52%

#### b) Pilatus Invest Income USD

Closing date	„B“-class	„I“-class
31.12.2021	0.76%	0.56%
31.12.2022	0.77%	0.57%
31.12.2023	0.78%	0.58%

#### c) Pilatus Invest Income EUR

Closing date	„B“-class	„I“-class
31.12.2021	0.76%	0.57
31.12.2022	0.79%	0.60%
31.12.2023	0.80%	0.60%

### 1.12.3. Payment of retrocessions and rebates

With the following exception, no retrocessions are paid. Retrocessions may be paid by the fund management company and its agents only to a limited extent to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners. The following services in particular can be compensated with this remuneration:

- Presentation of the fund
- Participation in events and trade fairs

The recipients of retrocessions ensure transparent disclosure when providing financial services, if such services are provided, and inform the investor free of charge of the amount of compensation they may receive for distribution.

Upon request, the recipients of retrocessions shall disclose to investors the amounts actually received for the provision of the financial service, if such a service is provided.

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 subfunds.

#### 1.12.4. Fees and incidental costs charged to the investor (excerpt from § 18 of the fund contract):

1. No issuing commission and no redemption fees are charged to the investor on issues and redemptions of units or switches between subfunds of the umbrella fund.
2. No issuing commission and no redemption fees are charged to the investor for switches between share classes of a subfund.

#### 1.12.5. Commission sharing agreements and soft commissions

The fund management company has not concluded commission sharing agreements.

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

### 1.13. Availability of fund documents and reports

The prospectus with integrated fund contract, the corresponding key information documents 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**

Pilatus Partners Fund is an Umbrella fund under Swiss law of the type "Securities fund" pursuant to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006.

The subfunds are based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor with a stake in the investment fund in proportion to the fund units acquired by the said investor, and to manage this fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance with the tasks conferred upon it by the law and the fund contract.

#### **1.15. Significant Risks**

All investments in the respective subfunds are associated with risks. The risks may include or be associated with equity and bond market risks, exchange rate risks, interest rate risks, credit risks, volatility risks and political risks. Each of these risks may also occur in conjunction with other risks. Some of these risks are briefly discussed in this section. It should be noted, however, that this is not an exhaustive list of all possible risks.

Potential investors should be aware of the risks associated with an investment in the units and should not make an investment decision until they have obtained comprehensive advice from their legal, tax and financial advisors, auditors or other experts on the suitability of an investment in units of the respective sub-fund of this Umbrella Fund, taking into account their personal financial and tax situation and other circumstances, the information contained in this Prospectus with integrated fund contract and the investment policy of the respective sub-fund.

##### **General risk factors**

###### General risks

The value of the investments is based on their respective market value. Depending on the general stock market trend and the developments of the securities held in a sub-fund, the net asset value may fluctuate considerably. There is no guarantee that the respective investment objective of the subfunds will be achieved or that investors will get back all the capital they have invested, achieve a certain return or return the units to the fund management company at a certain price. Past performance is not indicative of future investment results.

###### 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 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.

### 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.

### Operational risks

The activities of the asset manager rely on the availability of data flow and communication systems used by it and by the other parties involved in the investment process. Should these systems fail temporarily, break down completely or trading in investments held by the investment fund be suspended or cancelled due to technical or political problems, there is a risk that the risk management and investment process cannot be fully implemented or may even fail completely. This may expose the investment fund to substantial risks and losses that cannot be determined in advance.

## **Specific risk factors**

### 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 a 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.

### Concentration Risks

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

The asset manager strives to create a broadly diversified portfolio. At times, however, it reserves the right to invest to a greater extent in individual promising companies and to focus investments on individual countries and sectors. This investment behaviour can increase the risk of loss if such investments do not fulfil the expectations placed in them.

### Derivatives risk

Through the possible use of derivatives in pursuit of the investment objective of a subfund or to hedge the assets of a subfund, a subfund assumes additional risks, which depend on the characteristics of both the respective derivative 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 subfunds may invest in certificates. Their value is usually linked to the underlying assets on which the certificates are based. Certificates do not entitle the holder to the underlying. They do not represent any claim and in case of a loss the investor has no claim against the company of the underlying. Investors in 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 Certificates can be traded on the secondary market or whether such market is liquid or illiquid. Not all Certificates are traded on an exchange or other market open to the public. It may be difficult to obtain price information and the liquidity and market prices of the Certificates may be adversely affected as a result.

#### Investments in target funds

Investments in target funds may incur the same costs both at the level of the subfund fund and at the level of the target fund. Where applicable, foreign target funds are not required 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 subfund 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. The investment in units or shares of a target fund is associated with 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 issues, as well as be exogenous in nature and/or company-specific. Sustainability risks may lead to a material deterioration of a company's financial profile, profitability or reputation and thus have a significant impact on security prices.

The current risk profile of the respective subfunds is set out in the relevant key information documents.



### **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 and sub-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 or sub-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 was set, which defines the required minimum liquidity in the fund or sub-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 liquidity of the investment fund or sub-fund. If the liquidity of the investment fund or sub-fund is deemed insufficient, appropriate measures are initiated (e.g. introduction of liquidity management tools, reduction of redemption frequencies in unit certificate transactions 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 equities, 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 assets side of the investment fund or sub-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 or sub-fund are also taken into account by assuming higher net redemptions of unit certificates.

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 responsible for the management of the investment fund. 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 AG  
Claridenstrasse 20  
CH-8002 Zürich

### **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**

The investment decisions have been delegated to Pilatus Partners AG, Zurich (hereinafter referred to as the asset manager).

#### Address of the asset manager:

Pilatus Partners AG  
Talacker 50  
CH-8001 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 membership and creditors' rights associated with the investments of the subfunds it manages independently and exclusively in the interests of the investors. The fund management company will, upon request, provide the investors with information on exercising of membership and creditors' rights.

In the case of scheduled routine transactions, the fund management company is free to exercise membership 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 membership and creditors' rights 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 portfolio manager, the company or of voting advisors or from other third parties or learns from the media.

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

### **3.1. General information on the custodian bank**

The custodian bank is UBS Switzerland AG. The bank was established in 2014 as a public limited company domiciled in Zurich and took over the Swiss booked private and corporate client business as well as the Swiss booked wealth management business from UBS AG as of June 14, 2015.

### **3.2. Further information on the custodian bank**

UBS Switzerland AG is a universal bank offering a wide range of banking services.

UBS Switzerland AG is a subsidiary of UBS Group AG. UBS Group AG is one of the world's financially strongest banks, with total consolidated assets of USD 1,717,246 million and published capital and reserves of USD 86,639 million as of December 31, 2023. It employs 112,842 people worldwide in an extensive network of offices.

The custodian bank can delegate the safekeeping of the fund's assets to third-party or central depositories in Switzerland or abroad.

The custodian bank may only delegate the safekeeping of the fund's financial instruments to third-party or central depositories subject to regulatory supervision. This requirement does not apply to compulsory custody in a place where it is not possible to transfer the financial instruments to a regulated third-party or central depository, notably due to binding legal constraints.

