

## PvB Alegra CLO Fund

Investment funds under Swiss law (category "other funds for traditional investments")

Prospectus with integrated fund contract, December 2023

The German version is binding.

# Part 1: Prospectus

This prospectus with integrated fund contract, the basic information sheet and the latest annual or semi-annual report (if published after the latest annual report) form the basis for all subscriptions to units of the investment fund.

Only information contained in the prospectus, the basic information sheet or the fund contract is valid.

## 1 Information about the investment fund

### 1.1 Establishment of the investment fund in Switzerland

The fund contract of the PvB Alegra CLO Fund was drawn up by PvB Pernet von Ballmoos AG as fund management company and, with the consent of Banque Cantonale Vaudoise as custodian bank, submitted to the Swiss Financial Market Supervisory Authority FINMA, which first approved it on 28 July 2006.

### 1.2 Duration

The investment fund exists for an indefinite period.

### 1.3 Tax regulations relevant to the investment fund

The investment fund has no legal personality in Switzerland. It is subject neither to income tax nor to capital tax.

The federal withholding tax deducted on domestic income in the investment fund may be reclaimed in full by the fund management company on behalf of the investment fund.

The income distributions of the investment fund are subject to the Swiss federal withholding tax (withholding tax) of 35%. Capital gains distributed with a separate coupon or shown separately to the investor in the statement are not subject to withholding tax.

The net income retained and reinvested by the investment fund is subject to federal withholding tax (withholding tax) of 35%.

Investors domiciled in Switzerland can reclaim the withholding tax deducted by declaring it in their tax return or by submitting a separate withholding tax application.

Income distributions to investors domiciled abroad are made without deduction of Swiss withholding tax, provided at least 80% of the income of the investment fund originates from foreign sources. For this purpose, confirmation must be provided by a bank that the units in question are held in the custody account of an investor domiciled abroad and that the income will be credited to the investor's account (declaration of domicile or affidavit). It cannot be guaranteed that at least 80% of the income of the investment fund originates from foreign sources.

If an investor domiciled abroad receives a withholding tax deduction due to a lack of a domicile declaration, he can claim the refund directly from the Federal Tax Administration in Bern on the basis of Swiss law.

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

The tax statements are based on the currently known legal situation and practice. We expressly reserve the right to make changes to legislation, case law, decrees and the practice of the tax authorities.

**The taxation and other tax consequences for the investor when holding, buying or selling fund units are governed by the tax regulations in the investor's country of domicile. Investors should consult their tax advisor for information in this regard.**

The investment fund has the following tax status:

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

This investment fund qualifies as a non-reporting financial institution for the purposes of the automatic exchange of information within the meaning of the Organisation for Economic Co-operation and Development (OECD) Common Reporting and Due Diligence Standard for Financial Account Information (GMS).

FATCA

The investment fund is registered with the US tax authorities as a "qualified collective investment vehicle (QCIV)" within the meaning of the Agreement between Switzerland and the United States of America on Cooperation for Facilitated Implementation of FATCA (Foreign Account Tax Compliance Act).

"IGA Switzerland/USA" and Sections 1471 - 1474 of the U.S. Internal Revenue Code including related enactments.

## **1.4 Financial year**

The financial year runs from 1 January to 31 December.

## **1.5 Audit company**

The auditing company is Deloitte, Pfingstweidstrasse 11, 8005 Zurich.

## **1.6 Shares**

The units represent contractual claims against the fund management company for participation in the assets and income of the collective investment scheme. The units are held exclusively in book-entry form. Units that can be delivered may be certificated or delivered in the form of a global certificate for the attention of a Swiss central securities depository. The units shall not be securitised, but shall be held in book-entry form. The investor is not entitled to demand the delivery of a registered or bearer unit certificate.

In accordance with the fund contract, the fund management has the right to create, cancel or combine different unit classes at any time with the consent of the custodian bank and the approval of the supervisory authority.

The following unit classes currently exist:

- Class "A" for investors who are NOT domiciled in Switzerland (income is generally reinvested).
- Class "I" for investors who are NOT domiciled in Switzerland (income is generally reinvested). No retrocessions are paid for this class in accordance with 1.12.
- Class "I (EUR)" for investors who are NOT domiciled in Switzerland (income is generally reinvested). No retrocessions pursuant to section 1.12 are paid for this class
- Class "AA" for investors who are NOT domiciled in Switzerland (income is generally reinvested).
- Class "S" for investors domiciled either in Switzerland or abroad (income is generally distributed to investors).
- Class "I" (CHF): for investors domiciled either in Switzerland or abroad (income is generally distributed to the investors). No retrocessions are paid for this class in accordance with 1.12.

Unit classes are generally denominated in USD, except for those with a different currency denomination in brackets, in which case the accounting unit of the investment fund is the US dollar (USD).

Currency hedging of the share classes

The various asset classes of the investment fund are denominated in different currencies. Reference currencies in which the value of the asset classes' assets is stated in reports and price quotations are either CHF or USD, depending on the asset classes. The performance of the investments in which the investment fund invests is measured in different currencies. Investors are therefore exposed to the risk that the value of the investment currencies may rise or fall against the reference currency. The fund

management company will attempt to reduce or minimise the effects of exchange rate fluctuations through hedging transactions. However, there is no guarantee that these hedging transactions will always be successful or that they will not in turn lead to significant losses.

The unit classes do not represent segmented assets. Accordingly, it cannot be ruled out that one unit class is liable for the liabilities of another unit class, even if costs are generally only charged to the unit class to which a specific benefit is attributable.

## **1.7 Listing and trading**

The units are not listed.

## **1.8 Conditions for the Issue and Redemption of Fund Units**

Fund units are issued on the 13th (thirteenth) bank working day of a month ("issue date"). The valuation of the corresponding fund units is carried out on the last bank working day of the month preceding the issue date ("valuation date"). No issue shall take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, bank holidays, etc.) or on days on which 50% or more of the investments of the investment fund cannot be adequately valued or if there are extraordinary circumstances within the meaning of § 18 Clause 4 of the fund contract. The fund management company and the custodian bank are entitled to reject subscription applications at their own discretion. If the issue falls on a public holiday, it shall be postponed to the next bank working day.

Subscription orders received by the custodian bank no later than 12:00 noon on the last bank working day of a month (cut-off time) shall be settled on the next issue day on the basis of the net asset value of the last bank working day of the month prior to the issue (valuation day). The net asset value to be settled is therefore not yet known at the time the order is placed (forward pricing). It is calculated on the basis of closing prices on the valuation day or, if in the opinion of the fund management company these do not reflect the fair market value, at the most recently available prices at the time of the valuation. If, due to special circumstances, a valuation in accordance with the above rule proves to be impracticable or inaccurate, the fund management company shall be entitled to apply other generally recognised and verifiable valuation criteria in order to achieve an appropriate valuation of the net fund assets.