The effect of the use of third-party and central depositories is that the fund management company no longer has sole ownership of deposited securities, but only co-ownership. Moreover, if the third-party and central depositories are not supervised, they are unlikely to meet the organizational requirements placed on Swiss banks.

The custodian bank is liable for damages caused by the delegated party to the extent that custodian bank cannot prove that it applied due diligence in the selection, instruction and monitoring necessary for the circumstances.

Appropriate regulation of the organisation and procedures shall ensure that conflicts of interest between the Custodian and the investors as well as between the Custodian and any third-party and central securities depositories in Switzerland and abroad that may be involved by the Custodian are avoided.

The custodian bank has been registered with the tax authorities in the United States as a Reporting 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").

## **4. Information on third parties**

### **4.1. Paying agents**

The paying agent is UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich and its subsidiaries in Switzerland.

The required information for unit holders (prospectus, fund contract, key information document, annual and semi-annual report, issuing and redemption prices) is available at no charge along with other information and documents at the paying agent in Switzerland.

### **4.2. Distributors**

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

Pilatus Partners AG, Zurich (cf. section 2.5)

The fund management company may appoint further distributors at any time.

### **4.3. Additional Information About the Sale of Units in Germany**

**At the present time in Germany only the distribution of units of the subfund „Pilatus Invest Income EUR“ has been reported to Bundesanstalt für Finanzdienstleistungsaufsicht (BAFIN) according to § 310 Kapitalanlagegesetzbuch (KAGB). The subfunds „Pilatus Invest Income CHF“ and „Pilatus Invest Income USD“ have not been reported, and their units may therefore not be distributed to investors within the scope of Kapitalanlagegesetzbuch (§ 293 section 1 no. 3 KAGB and § 309 KAGB).**

The following information is directed to potential investors in Germany, in that it more precisely lays out and completes the prospectus with regard to the distribution in Germany:

#### **Information office**

The Information Office in Germany is the

ODDO BHF SE  
Gallusanlage 8  
D – 60329 Frankfurt am Main

The Information Office also informs investors how to place subscription, payment, redemption, and conversion orders and how redemption proceeds are paid out.

The Information Office also acts as a contact with and vis-à-vis the "Bundesanstalt für Finanzdienstleistungsaufsicht".

#### **Redemption and Conversion Orders, Payments**

Investors in Germany can submit their redemption and exchange orders at their institution maintaining the custody account in Germany. This institution will forward the orders to be handled at the custodian bank of the fund or request the redemption in its own name to be credited to the account of the investor.

Fund distributions, redemption revenues and other payments to the investor in Germany also go through the institution maintaining the custody account in Germany. It will credit the payments to the account of the investor.

#### **Information**

The sales documents referred to in section 297(4) sentence 1 KAGB and the documents and information referred to in section 298(1), section 299(1) to (3) and (4) sentences 2 to 4 and section 300(1), (2) and (4) KAGB are available for inspection and copying in German free of charge at the Information Office. Such sales documents and information encompass in particular the prospectus with integrated fund contract, the corresponding key information documents (PRIIP KIDs), the annual and semi-annual reports as well as the issue and redemption prices (and, if applicable, the conversion prices)

To exercise your investor rights, you can contact us by telephone at +41 58 523 96 70 at the Compliance Department of LLB Swiss Investment AG, as well as via email at "investment@llb.ch" or by post at LLB Swiss Investment AG, Compliance, Claridenstrasse 20, 8002 Zurich (Switzerland). In addition, you can also contact the Ombudsman's Office at [www.finos.ch/](http://www.finos.ch/) or FINMA at [www.finma.ch](http://www.finma.ch) in case of complaints.

#### **Price Publications and Other Notifications**

The issuing and redemption prices as well as all other legally required notifications to the investor are published on the internet at [www.swissfunddata.ch](http://www.swissfunddata.ch).

In particular, in the following cases, the information shall be provided to investors in Germany by means of a durable medium under § 167 KAGB in German or in a language customarily used in the sphere of international finance:

- Suspension of the redemption of investment fund units (§ 298 para. 2 no. 1 KAGB).
- Termination of the administration of the investment fund or its handling (§ 298 para. 2 no. 2 KAGB).
- Changes or amendments of the contract terms and conditions, which cannot be reconciled with the previous investment principles, affect important investor rights or concern fees and reimbursements, which can be taken from the special investment assets, including background information about the changes or amendments as well as the investor rights in a clear and understandable way; when doing so, notification must also be provided on how and where this information can be obtained (§ 298 para. 2 no. 3 KAGB).
- The merger of investment funds in the form of merger information, which must be prepared in accordance with article 43 of the guideline 2009/65/EG (§ 298 para. 2 no. 4 KAGB).
- The conversion of an investment fund into a feeder fund or changes of a master fund in the form of information, which must be prepared in accordance with article 64 of the guideline 2009/65/EG (§ 298 para. 2 no. 5 KAGB).
- amendments to the fund contract, any change in regards of the fund management company and/or custodian bank; and the liquidation of the investment fund will be published by the fund management company in the publication media as stated in ciph 5.2 of this prospectus and in Germany in the electronic Federal Gazette ("Bundesanzeiger"). This shall also apply to other important information concerning the issue and redemption of units for which the KAGB provides for notification by means of a durable data medium (such as a suspension or resumption of the redemption of units).

#### **4.4. Delegation of investment decisions and other tasks**

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

The asset manager is an asset management company established under Swiss law and as such is subject to supervision in Switzerland by the Swiss Federal Market Supervisory Authority ("FINMA").

The exact execution of the mandate is governed by an asset management agreement concluded between the fund management company and the asset manager.

The asset manager is not a company affiliated with the fund management company, so that there are no conflicts of interest in this respect. However, conflicts of interest may arise due to the fact that the asset manager also acts in the same or a similar capacity for other investment funds or other third parties as asset manager or investment advisor and implements a comparable investment strategy in this capacity. According to the asset management agreement between the fund management company and the asset manager, the asset manager is obliged to deal appropriately with such conflicts of interest.

##### 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

Valorennummer / ISIN	Pilatus Invest Income CHF "B"	24915370 / CH0249153708
	Pilatus Invest Income CHF "I"	24915371 / CH0249153716
	Pilatus Invest Income USD "B"	24915393 / CH0249153930
	Pilatus Invest Income USD "I"	24915394 / CH0249153948
	Pilatus Invest Income EUR "B"	25281803 / CH0252818031
	Pilatus Invest Income EUR "I"	25281807 / CH0252818072
FATCA-GIIN	Pilatus Invest Income CHF	SD7G8P.99999.SL.756
	Pilatus Invest Income USD	M4Z96X.99999.SL.756
	Pilatus Invest Income EUR	P6HY98.99999.SL.756
Accounting currency of the subfunds	Pilatus Invest Income CHF:	Swiss Francs
	Pilatus Invest Income USD:	US Dollar
	Pilatus Invest Income EUR:	Euro
Accounting currency of the share classes	Pilatus Invest Income CHF "B"	Swiss Francs (CHF)
	Pilatus Invest Income CHF "I"	Swiss Francs (CHF)
	Pilatus Invest Income USD "B"	US Dollar (USD)
	Pilatus Invest Income USD "I"	US Dollar (USD)
	Pilatus Invest Income EUR "B"	Euro (EUR)
	Pilatus Invest Income EUR "I"	Euro (EUR)

### 5.2. Publication of official notices by the subfunds

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

In the event of an amendment to the fund contract, a change in 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 homepage of Swiss Fund Data ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

Price publications respectively publications of net asset values for all share classes of each subfund are made daily (with the exception of the days, when a subfund is closed for issues and redemptions) on the homepage of Swiss Fund Data ([www.swissfunddata.ch](http://www.swissfunddata.ch)). In addition the prices may be published in newspapers, magazines electronic media or price information systems as defined by the management company.

Additional information about the investment limits of the risk management of the subfunds, the risk management methods and the latest risk developments and yields of the most important categories of assets is available at no charge when requested in writing from the fund management company as well as the German information office.

The fund management company also regularly publishes the following information:

- Immediate information about changes in the liability of the custodian on the Internet at [www.llbswiss.ch](http://www.llbswiss.ch);
- The percentage share of assets in the subfunds, which are difficult to liquidate and therefore are subject to special regulations, in the annual report;
- And new rules about liquidity management of the AIF, in the annual report;
- The current risk profile of the subfunds and the risk management processes used for this purpose, in the prospectus
- The current risk profile of the subfunds in the key information document.

### 5.3. Sales restrictions

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

- a) A distribution license is present for the following countries:
- Switzerland
  - Germany (see restriction below):

**At the present time in Germany only the distribution of units of the subfund „Pilatus Invest Income EUR“ has been reported to Bundesanstalt für Finanzdienstleistungsaufsicht (BAFIN) according to § 310 Kapitalanlagegesetzbuch (KAGB). The subfunds „Pilatus Invest Income CHF“ and „Pilatus Invest Income USD“ have not been reported, and their units may therefore not be distributed to investors within the scope of Kapitalanlagegesetzbuch (§ 293 section 1 no. 3 KAGB und § 309 KAGB.**

- b) Units in sub-funds 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.

### 5.4. Legal system, jurisdiction, assertion of rights

Legal disputes arising in conjunction with the investment in the subfunds are subject to Swiss law. To assert their rights, investors may appeal to a court of law in Switzerland or, if such is available, seek a dispute settlement procedure alternatively. The courts holding jurisdiction at the head offices of the fund management company are responsible for settling legal disputes related to the fund. The enforcement of judgments is oriented to the Swiss federal law on debt collection and insolvency. Judgments from Swiss courts can be enforced against the fund management company without prior recognition.

## 6. Further investment information

### 6.1. Historic performance of the subfunds

Performance of the last three financial years

#### a) Pilatus Invest Income CHF

Reporting date	class B	class I
31.12.2021	-0.30%	-0.15%
31.12.2022	-10.55%	-10.42%
31.12.2023	4.51%	4.67%

#### b) Pilatus Invest Income USD

Reporting date	class B	class I
31.12.2021	-0.81%	-0.62%
31.12.2022	-7.73%	-7.55%
31.12.2023	5.89%	6.10%

#### c) Pilatus Invest Income EUR

Reporting date	class B	class I
31.12.2021	-0.83%	-0.64%
31.12.2022	-12.32%	-12.15%
31.12.2023	6.13%	6.35%

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

The subfunds are particularly suitable for investors with a medium-term investment horizon who are primarily looking for current income. The subfunds are suitable for investors who do not wish to implement the investment strategy for their assets themselves, but instead delegate this task to the asset manager. Investors can accept temporary fluctuations and a prolonged decline in the net asset value of the fund units. They are familiar with the main risks involved in investing in debt securities. Investors must therefore be prepared to accept fluctuations in the net asset value resulting from interest rate developments. The subfunds are not suitable for investors seeking a speculative investment or who wish to dispose of or require the invested capital at short notice. Investors must not be dependent on the realization of the investment on a specific date. Investors are prepared to accept losses if necessary.

The target market definition of the subfunds or unit classes can be found in the relevant key information document in the section "What type of products are we talking about?". These key information documents have been prepared in accordance with the requirements of the Delegated Regulation 2017/653 of the EU Commission and in addition to the relevant fund documents under Swiss law. Current key information documents for the sub-funds or unit classes can be found on the website [www.llbsswiss.ch](http://www.llbsswiss.ch). For retail clients from the EU or EEA countries, these key information documents together with this prospectus with integrated fund contract and the latest annual or semi-annual report (if published after the latest annual report) form the basis for all subscriptions for units of the sub-funds or unit classes.

## **7. Detailed regulations**

All further information on the umbrella fund resp. the subfunds, such as the method used for the valuation of the subfund's assets, a list of all fees and incidental costs charged to the investor and the subfunds, and the appropriation of net income, can be found in detail in the fund contract.



## Part 2: Fund contract

### A General Section

#### I Basic principles

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

1. A contractual umbrella fund of the type 'securities funds' has been established under the name of Pilatus Partners Fonds (hereinafter referred to as the "umbrella fund") in accordance with Art. 25ff. in conjunction with Art. 53ff. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA). The general section and the supplementary provisions of the special section build the contract of the umbrella fund.

At present the following subfunds have been established:

**Pilatus Invest Income CHF**

**Pilatus Invest Income USD**

**Pilatus Invest Income EUR**

2. The fund management company is LLB Swiss Investment Ltd., with its registered office in Zurich.
3. The custodian bank is UBS Switzerland AG, with its registered office in Zurich.
4. The asset manager is Pilatus Partners AG, with its registered office in 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 subfunds 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 of the subfunds and determines the issue and redemption prices of units. It exercises all rights associated with the umbrella funds respectively the subfunds.
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 respectively the subfunds 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 for all or for specific subfunds, provided this is in the interests of proper 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.

Investment decisions may not be delegated to the custodian bank or to other companies whose interests may conflict with those of the fund management company or the investors.

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. § 26) and may also establish further subfunds with the approval of the supervisory authority.
5. The fund management company may, in accordance with the provisions set down under § 24, merge the subfund with other subfunds of other investment funds, or may dissolve them, in accordance with the provisions set down under § 25.

6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. Further it may be released from the liabilities assumed in the proper execution of its tasks, 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 subfund's assets. It handles the issue and redemption of fund units as well as payments on behalf of the subfunds.
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 umbrella fund respectively the subfunds, 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 subfunds, 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 subfunds.

In relation to assets that cannot be taken into safekeeping, the Custodian Bank verifies ownership by the Fund Management Company and keeps a record thereof.