Redemptions of Fund units are possible at any time with a notice period of (25) twenty-five bank working days to the last bank working day of each month (valuation day). Cancellations must be received by the Custodian Bank at the latest twenty-five bank working days before the last bank working day of a month at 12.00 noon (Swiss time). Cancellations not received by this time will be settled on the next valuation day. No redemption shall take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, bank holidays, etc.) or on days on which 50% or more of the investments of the investment fund cannot be adequately valued or if there are extraordinary circumstances within the meaning of § 18 Clause 4 of the fund contract. If the redemption falls on a public holiday, it shall be postponed to the next bank working day.

The fund management company and the custodian bank are entitled to reject subscription applications at their own discretion.

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

Payment shall be made on the issue date (value date of issue).

In principle, the units are not securitised, but only recorded in the accounts.

The issue price of the units of a class results from the net asset value of this class calculated on the valuation day, plus the issue commission. The amount of the issue commission can be seen in section 1.12 below.

The redemption price of the units of a class results from the net asset value of this class calculated on the valuation day, less the redemption commission. The amount of the redemption commission can be seen in section 1.12 below.

## 1.9 Use of income

The distribution of income will take place within four months of the end of each financial year for the distributing unit classes.

Income is reinvested within four months of the end of the financial year for the reinvesting unit classes.

## 1.10 Investment objective and investment policy of the investment fund

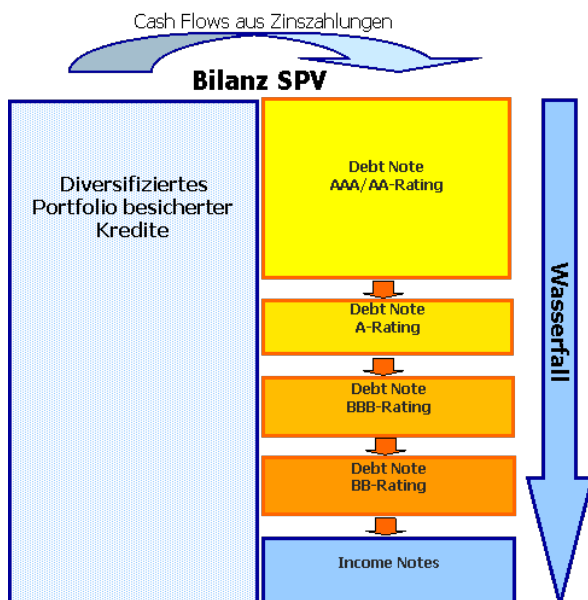
### 1.10.1 Investment objective

The investment objective of the PvB Alegra CLO Fund is primarily to achieve an absolute return with an above-average risk/return ratio through investments in asset-backed securities ("ABS"), while maintaining low volatility and minimal correlation to traditional investments, in particular to investments in the bond markets.

### 1.10.2 Investment Policy

In order to achieve the investment objective, the Fund Management observes the following when investing the Fund's assets after deducting liquid assets:

ABS are securities typically issued by special purpose vehicles on the occasion of a securitisation. Securitisation (also called "asset securitisation") is the conversion of a pool of cash flow generating, similar assets, e.g. collateralised loans granted to companies, into tradable securities. The following overview schematically illustrates this securitisation process using the balance sheet of a special purpose entity:



The special purpose vehicle (SPV) buys the pool of assets (e.g. collateralised corporate loans) and finances itself by issuing securities. The interest service and principal repayment of the issue are made directly from the cash flows of the assets contributed.

The assets of the SPV are managed by a specialised portfolio manager. The ABS assets are composed of a diversified portfolio of receivables, whereby different types of receivables (e.g. mortgages, collateralised corporate loans and securitised bonds) can be contributed to an SPV. The securities issued by the special purpose vehicle on the liabilities side of the balance sheet are categorised in dependencies of the type of receivables on the assets side: If they are mortgages, the securities on the liabilities side are called mortgage-backed securities. In the case of collateralised corporate loans, collateralised loan obligations ("CLO") arise on the liabilities side, and if they are already securitised bonds, collateralised bond obligations ("CBO") arise. Other forms of asset-backed securities also exist, where credit card receivables, lease receivables or licence receivables, for example, are brought in on the asset side of the balance sheet.

PvB Alegria CLO Fund focuses primarily on investments in collateralised loan obligations, each of which is based on a diversified portfolio of collateralised corporate loans on the asset side of the balance sheet.

The special purpose vehicle is financed on the liabilities side of the balance sheet by issuing debt notes ("CLO Debt Notes") and surplus shares ("CLO Income Notes"). In order to achieve the most favourable financing possible, securities of different seniority are issued on the liabilities side of the balance sheet. The objective and economic purpose of a securitisation is thus to generate the highest possible net margin resulting from the difference between the yields of the assets and their refinancing costs for the benefit of the owners of the surplus shares of the special purpose vehicle, given the risk of the portfolio on the asset side of the special purpose vehicle's balance sheet.

The main risk of the CLO tranches are losses due to the insolvency of individual debtors in the investment portfolio of the special purpose vehicle. Analogous to the capital structure of a company, the CLO tranches issued by the special purpose vehicle are also rated differently in terms of their creditworthiness when servicing interest and repaying capital. Rating agencies such as Standard & Poor's, Moody's and Fitch rate CLO tranches according to the ability of CLO special purpose vehicles to meet interest service on the liabilities side with cash flows on the assets side.

As seniority decreases, the risk level of the CLO liability increases. The tranche with the highest seniority (AAA/Aaa) bears the lowest risk, as the entire underlying portfolio serves as its collateral. Accordingly, the yield on the tranche with the highest seniority is lower than that on the subsequent tranches. The highest return and consequently the greatest risk potential are combined in the income notes, because these tranches are exposed to the risk of the first loss in the portfolio and economically represent the equity of a transaction.

Payments within the CLO structure are contractually regulated in detail using a so-called "waterfall". Incoming payments typically flow as follows: After the administrative costs have been settled, the scheduled interest service is paid to the individual CLO tranches. The tranche with the highest seniority (usually debt note with AAA rating) is serviced before tranches with lower seniority. In the event of a shortfall in cover caused, for example, by loan defaults on the asset side of the special purpose vehicle, the contractual provisions may require the amortisation of tranches with a higher seniority, or the interest service on tranches with a lower seniority may be suspended. Any surplus accrues in full to the income notes.

The PvB Alegria CLO Fund will invest primarily in income notes, although in exceptional cases BB debt notes may also be invested in. By purchasing such securities of different CLO transactions, a broad diversification is aimed at. However, it should be noted that each individual ABS or CLO transaction is already largely diversified in itself by debtor, country and sector. For example, a loan portfolio of 300 to 400 million euros to be securitised usually consists of about 60 debtors operating in 30 or more different industries.

Prior to any purchase of securities, the issuing SPV's specialised portfolio manager will conduct a comprehensive sensitivity analysis of the asset pool underlying the securitisation in terms of default risks, investment concentration and investment returns in order to draw conclusions about the quality of the securities to be purchased. In doing so, the asset pool should in principle be able to absorb credit losses of at least twice the historical experience values without jeopardising the capital invested by the fund.

The main risk for investors investing in income notes is that the real cash flows on the asset side of the SPV do not meet expectations. This can have several reasons: Individual borrowers default or make no or insufficient interest payments to the special purpose vehicle. It can also happen that individual borrowers repay their loans early and the special purpose vehicle thus has liquid funds on the asset side earlier than expected. These funds must be invested by the portfolio manager of the special purpose vehicle in new loans so that payment flows continue to be generated on the asset side of the balance sheet, which are used to make further payments to the providers of debt capital of the special purpose

vehicle. If such reinvestment is not successful, the yield of the income notes issued by the special purpose vehicle typically falls, which due to the waterfall principle only benefit from payment flows from the special purpose vehicle after the debt notes.

The Fund's investments are made in the currencies that are best suited to the Fund's performance, whereby the Fund Management assumes that the majority of investments will be made in US dollars (USD). The Fund has the option of temporarily or permanently hedging the respective investment currencies against the unit of account of the investment fund.

The fund management company may invest in units of other investment funds that are managed by it or by a company affiliated to it. In doing so, no commissions and costs may be charged to the fund assets.

In principle, PVB Alegra CLO Fund complies with all provisions of the Investment Fund Act for securities funds, with the exception of the provision on permissible investments (cf. § 8 items 1 and 3 of the Regulations of this Fund), the restriction on loans (cf. § 13 item 2 of the Regulations of this Fund), pledges (cf. § 14 item 1 of the Regulations of this Fund) and investments in securities of the same issuer (cf. § 16 of the Regulations of this Fund).

In principle, securities and other investments of the Fund are valued at the last known market price. However, obtaining price information can be associated with difficulties. If no current market prices are available to the fund management company, it shall value the investments concerned at the value which, in its opinion, could probably be achieved in the event of a diligent sale (cf. Part II, § 17).

**Detailed information on the investment policy and its restrictions, the permissible investment techniques and instruments (in particular derivative financial instruments and their scope) can be found in the fund contract (cf. Part II, §§ 7-16).**

### **1.10.3 Use of derivatives**

With a view to efficient management of the fund assets, the fund management company may use standardised and non-standardised (customised) derivative financial instruments. It may conclude the transactions on a stock exchange, on another regulated market open to the public or directly with a bank or financial institution specialising in such types of transactions as a counterparty (OTC transactions). In addition to the market risk, derivatives concluded OTC also include a counterparty risk.

The fund management company uses derivatives with a view to efficient management of the fund assets. However, even under extraordinary market conditions, these may not lead to a deviation from the investment objectives or to a change in the investment character of the Fund. Although the fund management is authorised to apply the Commitment Approach II (cf. § 12 Fund Contract), the total exposure of this investment fund may not be increased or leveraged through the use of derivatives, nor may short sales be effected. Due to the intended use of derivatives, this investment fund qualifies as a "simple investment fund". The commitment approach II is used for risk measurement (extended procedure).

As so-called asymmetric derivatives, credit derivatives are comparable in their basic conception with other OTC derivatives. In addition to the counterparty and market risk, however, credit derivatives involve special risks that are due to the high concentration of market participants, the complex valuability of the instruments and a legal uncertainty that still exists. The fund management endeavours to minimise these risks through adequate measures. Nevertheless, in individual cases legal disputes about the extent to which underlying credit risks are actually covered cannot be ruled out. If it turns out that the risks were not covered after all, the investment fund may incur an additional loss.

### **1.10.4 Security strategy**

Scope of the collateralisation as well as permissible collateral:

In the context of OTC transactions, the fund management company may accept collateral in accordance with the CISO-FINMA, thereby reducing the counterparty risk incurred. For this purpose, the fund management company concludes reciprocal collateralisation agreements with the counterparties.

The Fund Management currently accepts the following types of assets as eligible collateral:

- Cash in Swiss francs, euros or US dollars or a reference currency of a sub-fund/;

- Money market funds, provided they comply with the AMAS Directive or the CESR Guideline for Money Market Funds, a daily redemption option is available and the investments are of high quality (cf. minimum rating requirements below).
- Fixed or floating rate debt securities or rights issued or guaranteed by OECD member countries;
- Fixed or floating rate debt securities or rights issued by an issuer incorporated in an OECD member state and traded on a stock exchange or other regulated market open to the public in an OECD member state;

The collateral margin is 0% for collateral in the form of cash, money market instruments or bonds with a remaining term of less than one year. A security margin of at least 2% is applied for bonds with a remaining term of one year or more, whereby this margin increases with the term of the respective bond.

Fixed or floating rate debt securities or rights must generally have a minimum long-term rating of "A-" or equivalent or a minimum short-term rating of "A-2" or equivalent.

If an issuer or collateral is given different ratings by Standard & Poors, Moody's or Fitch, the lowest of the ratings applies.

The fund management company is entitled to add restrictions to or exclude certain OECD member states from the list of permissible countries or, at a more general level, to impose further restrictions on permissible collateral vis-à-vis counterparties and intermediaries.

The fund management company shall determine the required scope of collateralisation on the basis of the applicable risk distribution regulations and taking into account the type and characteristics of the transactions, the creditworthiness of the counterparties and the prevailing market conditions.

**Detailed information on the investment policy and its restrictions, the permissible investment techniques and instruments (in particular derivative financial instruments and their scope) can be found in the fund contract (cf. Part II, §§ 7-16 of the fund contract).**

### **1.11 Net asset value**

The net asset value of a unit of a class is calculated by dividing the share of the market value of the Fund's assets attributable to the unit class in question, less any liabilities of the investment fund allocated to the unit class in question, by the number of units of the class in question in circulation. It shall be rounded to 0.01.