6. The custodian bank may delegate the safekeeping of the subfund's 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 central securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the 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 the income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments which the fund management company makes in accordance with the investment regulations.
8. The custodian bank is entitled to receive the fees stipulated in §§18 and 19. It is further entitled to be exempt from the 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 the subfunds invest, unless this task has been delegated to it.

## § 5 The investor

1. There are no restrictions in terms of investor eligibility. The restrictions set out in § 6 (4) in conjunction with the special section may apply to certain investment classes.
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 each subfund's assets and income. At the request of the investor, with the fund management company's consent, payments in kind pursuant to § 17 (7) may also be accepted. The investor's claim is evidenced in the form of fund units.
3. 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 umbrella fund respectively the subfunds.
4. Investors are entitled to a share in the assets and the income of the subfund they are invested in. For the liabilities incurring to a subfund only the respective subfund is liable.
5. 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 express 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 at the courts of the registered office of the fund management company that the auditors or another expert investigate the matter which requires clarification and furnish the investors with a report.
6. The investors may terminate the fund contract on a weekly basis and demand that their share in the corresponding sub fund be paid out in cash. Upon request of the investors with the consent of the fund management company a payment in kind can be effected ("transfer of assets in kind") pursuant to § 17 (7).
7. 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 a subfund or a shareclass. Furthermore, they are obliged to inform the Custodian Bank, the Fund Management Company and their agents immediately they cease to meet these conditions.
8. The subfund 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 a subfund or share class to new subscriptions or switches into the subfund or share class, but not to redemptions, transfers or switches out of the subfund or share class. A subfund or a unit class may be subject to a soft closing without notice to investors.
9. 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, specifically to combat money laundering;
  - b) the investor no longer meets the statutory or contractual requirements for participation in a subfund.
10. 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 a subfund 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 umbrella fund or a subfund 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 subfund assets (market timing).

## **§ 6 Units and unit classes**

1. The fund management company may establish different unit classes and may also merge or dissolve unit classes for each subfund at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes of a subfund embody an entitlement to a share in the undivided assets of the respective subfund, which is 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. The assets of the subfund as a whole are liable for class-specific costs.
2. Notification of the creation, dissolution or merger of unit classes shall be published in the medium of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 26.
3. The various unit classes of a subfund may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required and investor eligibility.  
Fees and costs are only charged to the unit class of a subfund 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 of a subfund in relation to their share of the subfund's assets.
4. At present the subfunds listed in the special sections have been established.
5. As a rule, units shall not take the form of actual certificates but shall exist purely as book entries. Investors are not entitled to demand the delivery of a registered or bearer unit certificate.
6. The Fund Management Company and the Custodian Bank are obliged to instruct Investors who no longer meet the conditions for holding a unit class that, within 30 calendar days, they must redeem their units pursuant to § 17, transfer them to a person who does meet the aforementioned conditions, or convert them into units of another unit class whose conditions they do meet. If an Investor fails to comply with this demand, the Fund Management Company must, in cooperation with the Custodian Bank, make an enforced conversion into another unit class of this Investment Fund or, should this not be possible, enforce the redemption of the units in question pursuant to § 5.9.

## **III. Investment policy guidelines**

### **A. Investment principles**

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

1. In selecting individual investments for each subfund 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 each subfund's assets at market value and must be complied with at all times. Each subfund must have fulfilled the terms of the investment restrictions no later than six months after the expiry of the subscription period (launch).
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 the subfunds according to the investment policy set down in prov. 2 for each subfund 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, credits 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; 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, credits or currencies; and (ii) the underlyings are permitted as investments under the Fund Contract. Structured products are either traded on an exchange or other regulated market open to the public, or are traded OTC;

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

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 subfund's assets. The following are not permitted: (i) investments in precious metals, precious metals certificates, commodities and commodity certificates as well as (ii) real short-selling of any type of investment.

2. Investment policy of the subfunds:

The investment policy for each subfund is set down in the respective special section of this fund contract.

3. The fund management company shall ensure appropriate liquidity management for all subfunds. The details shall be stated in the prospectus.

## **§ 9 Liquid assets**

The fund management company may also hold liquid assets in an appropriate amount in each subfund'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.

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

### **§ 10 Securities lending**

The fund management company does not engage in securities lending activities for the subfunds.

### **§ 11 Securities repurchase agreements**

The fund management company does not engage in securities repurchase agreements for the subfunds.

### **§ 12 Derivatives**

1. The fund management company may use derivatives. It ensures that even under exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the fund contract and in the prospectus, and that it does not change the investment character of a subfund. Furthermore, the underlyings of the derivatives must be permitted as investments for the respective subfund 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 a subfund that is associated with derivatives may not exceed 100% of its net assets, and overall exposure may not exceed a total of 200% of its net assets. Taking into account the possibility of temporary borrowing amounting to no more than 10% of the Fund's net assets pursuant to § 13.2, the overall exposure of a subfund may be up to 210% of its 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) 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. However, the fund management company does not use exotic derivatives (derivatives whose economic impact cannot be described either by a basic derivative form or by a combination of basic derivative forms).
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 its guarantor must have a high credit rating.
    - b) It must be possible reliably and verifiably to value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
    - c) If no market price is available for an OTC derivative, it must be possible to determine the price at any time 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, 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.
  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 shall 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;
    - to the increased volatility resulting from the use of derivatives and the increased overall exposure (leverage effect);
    - to credit derivatives;
    - the collateral strategy.

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

1. The fund management company may not grant loans for the subfund's account.
2. The fund management company may borrow the equivalent of up to 10% of each subfund's assets on a temporary basis. The maximum repayment term is 3 months.

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

1. No more than 25% of each subfund's assets may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of a subfund.
2. The subfund's assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not considered a guarantee in the meaning of this paragraph.

## **C. Investment restrictions**

### **§ 15 Risk diversification**

#### Investment restrictions concerning the subfunds

1. The regulations on risk diversification 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.The rules on risk diversification apply to each subfund individually.
2. Companies which form a group in accordance with international accounting regulations are deemed to be a single issuer.
3. Including the derivatives and structured products, the fund management company may invest up to 10% of a subfund's assets in securities from the same issuer. The total value of the securities of issuers in which more than 5% of a subfund's assets are invested may not exceed 40% of the respective subfund's assets. This is subject to the terms and conditions in sections 4 and 5.
4. The fund management company may invest up to a maximum of 20% of a subfund's assets in sight and term deposits with the same bank. This limit includes both liquid assets pursuant to § 9 as well as investments in bank assets pursuant to § 8.
5. The fund management company may invest up to a maximum of 5% of a subfund'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 a subfund'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, such claims are not included in the calculation of counterparty risk.
6. Investments, deposits and claims pursuant to provs. 3 to 5 above and issued by the same issuer/borrower may not in total exceed 20% of a subfund's assets with the exception of the higher limits set out in points 11 below
7. Investments pursuant to prov. 3 above of the same group of companies may not in total exceed 20% of a subfund's assets with the exception of the higher limits set out in points 11 below
8. The fund management company may invest a maximum of 10% of a subfund's assets in units of the same target fund.
9. The fund management company may acquire for a subfund's assets less than 10% of the non-voting equity and debt instruments and/or money market instruments of the same issuer as less than 10% 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 points 9 and 12 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.
11. The limit in point 3 above is increased from 10% to 35% if the securities or money market instruments are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organization to which Switzerland or a member state of the European Union



belongs. The aforementioned securities or money market instruments will not be taken into account in the application of the 40% limit pursuant to point 3. However, the individual limits specified in points 3 and 5 may not be added to the existing limit of 35%.