### **1.12 Remuneration and incidental expenses**

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

The fund management company shall charge a management fee for the management, asset management and distribution activities in relation to the PvB Alegra CLO Fund, which shall be calculated monthly and charged pro rata temporis ("management fee", including distribution fee). The management fee amounts to a maximum of 2.0% p.a. of the net asset value (maximum 2.5% p.a. for unit class "AA") ("flat fee") and additionally a maximum of 10% of the increase in value (performance) of the net asset value of a unit which exceeds 0% ("hurdle rate") ("performance fee"). The performance fee shall be calculated on the basis of the "high watermark" principle; for the calculation, see § 20 item 2 of the fund contract.



Any performance fee shall be calculated, debited and transferred monthly. The rate of the management fee actually charged is shown in the annual or semi-annual report.

For the safekeeping of the Fund's assets, the handling of the Fund's payment transactions and the other tasks of the custodian bank listed in § 4, the custodian bank shall charge the Fund a commission of a maximum of 0.20% of the net asset value of the Fund's assets per annum, which shall be charged pro rata temporis to the Fund's assets each time the net asset value is calculated and paid out at the end of each month ("custodian bank commission").

For the payment of the annual income to the investors, the custodian bank charges the investment fund a commission of a maximum of 0.20% of the gross amount of the distribution. The fees actually charged are shown in the annual and semi-annual reports.

In addition, the investment fund may be charged the other fees and incidental costs listed in § 20 of the fund contract.

#### Remuneration to distributors (portfolio maintenance commission)

For the distribution and portfolio management of units in the PVB Alegra CLO Fund, the distributors shall be credited with a fee in addition to any issue commission, which shall amount to a maximum of 1.0% p.a. of the net asset value (for unit class "AA" this shall amount to a maximum of 1.5% p.a.). This remuneration is calculated pro rata temporis depending on the number of fund units held at the end of the month and transferred to the distributors.

These remunerations to distributors are not charged to the fund assets, but are paid out of the remunerations to the fund management.

#### Remuneration to the investment adviser

The activity of the investment advisor is compensated by the fund management company with an advisory commission of 0.50% p.a. (flat fee) and a performance-related commission of 10% of the increase in value (performance) of a fund unit which exceeds both the minimum return of 0% ("hurdle rate") and the "high watermark"; for the calculation, see § 20 item 2 of the fund contract.

This remuneration to the investment advisor is not charged to the fund assets, but is paid out of the remuneration to the fund management company.

### **1.12.2 Total expense ratio**

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

	2021:	2022:	2023:
TER (for 12 months) with performance fee:			
- Class "A":	2.62%	2.25%	
- Class "AA":	3.07%	2.75%	
- Class "I":	1.44 %	1.26%	
- Class "I CHF	1.26%	1.19%	
- Class "S	2.60%	2.26%	
TER (for 12 months) without performance fee:			
- Class "A":	2.21%	2.19%	
- Class "AA":	2.71%	2.69%	
- Class "I":	1.21%	1.19%	
- Class "I CHF	1.20%	1.19%	
- Class "S	2.21%	2.19%	

### 1.12.3 Payment of retrocessions and rebates

The fund management company and its agents may pay retrocessions to compensate for the distribution of fund units in Switzerland or from Switzerland. This compensation may be used in particular to cover the following services:

- Fund trading platforms and/or trading systems which offer the possibility of subscribing to fund units
- Organisation of information events
- Participation in events and trade fairs
- Production of marketing material
- Training of distributors
- All other activities with the intention of promoting the distribution activity in relation to the fund units

Retrocessions are not considered rebates even if they are ultimately passed on to investors in whole or in part.

The recipients of retrocessions shall ensure transparent disclosure and shall inform the investor of their own accord, free of charge, of the amount of compensation they may receive for distribution activities.

Upon request, the recipients of retrocessions shall disclose the amounts actually received for distribution activities in relation to the collective investment schemes of these investors.

The Fund Management Company and its agents may pay rebates directly to investors on request in connection with distribution activities in or from Switzerland. Rebates serve to reduce the fees or costs attributable to the investors concerned. Rebates are permissible provided that they

- are paid from fees of the fund management company and thus do not additionally burden the fund assets;
- be granted on the basis of objective criteria;
- be granted to all investors who meet the objective criteria and request discounts, under the same time conditions and to the same extent.

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

- The volume subscribed or the total volume held by the investor in the collective investment scheme or, where applicable, in the promoter's product range;
- the amount of fees generated by the investor;
- the investment behaviour practised by the investor (e.g. expected investment duration);
- the investor's willingness to support the launch phase of a collective investment scheme.
- Upon request by the investor, the fund management company shall disclose the corresponding amount of the rebates free of charge.

### 1.12.4 Remuneration and incidental costs to be borne by the investors (extract from § 18 of the fund contract)

Issuing commission in favour of the fund management company, custodian bank and/or distributors in Switzerland and abroad not exceeding 3%.

No redemption commission is charged for redemptions whose valuation day corresponds to the last bank working day of a calendar quarter (March, June, September, December).

For redemptions whose valuation day does **NOT** correspond to the last bank working day of a calendar quarter (January, February, April, May, July, August, October, November), a redemption commission of 2% of the net asset value will be charged in favour of the Fund's assets.

### **1.12.5 Performance Fee**

The performance fee shall amount to a maximum of 10% of the increase in value (performance) of the net asset value of a unit which exceeds 0% ("hurdle rate") ("performance fee"). The performance fee shall be calculated on the basis of the "high watermark" principle; for the calculation, see § 20 item 2 of the fund contract. Any performance fee shall be calculated, debited and transferred monthly.

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

The Fund Management Company has not entered into any commission sharing agreements.

The fund management company has not concluded any agreements regarding so-called "soft commissions".

### **1.12.7 Investments in affiliated collective investment schemes**

No issue and redemption commission shall be charged on investments in collective investment schemes which the fund management company manages directly or indirectly itself, or which are managed by a company with which the fund management company is affiliated by virtue of joint management, control or a substantial direct or indirect holding.

### **1.13 Inspection of the reports**

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

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

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

The investment fund is based on a collective investment contract (fund contract) in which the fund management company undertakes to give the investor a share in the investment fund in proportion to the fund units acquired by him and to manage the fund independently and in its own name in accordance with the provisions of the law and the fund contract. The custodian bank participates in the fund contract in accordance with the tasks assigned to it by law and the fund contract.

### **1.15 The main risks**

#### 1.15.1 General risks

An investment in the investment fund entails various risks. The value of a fund unit may be subject to considerable fluctuations. There is no certainty that the intended investment objective will be achieved. An investment in non-classical investments of this investment fund is suitable for investors with a high objective risk tolerance and a long-term investment horizon and as an addition to diversified portfolios.

#### 1.15.2 Market risks

The investment fund invests primarily in asset-backed securities structures. If political uncertainties, fiscal policy measures, foreign exchange restrictions or changes in legislation move the market contrary to the forecast in the short and/or long term, this may have a negative impact on the value of the exposures entered into and their returns.

#### 1.15.3 Liquidity risk

The liquidity of individual financial instruments may be tightly limited. As a result, under certain circumstances the fund management may only be able to sell a position with considerable difficulty. In such situations, investments of the investment fund can only be sold at a loss. In addition, in exceptional

cases, these financial instruments listed on a stock exchange may be delisted.

#### 1.15.4 Concentration of investments / risk diversification

The fund management aims to create a diversified fund portfolio by investing in instruments from a large number of issuers. However, investments may be concentrated in individual sectors. This investment behaviour may increase the risk of loss if the selected investment strategy does not meet expectations.

#### 1.15.5 Operational risks

The activities of the fund management company or the asset manager are based 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 Fund be suspended or discontinued due to technical or political problems, there is a risk that risk management cannot be fully implemented or fails completely. This may expose the Fund to substantial risks and losses that cannot be determined in advance.

#### 1.15.6 Counterparty risks

Counterparty risk denotes the probability of insolvency of the debtor, a counterparty to a pending transaction or the issuer or guarantor of a share or a derivative financial 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. This risk must be taken into account when choosing a debtor, counterparty, issuer or guarantor. The creditworthiness of an issuer is measured by its rating from the leading rating agencies.

**THE ABOVE LIST IS NOT EXHAUSTIVE OF ALL INVESTMENT RISKS OF INVESTMENT FUNDS.**

**THROUGH STRICT MONITORING OF THE INDIVIDUAL INVESTMENTS, THE FUND MANAGEMENT ENDEAVOURS TO REDUCE THE RISKS IDENTIFIED BY THEM AS FAR AS COMMERCIALY REASONABLE IN ITS OPINION.**

**PVB PERNET VON BALLMOOS AG ADVISES ALL INVESTORS TO HOLD ONLY AN APPROPRIATE PROPORTION OF THEIR PORTFOLIO IN UNITS OF THE INVESTMENT FUND. INVESTORS' ATTENTION IS DRAWN TO THE FACT THAT AN INVESTMENT IN THE INVESTMENT FUND SHOULD BE REGARDED AS A LONG-TERM COMMITMENT WHICH MAY BE SUBJECT TO CERTAIN FLUCTUATIONS IN VALUE.**

**THE ABOVE RISK WARNINGS DO NOT CONSTITUTE A COMPLETE EXPLANATION OF ALL THE RISKS ASSOCIATED WITH THIS INVESTMENT. INTERESTED INVESTORS ARE ADVISED TO READ THE ENTIRE PROSPECTUS, INCLUDING ALL APPENDICES, AND SEEK THEIR OWN INDEPENDENT PROFESSIONAL ADVICE BEFORE DECIDING TO INVEST IN THIS INVESTMENT FUND.**

### **1.16 Liquidity management**

The fund management company shall ensure appropriate liquidity management. The fund management company assesses the liquidity of the investment fund as part of the structuring and launch process, and thereafter on a monthly basis. In the assessment, various scenarios are analysed and criteria are taken into account, including diversification and size of the investment fund, fungibility of the investments, characteristics of the fund-specific investment market, market elasticity and market depth of the markets in which the investment fund invests. For certain asset classes with limited liquidity or limited available market information (e.g. real estate, mortgages, alternative investments), these analyses may take place at longer intervals and the criteria used may differ. The fund management shall document the results of these analyses and, if necessary, define and implement suitable measures to limit any liquidity risks.

The factors that have an influence on the liquidity risk can change continuously, sometimes also in an unexpected and significant manner. It cannot therefore be ruled out that liquidity risks (see also section 1.15.3) may arise for the sub-funds despite the analyses carried out and measures taken by the fund management company.

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

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

PvB Pernet von Ballmoos AG, Zurich, is responsible for the fund management. It was founded in July 2004 as a public limited company.

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

As at 01.12.2023, the fund management company managed assets totalling over CHF 1,000 million in Switzerland.

### **2.3 Administrative and governing bodies**

The Board of Directors of PvB Pernet von Ballmoos AG is currently composed of the following persons:

Markus Muraro, Chairman (no relevant activities outside the fund management)

Martin Peyer, Vice Chairman (Partner at Wenger Vieli Attorneys at Law)

Thomas Thüler, Member (holds directorships at the following companies: PMW Asset Management AG, MIV Asset Management AG, Anrepa Asset Management AG, Syz Asset Management AG, FINEZIA AG and Cresoft AG)

Christian von Ballmoos, member (in addition to his activities at PvB, member of the Board of Directors of Arfina Capital AG):

Philippe Keller, member (in addition to his activities at PvB, member of the Board of Directors of the following companies: Swiss Prime Site Solutions AG and Akara Property Development AG)

Philippe Keller, Christian von Ballmoos, Marc Bischofberger and Georg Reichelmeier are responsible for the Executive Board. Marc Bischofberger and Georg Reichelmeier have no relevant activities outside the fund management company..

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

The amount of the fund management company's subscribed share capital on 01.12.2023 is CHF 1,154,034. The share capital is divided into 38,340 registered shares at CHF 30.10 each and is 100% paid up.

### **2.5 Involvement of investment adviser**

Alegra Capital AG, Pfäffikon (SZ), provides financial and advisory services to the fund management company in its function as an investment advisor without decision-making capacity in connection with the selection and monitoring of asset-backed securities. Alegra Capital was founded in 2003 and specialises in the analysis and structuring of investments in asset-backed securities. The managing partners of Alegra Capital AG are also shareholders of the company. Alegra Capital AG managed funds in excess of EUR 600 million as at 31 December 2014. The auditing company of Alegra Capital AG is J. Elmer Holding AG, Schaffhauserstrasse 135, 8302 Kloten. The managing partners of Alegra Capital AG have many years of experience in structured credit financing, asset securitisation and management, and quantitative analysis. The managing partners are briefly described below.

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

The fund management company shall exercise the membership and creditors' rights associated with the investments of the managed sub-funds independently and exclusively in the interests of the investors. Investors may obtain information on the exercise of membership and creditors' rights from the fund management company upon request.

In the case of pending routine transactions, the fund management company is free to exercise the membership and creditor rights itself or to delegate the exercise to the custodian bank or third parties, as well as to waive the exercise of the membership and creditor rights.

In the case of all other agenda items that could have a lasting impact on the interests of the investors, such as the exercise of membership and creditors' rights to which the fund management company is entitled as a shareholder or creditor of the custodian bank or other legal entities close to it, the fund management company shall exercise the voting right itself or issue express instructions. In doing so, it may rely on information that it receives from the custodian bank, the asset manager, the company or from voting advisors and other third parties or learns from the press.