#### Investment restrictions concerning the fund management company

##### **12. Basic regulation**

The fund management company may not acquire any equity securities that in total represent 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 or subfunds 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 or subfunds 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 or subfunds with this investment policy focus, whereby the exercise of voting rights is limited to a maximum of 17%.

For all other issuers that 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 or subfunds 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 or subfunds 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 or subfunds that have an investment policy focus neither 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 account for more than 6% of the voting rights in total.

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 equity securities or 17% of the voting rights of an issuer, cumulated across all funds or subfunds managed by it and across all investment segments.

#### Classification of the subfunds

##### **a) Pilatus Invest Income CHF**

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

##### **b) Pilatus Invest Income USD**

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

##### **c) Pilatus Invest Income EUR**

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

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

### § 16 Calculation of the net asset value

1. The net asset value of each subfund and the proportions attributable to the individual unit classes (percentages) of a subfund is calculated in reference currency of the individual classes at the market value as of the end of the financial year and for each day on which units are issued or redeemed. The subfund's assets will not be calculated on days when the stock exchanges / markets in the subfund'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 of a subfund is determined by the proportion of the market value of the respective subfund's assets attributable to that unit class, less any of the subfund's liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded commercially to the smallest unit of the reference currency of a given unit class.
7. The percentages of the market value of a subfund's net assets (subfund 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 subfund 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 or accumulations, provided that (i) such distributions/accumulations are made only for individual unit classes (distribution classes or accumulation classes), or provided that (ii) the distributions or accumulations 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 or accumulations 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 respective subfund's assets.

## § 17 Issue and redemption of units

1. Subscription and redemption orders for units are accepted daily 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 detailed modalities are governed by the prospectus.
2. The issue and redemption price of units of each subfund 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 § 16. No issuing commission or redemption commission is charged.

Incidental costs (standard brokerage charges, fees, taxes etc.) incurred by the investment fund in connection with the investment of the amount paid in, or with the sale of a redeemed portion of investments corresponding to the unit, will be charged to the fund's assets.
3. The fund management company may suspend the issue of all units of a subfund 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 a subfund's units in the interests of all investors:
  - a) if a market which is the basis for the valuation of a significant proportion of the respective subfund'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, a subfund 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 shall immediately apprise the auditors and the supervisory authority of any decision to suspend redemptions. It shall also notify 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.
7. In the event of a subscription, every Investor may apply to make deposits into a subfund's portfolio instead of making payment in cash ("contribution in kind"). In the event of a termination, every Investor may apply to have assets transferred to them instead of payment in cash ("redemption in kind"). The application must be submitted together with the subscription / termination. The fund management company is not obliged to permit contributions and redemptions in kind.

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

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

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

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

## **V. Fees and incidental costs**

### **§ 18 Fees and incidental costs charged to the investor**

1. No issuing commission or redemption commission will be charged to the investors on the issue or redemption of fund units or on the switch from one subfund to another subfund of this umbrella fund.
2. No issuing commission or redemption commission will be charged on the switch from one unit class to another unit class of a subfund.

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

1. For the management (incl. fund administration), the asset management and the distribution activities to the subfunds the fund management company shall charge the unit classes of the subfunds a commission to be charged to the subfund's assets on a pro rata basis every time the net asset value of the subfund's assets is calculated and paid out at the end of each month (management commission, incl. distribution commission).

The maximum annual management fee for each subfund and the individual unit classes are specified in the special section § 32.

The rate of the management fee actually charged to the subfunds and the unit classes shall be stated in the annual and semi-annual reports.

2. For the safekeeping of the subfund's assets, the handling of the subfund's payment transactions and performance of the other tasks of the custodian bank listed under § 4, the custodian bank shall charge the unit classes of the subfunds an annual commission to be charged to the subfund's assets on a pro rata basis every time the net asset value of the subfund's assets is calculated and paid out at the end of each month (custodian bank fee).

The maximum annual custodian fee for each subfund and the individual unit classes are specified in the special section § 32.

The rate of the custodian bank fee actually charged to the subfunds and the individual unit classes shall be stated in the annual and semi-annual reports.

3. Furthermore, the fund management company and the custodian bank shall be entitled to reimbursement of the following costs incurred in the course of executing the fund contract:
  - a) 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
  - b) the supervisory authority's fees in relation to the establishment, amendment, liquidation or merger of the umbrella fund respectively the subfunds;
  - c) the supervisory authority's annual fees;
  - d) the audit firm's fees for annual auditing as well as certification in the case of establishment, amendments, liquidation or mergers merger of the umbrella fund respectively the subfunds;
  - e) fees for legal and tax advisors in connection with the establishment, amendment, liquidation or merger of merger of the umbrella fund respectively the subfunds, as well as generally upholding the interests merger of the umbrella fund respectively the subfunds and its Investors;
  - f) the cost of publishing the net asset value merger of the subfunds, 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 umbrella fund's respectively the subfunds' annual and semi-annual reports;
  - h) the cost of any registration of the umbrella fund respectively the subfunds with a foreign supervisory authority, and specifically the com-missions 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 subfunds, including the cost of fees paid to external advisors;
  - j) costs and fees relating to intellectual property registered in the name of the umbrella fund respectively the subfunds or with rights of use for the umbrella fund respectively the subfunds;
  - k) all costs, which are incurred through the taking of extraordinary steps to protect investor interests by the fund management company, the asset manager of collective capital investments or the custodian bank.

4. The costs according to ciph. 3 lit. a are added directly to the cost value or deducted from the sales value .
5. In accordance with the provisions of the prospectus, the fund management company and its agents may pay limited retrocessions as compensation for the distribution of fund units. They do not pay rebates in order to reduce the fees and costs charged to the fund that are attributable to the investor.
6. Fees and incidental charges may only be charged to the subfund for which the specific service is performed. Costs that cannot be unequivocally allocated to a subfund are charged to the individual subfund's on a pro rata basis in relation to their share of the fund's assets.

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

### **§ 20 Financial statements**

1. The subfunds' accounting currencies are stated in the Special Section.
2. The financial year shall run from the 1st of January to the 31st of December.
3. The fund management company shall publish an audited annual report for the umbrella fund respectively the subfunds within four months of the end of the financial year.
4. The fund management company shall publish a semi-annual report for the umbrella fund respectively the subfunds 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. 5 is reserved.

### **§ 21 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**

### **§ 22**

The appropriation of income for each subfund is stated in the Special Section.

## **VIII. Publication of official notices by the investment fund**

### **§ 23**

1. The medium of publication of the umbrella fund respectively the subfunds 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, as well as 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 redemption prices or the net asset value for all unit classes together with a note stating "excluding commissions" for all unit classes on the homepage of the 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 prices may be published in newspapers, magazines electronic media or price information systems as defined by the management company.
4. The prospectus with integrated fund contract, the key information document, and the latest annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

## IX. Restructuring and dissolution

### § 24 Mergers

1. Subject to the consent of the Custodian Bank, the Fund Management Company may merge individual subfunds with other subfunds or other investment funds by transferring the assets and liabilities as at the time of the merger of the subfund(s) or of the fund(s) being acquired to the acquiring subfund or fund. The investors of the subfund(s) or the fund(s) being acquired will receive the corresponding number of units in the acquiring subfund or fund. The subfund(s) or fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring fund will also apply for the subfund(s) or fund(s) being acquired.
2. Subfunds and funds may be merged only if:
  - a) provision for this is made in the relevant fund contracts;
  - b) they are managed by the same fund management company;
  - c) the relevant fund contracts are essentially correspond in terms of the following provisions:
    - the investment policy, investment techniques, risk diversification, and the risks associated with the investment,
    - the appropriation of net income and capital gains from the sale of assets and rights,
    - the type, amount and calculation of all fees, issue and redemption commissions, and the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund assets or to the investors,
    - the redemption conditions,
    - the duration of the contract and the conditions of dissolution;
  - d) the assets of the subfunds or the funds concerned are valued, the exchange ratio is calculated, and the assets and liabilities are acquired on the same day.
  - e) no costs arise as a result for either the subfunds or the fund or the Investors.

Exceptions in this regard are cases pursuant to § 19 (3) lit. b), d) und e).
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the investment funds involved.
4. At least one month before the planned publication, the Fund Management Company must submit the proposed changes to the Fund Contract, and the proposed merger, as well as the merger schedule to the supervisory authority for review. The merger schedule must contain information on the reasons for the merger, the investment policies of the funds or subfunds involved and any differences between the acquiring fund or subfund and the fund(s) or subfund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds or subfunds, as well as a statement from the audit firm responsible in accordance with the legislation on collective investment schemes.
5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23.2 and the proposed merger and its timing, as well as the merger schedule, at least two months before the planned date of merger in the medium of publication of the subfunds or funds in question. In this notice, the Fund Management Company must inform the Investors that they may lodge objections to the proposed changes to the Fund Contract with the supervisory authority, or request redemption of their units in cash, or submit application for a redemption in kind in accordance with § 17.7, within 30 days of the publication.
6. The audit firm must check directly that the merger is being carried out correctly, and must submit a report containing its comments in this regard to the fund management company and the supervisory authority.
7. The Fund Management Company must inform the supervisory authority of the conclusion of the merger, and publish notification of the completion of the merger, confirmation from the audit firm of the proper execution of the merger, and the exchange ratio, without delay in the medium of publication of the subfunds or funds involved.
8. The Fund Management Company must make reference to the merger in the next annual report of the acquiring subfund or fund, and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the subfunds or fund(s) being acquired.

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

1. The subfunds have been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve individual or all subfunds by terminating the fund contract without observing a period of notice.
3. Individual subfunds 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 extended period approved by the supervisory authority at the request of the custodian bank and the fund management company they do 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 shall publish notification in the medium of publication.
5. Once the fund contract has been terminated, the fund management company may liquidate the subfunds in question forthwith. If the supervisory authority has ordered the dissolution of a subfund, 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. Amendments to the fund contract**

### **§ 26**

If any amendments are to be made to the present fund contract, or if the merger of unit classes or a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last corresponding publication. In the event of a change to the fund contract (including the merger of unit classes) the investors can 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 prov. 2 that have been exempted from the duty to publish with the approval of the supervisory authority.

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

### **§ 27**

1. The investment fund is subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Federal Banking Commission on Collective Investment Schemes of 27 August 2014.

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

2. The German version is binding for the interpretation of the present fund contract.
3. The present fund contract shall take effect on March 6, 2024.
4. The present fund contract replaces the fund contract dated July 20, 2022.
5. When approving the fund contract, the FINMA verifies all of the provisions of the Fund Contract and ensures their compliance with the law.

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

LLB Swiss Investment Ltd.

### **The custodian bank:**

UBS Switzerland AG

## **B. Special Section**

### **Special Section A – Pilatus Invest Income CHF**

#### **§ 28A Name of the subfund**

The subfund "Pilatus Invest Income CHF" has been established as part of the Umbrella-Fund „Pilatus Partners Fonds“.

#### **§ 29A Unit classes**

At present the following unit classes have been established for the subfund, which are equally suitable for all investors:

The unit classes differ in terms of the commissions and in respect of the minimum initial subscription amount.

- „B“-Class: accumulation class, denominated in Swiss Francs (CHF), which is at the same time the reference currency of the subfund. No minimum investment or minimum holding is required. No rebates and, with the following exception, no retrocessions are paid for the "B" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.
- „I“-Class: accumulation class, denominated in Swiss Francs (CHF), which is at the same time the reference currency of the subfund. A minimum initial subscription amount per investor or per asset manager (these include also banks and/or securities traders in the function as an asset manager and/or investment advisor with a corresponding asset management agreement and/or advisory agreement) of CHF 1'000'000.-- is required. It is up to the fund management company to assess whether the preconditions for an investment in this class are fulfilled. No rebates and, with the following exception, no retrocessions are paid for the "I" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.

There is no minimum subscription amount required for additional subscriptions in all unit classes.

The fund management company reserves the right to establish further unit classes in accordance with the provisions set out in § 6 (1) of the General Section.

#### **§ 30A Supplement to the investment objective and investment policy**

1. The investment objective of Pilatus Invest Income CHF is to achieve a reasonable return on investment in Swiss Francs.

The investment universe is comprised globally over all fixed-income investment categories. Particular attention is paid to the portfolio risks. The part of investment-grade bonds shall comprise at least 75%, and independently thereof a diversification in respect of sectors and countries is taken into account. The interest-rate risks and the tactical duration management can be controlled via the use of derivatives (mainly in the form of financial futures). At least 30% of the investments are in the reference currency of the subfund. At least 80% of the currency risk resulting from investments in foreign currencies (other than the reference currency of the subfund) shall be hedged. The total exposure of the fund (gross-exposure) does not exceed the assets of the subfund.

2. a) The fund management company invests, after deduction of the liquid assets, at least 30% of the subfund's assets into:
  - aa) bonds, notes and other fixed or variable rate debt securities and claims of private and public issuers worldwide (incl. convertible bonds, convertible notes and bonds with warrants) denominated in Swiss Francs;
  - ab) derivatives (including warrants) on above investments;
  - ac) money market instruments, issued by Swiss or foreign debtors denominated in Swiss Francs with a term of up to 12 months;
  - ad) units of other collective investments schemes, which invest their assets mainly in investments subject to the terms in aa);
  - ae) structured products on investments subject to the terms in aa).