## **3 Information about the custodian bank**

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

The custodian bank functions are performed by Banque Cantonale Vaudoise (BCV). The bank was founded by decree of the Grand Council of the Canton of Vaud on December 19, 1845. It is established for an indefinite period. BCV is a public limited company under public law. Its head office and general management are located at 14 Place St-François, Lausanne (Switzerland). It is authorized to operate branches, agencies and representative offices.

Further information can be found in the annual reports of Banque Cantonale Vaudoise, which are available at <https://www.bcv.ch/La-BCV/Actualite-et-medias/Publications>.

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

BCV can look back on over 170 years of experience. It has around 2000 employees and over 60 sales outlets in the canton of Vaud. The Bank's business purpose is to operate as a universal bank, close to its customers. In this respect, it contributes to the development of all branches of the private sector in the various areas of the canton of Vaud and to the financing of the tasks of public enterprises and public bodies as well as to the servicing of mortgage requirements in the canton. It therefore carries out all the usual banking transactions both for its own account and for the account of third parties (Article 4 LBCV and Article 4 of its Articles of Association). The focus of its business activities is in the canton of Vaud. In the interests of the Vaudois economy, it is authorized to carry out its activities anywhere in Switzerland or abroad. As a cantonal bank, its mission is above all to pay particular attention to the canton's economy in accordance with sustainable development principles based on economic, environmental and social criteria.

BCV is registered with the U.S. Internal Revenue Service as a foreign financial institution subject to reporting under Model 2 of the Intergovernmental Agreement (Reporting Model 2 FFI) within the meaning of Sections 1471 - 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act and related rulings, "FATCA").

The Custodian Bank may appoint third parties or central securities depositories in Switzerland or abroad to hold the assets of the sub-funds, insofar as this is in the interests of proper safekeeping. Financial instruments may only be transferred to supervised third-party custodians or central securities depositories. Exceptionally, financial instruments may be transferred to non-supervised third-party custodians or central securities depositories if the prescribed transfer to supervised third parties or central securities depositories is not possible, in particular due to mandatory legal provisions or the modalities of the investment product. Safekeeping by third parties and central custody - particularly in Switzerland - means that the fund management company no longer has sole ownership of the respective securities

from the sub-fund's assets, but is only a co-owner. In the case of safekeeping abroad, the respective securities of the sub-funds' assets are subject to the laws and practices of the foreign third-party custodian or central securities depository. In the event of the insolvency of the latter, the rights of the fund management company with regard to the respective securities from the assets of the sub-funds and their safeguarding may deviate from Swiss law. Furthermore, the third-party custodian or central securities depository is not obliged to comply with the organizational requirements to which Swiss banks are subject if it is not subject to supervision.

The custodian bank is liable for any loss caused by the agent unless it can prove that it exercised due care in the selection, instruction and monitoring of the agent in accordance with the circumstances.

## 4 Information about third parties

### 4.1 Imprest accounts

The paying agent is the custodian bank, Banque Cantonale Vaudoise, Lausanne.

### 4.2 Distributor

The Banque Cantonale de Genève has been commissioned with distribution activities in relation to the investment fund. The fund management company is entitled to appoint other distributors with distribution activities in relation to the investment fund.

### 4.3 Audit company

The auditing company is Deloitte AG, Pfingstweidstrasse 11, 8005 Zurich.

## 5 Further information

### 5.1 Useful tips

Security numbers:	2 550 890 (Klasse A) 27 820 867 (Klasse AA) 3 440 245 (Klasse S) 31 221 597 (Klasse I) 31 222 422 (Klasse I CHF) 131 763 852 (Klasse I EUR)
ISIN:	CH 002 550 890 1 (Klasse A) CH 027 820 867 0 (Klasse AA) CH 003 440 245 0 (Klasse S) CH 0312 215 970 (Klasse I) CH 0312 224 220 (Klasse I CHF) CH 1317 638 521 (Klasse I EUR)
Listing:	None, fund units are issued on the 13th bank working day of each month at the net asset value calculated for the last bank working day of the previous month and redeemed monthly.
Accounting year:	1 January to 31 December
Term:	Unrestricted
Unit of account:	U.S. Dollar
Shares:	In principle, the units are held in book-entry form.
Distributions:	In principle, the income of the investment fund is reinvested on an ongoing basis in the case of unit classes "A" and "AA" and distributed to investors in the case of unit classes "S". As a rule, capital gains are not distributed but retained for reinvestment.

## **5.2 Publications of the investment fund**

Further information on the investment fund can be found in the latest annual or semi-annual report. In addition, current information can be found on the Internet at [www.pvbswiss.com](http://www.pvbswiss.com). The prospectus with integrated fund contract as well as the annual and semi-annual reports can be obtained free of charge on the Internet at [www.pvbswiss.com](http://www.pvbswiss.com) and from the fund management company, the custodian bank and all distributors.

In the event of a change in the fund contract, a change in the fund management company or the custodian bank, as well as the dissolution of the investment fund, publication shall be made by the fund management company in the publication medium of the investment fund. This is the website [www.fundinfo.com](http://www.fundinfo.com).

Price announcements for all share classes will be made for each day on which issues and redemptions of the relevant shares are made, but at least twice a month on [www.fundinfo.com](http://www.fundinfo.com) as well as on a voluntary basis in other print and electronic media, such as at [www.pvbswiss.com](http://www.pvbswiss.com), or in print media.

## **5.3 Sales restrictions**

When units of this investment fund are issued and redeemed abroad, the provisions applicable there shall apply.

The units of the investment fund are currently only authorised for public offering in Switzerland and, in particular, may not be offered, sold or delivered to US persons within or outside the USA.

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

# **6 Further investment information**

## **6.1 Profile of the typical investor**

The Fund is suitable for investors with a medium to long-term investment horizon who primarily seek growth of the capital invested and wish to benefit from the medium to long-term performance of asset-backed securities. Investors are familiar with the main risks of asset-backed securities.

# **7 Detailed provisions**

All other information on the investment fund, such as the valuation of the fund assets, the listing of all remuneration and ancillary costs charged to the investor and the investment fund, as well as the use of the profit, can be found in detail in the fund contract.



## **Part II: Fund contract**

### **PvB Alegra CLO Fund**

#### **A) Basics**

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§ 1 Fund name, company name and registered office of the fund management company and custodian bank

1. Under the name PvB Alegra CLO Fund there is a contractual investment fund of the category "other funds for traditional investments" (hereinafter referred to as "investment fund") within the meaning of Art. 25 in conjunction with Art. 70 CISA. Art. 70 of the Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).