- b) In addition the fund management company can invest, subject to the terms in c), up to a third of the fund's assets in:
  - ba) fixed or variable rate debt securities of issuers worldwide that do not satisfy the requirements in regarding denomination currency set out in aa);
  - bb) derivatives (including warrants) on above investments;
  - bc) money market instruments, issued by Swiss or foreign debtors with a term of up to 12 months that do not satisfy the requirements in regarding denomination currency set out in ac);
  - bd) units of other collective investments schemes which invest their assets mainly in investments subject to the terms in ba);
  - be) structured products on investments subject to the terms in ba).
- c) In addition the fund management company must adhere to the following investment restrictions:
  - ca) money market instruments maximum 30%;
  - cb) units of other collective investments schemes in total maximum 10%;
  - cc) structured products in total maximum 15%.

### **§ 31A Accounting currency**

The accounting currency of the subfund „Pilatus Invest Income CHF“ is Swiss Francs (CHF).

### **§ 32A Management and custodian fee**

The management fee pursuant to § 19 (1) of the General Section for units of class "B" is max. 0.80% p.a. and for units of class "I" max. 0.65% p.a. of the subfund's net assets respectively in relation to their share classes of the subfund's assets. The fee is used to cover the management (incl. fund administration), the asset management and, where applicable, the distribution activities relating to the subfund.

The rate of the management fee actually charged within the range of the maximum fee shall be stated in the annual and semi-annual reports.

The custodian fee pursuant to § 19 (2) of the General Section for the units of class "B" and class "I" shall be max. 0.05% p.a. of the subfund's net assets or of the asset share of the corresponding class.

The commission is used for the duties of the custodian, such as the safekeeping of the fund assets, the handling of the fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4 of the General Section.

The rate of the custodian bank fee actually charged within the range of the maximum fee for the individual unit classes shall be stated in each case in the annual and semi-annual reports.

### **§ 33A First Annual Report**

The first annual report of the subfund „Pilatus Invest Income CHF“ pursuant to § 20 (1) of the General Section of this fund contract was prepared as per Dec 31, 2015. After the first financial year a semi-annual report will be published for June 30.

### **§ 34A Appropriation of net income**

1. The net income of all unit classes of this subfund shall be added for reinvestment (Accumulation) on an annual basis to the respective unit class of the subfund's assets in the reference currency of the respective unit class within four months of the close of the financial year, subject to any taxes and duty charged on the reinvestment. The fund management company can decide to make interim accumulations of income. The fund management company reserves the right to effect extraordinary distributions of income of the accumulating unit classes of the subfunds in the reference currency of the respective unit class.
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.

### **§ 35A Authorization**

The present Special Section A forms part of the fund contract approved by Swiss Financial Market Supervisory Authority (FINMA) on March 6, 2024, which includes the General Section and the Special Section.

## **B. Special Section**

### **Special Section B – Pilatus Invest Income USD**

#### **§ 28B Name of the subfund**

The subfund "Pilatus Invest Income USD" has been established as part of the Umbrella-Fund „Pilatus Partners Fonds“.

#### **§ 29B Unit classes**

At present the following unit classes have been established for the subfund, which are equally suitable for all investors:

The unit classes differ in terms of the commissions and in respect of the minimum initial subscription amount.

- „B“-Class: accumulation class, denominated in US Dollar (USD), which is at the same time the reference currency of the subfund. No minimum investment or minimum holding is required. No rebates and, with the following exception, no retrocessions are paid for the "B" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.
- „I“-Class: accumulation class, denominated in US Dollar (USD), which is at the same time the reference currency of the subfund. A minimum initial subscription amount per investor or per asset manager (these include also banks and/or securities traders in the function as an asset manager and/or investment advisor with a corresponding asset management agreement and/or advisory agreement) of USD 1'000'000.-- is required. It is up to the fund management company to assess whether the preconditions for an investment in this class are fulfilled. No rebates and, with the following exception, no retrocessions are paid for the "I" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.

There is no minimum subscription amount required for additional subscriptions in all unit classes.

The fund management company reserves the right to establish further unit classes in accordance with the provisions set out in § 6 (1) of the General Section.

#### **§ 30B Supplement to the investment objective and investment policy**

1. The investment objective of Pilatus Invest Income USD is to achieve a reasonable return on investment in USD.

The investment universe is comprised globally over all fixed-income investment categories. Particular attention is paid to the portfolio risks. The part of investment-grade bonds shall comprise at least 75%, and independently thereof a diversification in respect of sectors and countries is taken into account. The interest-rate risks and the tactical duration management can be controlled via the use of derivatives (mainly in the form of financial futures). At least 50% of the investments are in the reference currency of the subfund. At least 80% of the currency risk resulting from investments in foreign currencies (other than the reference currency of the subfund) shall be hedged. The total exposure of the fund (gross-exposure) does not exceed the assets of the subfund.

2. a) The fund management company invests, after deduction of the liquid assets, at least 50% of the subfund's assets into:
  - aa) bonds, notes and other fixed or variable rate debt securities and claims of private and public issuers worldwide (incl. convertible bonds, convertible notes and bonds with warrants) denominated in USD;
  - ab) derivatives (including warrants) on above investments;
  - ac) money market instruments, issued by Swiss or foreign debtors denominated in USD with a term of up to 12 months;
  - ad) units of other collective investments schemes, which invest their assets mainly in investments subject to the terms in aa);
  - ae) structured products on investments subject to the terms in aa).

- b) In addition the fund management company can invest, subject to the terms in c), up to 50% of the fund's assets in:
  - ba) fixed or variable rate debt securities of issuers worldwide that do not satisfy the requirements in regarding denomination currency set out in aa);
  - bb) derivatives (including warrants) on above investments;
  - bc) money market instruments, issued by Swiss or foreign debtors with a term of up to 12 months that do not satisfy the requirements in regarding denomination currency set out in ac);
  - bd) units of other collective investments schemes which invest their assets mainly in investments subject to the terms in ba);
  - be) structured products on investments subject to the terms in ba).
- c) In addition the fund management company must adhere to the following investment restrictions:
  - ca) money market instruments maximum 30%;
  - cb) units of other collective investments schemes in total maximum 10%;
  - cc) structured products in total maximum 15%.

### **§ 31B Accounting currency**

The accounting currency of the subfund „Pilatus Invest Income USD“ is US Dollar (USD).

### **§ 32B Management and custodian fee**

The management fee pursuant to § 19 (1) of the General Section for units of class "B" is max. 0.90% p.a. and for units of class "I" max. 0.70% p.a. of the subfund's net assets respectively in relation to their share classes of the subfund's assets. The fee is used to cover the management (incl. fund administration), asset management and, where applicable, the distribution activities relating to the subfund.

The rate of the management fee actually charged within the range of the maximum fee shall be stated in the annual and semi-annual reports.