2. The investment fund is managed by PvB Pernet von Ballmoos AG, Zurich, as fund management company.

3. The custody of the Fund's assets has been entrusted to Banque Cantonale Vaudoise, Lausanne, as custodian bank.

#### **B) Rights and obligations of the contracting parties**

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§ 2 The Fund Contract

The legal relationships between investors on the one hand and the fund management company and custodian bank on the other are governed by this fund contract and the relevant provisions of collective investment scheme legislation, in particular those relating to the fund contract within the meaning of Art. 25 et seq. CISA, shall apply.

§ 3 The Fund Management

1. The fund management company shall manage the investment fund independently and in its own name for the account of the investors. It shall also decide in particular on the issue of units, the investments, their valuation and the amount of liquid assets. It calculates the net asset value and sets issue and redemption prices as well as profit distributions. The fund management company shall exercise all rights pertaining to the investment fund.

2. The fund management company and its agents shall be subject to the duty of loyalty, due diligence and information. They shall act independently and exclusively safeguard the interests of the investors. They shall take the organisational measures required for proper management. They shall account for the collective investment schemes they manage and provide information on all fees and costs charged directly or indirectly to investors and on compensation received from third parties, in particular commissions, discounts or other pecuniary advantages .

3. The fund management company may delegate investment decisions and other partial tasks to third parties, provided this is in the interest of proper management. It shall only entrust persons, who have the necessary skills, knowledge and experience for this activity and the required licences. It shall carefully instruct and supervise the third parties involved .

Investment decisions may only be delegated to asset managers who have the necessary authorisation.

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 an amendment to this fund contract to the supervisory authority for approval (see § 27).

5. The fund management company may merge the investment fund with other investment funds in accordance with the provisions of § 25 or dissolve it in accordance with the provisions of § 26.

6. The fund management company shall be entitled to the remuneration provided for in §§ 19 and 20, to release from the liabilities it has entered into in the proper performance of its duties and to reimbursement of the expenses it has incurred in the performance of these liabilities.

#### § 4 The Custodian Bank

1. The custodian bank shall hold the fund assets in safe custody. It handles the issue and redemption of fund units as well as payment transactions for the investment fund.

2. The custodian bank and its agents are subject to the duty of loyalty, due diligence and information. They shall act independently and exclusively safeguard the interests of the investors. They shall take the organisational measures required 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 the 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 the account and safekeeping account management of the investment fund, but cannot independently dispose of its assets.

4. The custodian bank shall ensure that in the case of transactions relating to the assets of the investment fund, the countervalue is transferred to it within the usual time limits. It shall notify the fund management company if the countervalue is not refunded within the usual time limit and shall demand a replacement for the asset concerned from the counterparty if this is possible.

5. The custodian bank shall keep the necessary records and accounts in such a way that it can distinguish at any time the assets held in custody of the individual collective investment schemes.

In the case of assets that cannot be taken into custody, the custodian bank shall verify the ownership of the fund management company and keep records thereof.

6. The Custodian Bank may entrust third party custodians and Central Securities Depositories in Switzerland or abroad with the safekeeping of the Fund's assets, insofar as this is in the interest of proper safekeeping. It shall check and monitor whether the third-party custodian or central securities depository it has commissioned:

- a) has an adequate operational organisation, financial guarantees and the professional qualifications required for the nature and complexity of the assets entrusted to it;
- b) subjected to a regular external audit, thus ensuring that the financial instruments are in its possession;
- c) the assets received from the Custodian are held in custody in such a way that they can be clearly identified by the Custodian at all times as belonging to the Fund's assets by means of regular portfolio reconciliations;

- d) complies with the regulations applicable to the Custodian with regard to the performance of its delegated tasks and the avoidance of conflicts of interest.

The Custodian shall be liable for any loss caused by the delegate unless it can prove that it exercised due care in selecting, instructing and monitoring the delegate in accordance with the circumstances. The Prospectus contains explanations of the risks associated with the transfer of safekeeping to third-party custodians and central securities depositories.

In the case of financial instruments, the transfer referred to in the preceding paragraph may only be made to supervised third parties or central securities depositories. This does not apply to mandatory safekeeping in a place where the transfer to supervised third party or central securities depositories is not possible, in particular due to mandatory legal provisions or the modalities of the investment product. The investors shall be informed in the prospectus about the safekeeping by non-supervised third party or central securities depositories.

7. The custodian bank shall ensure that the fund management company complies with the law and the fund contract. It shall check whether the calculation of the net asset value and the issue and redemption prices of the units as well as the investment decisions comply with the law and the fund contract and whether the profit is used in accordance with the fund contract. The custodian bank is not responsible for the selection of investments made by the fund management company within the framework of the investment regulations.

8. The Custodian shall be entitled to the remuneration provided for in §§ 19 and 20, to discharge from liabilities incurred in the proper performance of its duties and to reimbursement of expenses incurred in the performance of such liabilities.

The custodian bank is not responsible for the safekeeping of the assets of the target funds in which this investment fund invests, unless this task has been delegated to it.

## § 5 The investor

1. The circle of investors is not restricted. Restrictions are possible for individual classes in accordance with § 6 no. 4.

The fund management company, together with the custodian bank, shall ensure that the investors comply with the specifications with regard to the group of investors.

2. Upon conclusion of the contract and payment in cash, the investors acquire a claim against the fund management company for participation in the assets and income of the corresponding class of the investment fund in which they participate. Their claim is based on units.

3. The investors are only obliged to pay into the investment fund the unit they have subscribed for. Their personal liability for the liabilities of the investment fund is excluded.

4. Investors may obtain the necessary information on the basis for calculating the net asset value per unit from the fund management company at any time. If the investors assert an interest in more detailed information on individual transactions of the fund management company, such as the exercise of membership and creditor rights or on risk management, the fund management company shall also provide them with information on this at any time. The investors may request the court at the registered office of the fund management company to have the auditing company or another expert person investigate the matter requiring clarification and report to them on the matter.

5. Investors may terminate the fund contract on a monthly basis subject to the 25-day notice period and demand payment of their share in the investment fund in cash.

6. Investors are obliged to prove to the fund management company and/or the custodian bank and its agents upon request that they fulfil or continue to fulfil the legal or fund contract requirements for participation in the investment fund or a unit class. Furthermore, they are obliged to inform the custodian bank, the fund management company and their agents immediately as soon as they no longer fulfil these requirements.

7. An investor's units must be compulsorily redeemed by the fund management company in cooperation with the custodian bank at the respective redemption price if:

- a) this is necessary to protect the reputation of the financial centre, in particular to combat money laundering;
- b) the investor no longer meets the legal or contractual requirements for participation in this investment fund.