The custodian fee pursuant to § 19 (2) of the General Section for the units of class "B" and class "I" shall be max. 0.05% p.a. of the subfund's net assets or of the asset share of the corresponding class.

The commission is used for the duties of the custodian, such as the safekeeping of the fund assets, the handling of the fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4 of the General Section.

The rate of the custodian bank fee actually charged within the range of the maximum fee for the individual unit classes shall be stated in each case in the annual and semi-annual reports.

### **§ 33B First Annual Report**

The first annual report of the subfund „Pilatus Invest Income USD“ pursuant to § 20 (1) of the General Section of this fund contract was prepared as per Dec 31, 2015. After the first financial year a semi-annual report will be published for June 30.

### **§ 34B Appropriation of net income**

1. The net income of all unit classes of this subfund shall be added for reinvestment (Accumulation) on an annual basis to the respective unit class of the subfund's assets in the reference currency of the respective unit class within four months of the close of the financial year, subject to any taxes and duty charged on the reinvestment. The fund management company can decide to make interim accumulations of income. The fund management company reserves the right to effect extraordinary distributions of income of the accumulating unit classes of the subfunds in the reference currency of the respective unit class.
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.

### **§ 35B Authorization**

The present Special Section A forms part of the fund contract approved by Swiss Financial Market Supervisory Authority (FINMA) on March 6, 2024, which includes the General Section and the Special Section.

## **B. Special Section**

### **Special Section C – Pilatus Invest Income EUR**

#### **§ 28C Name of the subfund**

The subfund "Pilatus Invest Income EUR" has been established as part of the Umbrella-Fund „Pilatus Partners Fonds“.

#### **§ 29C Unit classes**

At present the following unit classes have been established for the subfund, which are equally suitable for all investors:

The unit classes differ in terms of the commissions and in respect of the minimum initial subscription amount.

- „B“-Class: accumulation class, denominated in Euro (EUR), which is at the same time the reference currency of the subfund. No minimum investment or minimum holding is required. No rebates and, with the following exception, no retrocessions are paid for the "B" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.
- „I“-Class: accumulation class, denominated in Euro (EUR), which is at the same time the reference currency of the subfund. A minimum initial subscription amount per investor or per asset manager (these include also banks and/or securities traders in the function as an asset manager and/or investment advisor with a corresponding asset management agreement and/or advisory agreement) of EUR 1'000'000.-- is required. It is up to the fund management company to assess whether the preconditions for an investment in this class are fulfilled. No rebates and, with the following exception, no retrocessions are paid for the "I" class. Retrocessions can only be paid to those distributors who do not have an asset management, advisory or execution-only agreement with their potential or existing clients or business partners.

There is no minimum subscription amount required for additional subscriptions in all unit classes.

The fund management company reserves the right to establish further unit classes in accordance with the provisions set out in § 6 (1) of the General Section.

#### **§ 30C Supplement to the investment objective and investment policy**

1. The investment objective of Pilatus Invest Income EUR is to achieve a reasonable return on investment in Euro.

The investment universe is comprised globally over all fixed-income investment categories. Particular attention is paid to the portfolio risks. The part of investment-grade bonds shall comprise at least 75%, and independently thereof a diversification in respect of sectors and countries is taken into account. The interest-rate risks and the tactical duration management can be controlled via the use of derivatives (mainly in the form of financial futures). At least 50% of the investments are in the reference currency of the subfund. At least 80% of the currency risk resulting from investments in foreign currencies (other than the reference currency of the subfund) shall be hedged. The total exposure of the fund (gross-exposure) does not exceed the assets of the subfund.

2. a) The fund management company invests, after deduction of the liquid assets, at least 50% of the subfund's assets into:
  - aa) bonds, notes and other fixed or variable rate debt securities and claims of private and public issuers worldwide (incl. convertible bonds, convertible notes and bonds with warrants) denominated in EUR;
  - ab) derivatives (including warrants) on above investments;
  - ac) money market instruments, issued by Swiss or foreign debtors denominated in EUR with a term of up to 12 months;
  - ad) units of other collective investments schemes, which invest their assets mainly in investments subject to the terms in aa);
  - ae) structured products on investments subject to the terms in aa).

- b) In addition the fund management company can invest, subject to the terms in c), up to 50% of the fund's assets in:
  - ba) fixed or variable rate debt securities of issuers worldwide that do not satisfy the requirements in regarding denomination currency set out in aa);
  - bb) derivatives (including warrants) on above investments;
  - bc) money market instruments, issued by Swiss or foreign debtors with a term of up to 12 months that do not satisfy the requirements in regarding denomination currency set out in ac);
  - bd) units of other collective investments schemes which invest their assets mainly in investments subject to the terms in ba);
  - be) structured products on investments subject to the terms in ba).
- c) In addition the fund management company must adhere to the following investment restrictions:
  - ca) money market instruments maximum 30%;
  - cb) units of other collective investments schemes in total maximum 10%;
  - cc) structured products in total maximum 15%.

### **§ 31C Accounting currency**

The accounting currency of the subfund „Pilatus Invest Income EUR“ is Euro (EUR).

### **§ 32C Management and custodian fee**

The management fee pursuant to § 19 (1) of the General Section for units of class "B" is max. 0.90% p.a. and for units of class "I" max. 0.70% p.a. of the subfund's net assets respectively in relation to their share classes of the subfund's assets. The fee is used to cover the management (incl. fund administration), asset management and, where applicable, the distribution activities relating to the subfund.

The rate of the management fee actually charged within the range of the maximum fee shall be stated in the annual and semi-annual reports.

The custodian fee pursuant to § 19 (2) of the General Section for the units of class "B" and class "I" shall be max. 0.05% p.a. of the subfund's net assets or of the asset share of the corresponding class.

The commission is used for the duties of the custodian, such as the safekeeping of the fund assets, the handling of the fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4 of the General Section.

The rate of the custodian bank fee actually charged within the range of the maximum fee for the individual unit classes shall be stated in each case in the annual and semi-annual reports.

### **§ 33C First Annual Report**

The first annual report of the subfund „Pilatus Invest Income EUR“ pursuant to § 20 (1) of the General Section of this fund contract was prepared as per Dec 31, 2015. After the first financial year a semi-annual report will be published for June 30.

### **§ 34C Appropriation of net income**

1. The net income of all unit classes of this subfund shall be added for reinvestment (Accumulation) on an annual basis to the respective unit class of the subfund's assets in the reference currency of the respective unit class within four months of the close of the financial year, subject to any taxes and duty charged on the reinvestment. The fund management company can decide to make interim accumulations of income. The fund management company reserves the right to effect extraordinary distributions of income of the accumulating unit classes of the subfunds in the reference currency of the respective unit class.
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.

### **§ 35C Authorization**

The present Special Section A forms part of the fund contract approved by Swiss Financial Market Supervisory Authority (FINMA) on March 6, 2024, which includes the General Section and the Special Section.