8. In addition, an investor's units may be compulsorily redeemed by the fund management company in cooperation with the custodian bank at the respective redemption price if:

- a) the investor's participation in the investment fund is likely to significantly impair the economic interests of the other investors, in particular if the participation may result in tax disadvantages for the investment fund in Switzerland or abroad;
- b) investors have acquired or hold their units in violation of provisions of a domestic or foreign law applicable to them, this Fund Contract or the Prospectus;
- c) the economic interests of investors are adversely affected, particularly in cases where individual investors attempt to achieve pecuniary advantages through systematic subscriptions and immediately subsequent redemptions by exploiting time differences between the setting of closing prices and the valuation of the fund assets (market timing).

## § 6 Units and Unit Classes

1. The fund management company may, with the consent of the custodian bank and the approval of the supervisory authority, create, cancel or combine different unit classes at any time. All unit classes entitle the holder to participate in the undivided fund assets, which in turn are not segmented. This participation may differ due to class-specific cost charges or distributions or due to class-specific income, and the different unit classes may therefore have a different net asset value per unit. The assets of the investment fund as a whole are liable for class-specific cost charges.

2. The creation, cancellation or merger of unit classes shall be announced in the organ of publication. Only the unification shall be deemed to be an amendment of the fund contract within the meaning of § 27.

3. The various unit classes may differ in terms of cost structure, reference currency, currency hedging, distribution or reinvestment of income, minimum investment and investor group.

Remuneration and costs shall only be charged to the unit class to which a specific service is attributable. Remuneration and costs that cannot be clearly allocated to a unit class shall be charged to the individual unit classes in proportion to the fund assets.

4. The following unit classes currently exist:

- Class "A" for investors NOT domiciled in Switzerland;
- Class "I" for investors NOT domiciled in Switzerland;
- Class "I (EUR)" for investors NOT domiciled in Switzerland
- Class "AA" for investors NOT domiciled in Switzerland;
- Class "S" for investors domiciled in Switzerland or abroad.
- Class "I" (CHF) for investors domiciled in Switzerland or abroad

For unit classes "A" and "S", a maximum compensation of 1% p.a. of the net asset value is granted for distribution and portfolio management. For unit class "AA", this compensation amounts to a maximum of 1.5% p.a. of the net asset value. For the classes "I", "I (EUR)" and "I" (CHF), no commission is paid for distribution and portfolio maintenance.

5. The units shall not be certificated but shall be kept in book-entry form. The investor is not entitled to demand a registered or bearer unit certificate.

6. The custodian bank and the fund management company shall be obliged to request investors who no longer meet the requirements for holding a unit class to redeem their units within 30 calendar days within the meaning of § 18, to transfer them to a person who meets the aforementioned requirements or to exchange them for units of another class whose requirements they meet. If the investor does not comply with this request, the fund management company may, in cooperation with the custodian bank, either carry out a compulsory exchange into another unit class of this investment fund or, if this is not possible, carry out a compulsory redemption within the meaning of § 5 Clause 7 of the units concerned.

## C) Investment policy guidelines

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### I. Investment principles

#### § 7 Compliance with the investment regulations

1. When selecting the individual investments, the fund management shall observe the percentage restrictions listed below in the interests of a balanced distribution of risk. These relate to the fund assets at market values and must be complied with at all times. The investment fund must comply with the investment restrictions six months after the subscription period (launch).

2. If the restrictions are exceeded due to market changes, the investments must be restored to the permissible level within a reasonable period of time while safeguarding the interests of the investors. If restrictions in connection with derivatives pursuant to § 12 below are breached due to a change in the delta, the orderly state must be restored within three banking days at the latest, while safeguarding the interests of the investors.

#### § 8 Investment Objectives and Investment Policy

1. the fund management company may, in principle, invest the assets of this investment fund in variable-rate, rated or unrated asset-backed securities from new issues or traded on a stock exchange or another regulated market open to the public.

The Fund Management defines "asset-backed securities" for the purpose of acquisition as (I) collateralised securities issued by special purpose vehicles in the securitisation of pools of similar receivables or (II) uncertificated rights with the same function (uncertificated securities) created by special purpose vehicles or financial institutions by means of derivative transactions on a predefined pool of similar investments.

25% of the fund assets may be invested by the fund management in securities and book-entry securities that do not meet these requirements. Normally, this concerns securities whose liquidity is restricted.

2. The investment objective of this investment fund is primarily to achieve an above-average risk/return ratio over the long term by means of investments in asset-backed securities compared with traditional investments. In doing so, the fund management pursues the goal of generating an absolute return, independent of a so-called "benchmark", which has the lowest possible correlation to traditional investments, in particular to investments in the bond markets.

3.

a) The Fund Management Company shall invest at least two thirds of the Fund's assets, after deducting liquid assets, in the following securities:

- **ABS Income Notes:** The Fund Management defines "ABS Income Notes" as those categories of asset-backed securities that (I) occupy a subordinated position in the financing structure of the special purpose vehicles, (II) are not assigned a rating by the responsible rating agency(ies), and (III) assume the economic risk of equity capital of a securitisation;

- **Reengineered ABS Income Notes:** Reengineered ABS income notes are typically "first-loss" positions created using senior debt financing instruments in well-defined pools of assets. "Reengineered ABS income notes are used, for example, in the replication of an existing securitisation or in the accumulation of assets in the process of a securitisation ("warehousing"). These instruments are primarily used when improved risk situations, higher yields or lower refinancing costs can be achieved;
- **ABS debt notes:** "ABS debt notes" include all asset-backed securities that receive contractually guaranteed interest coupons and are rated by the respective rating agencies;
- **Reengineered ABS Debt Notes:** Reengineered ABS debt notes are senior risk positions created in clearly defined pools of assets. "Reengineered ABS debt notes are used, for example, in the replication of an existing securitisation or in the accumulation of assets in the process of a securitisation ("warehousing"). These instruments are used if improved risk situations, higher yields or lower refinancing costs can be achieved as a result;
- Units in other collective investment schemes as well as assets in corporate or other form which, in accordance with the principle of risk diversification, invest their assets mainly in accordance with the guidelines of this investment fund and which do not qualify in Switzerland as "other funds with special risk" in accordance with the provisions of the Investment Fund Act;

After deduction of liquid assets, the proportion of investments in ABS Income Notes, Reengineered ABS Income Notes, ABS Debt Notes and Reengineered ABS Debt Notes in accordance with the requirements of para. 3 a) first, second, third and fourth lemma, on a consolidated basis, amounts to at least 2/3 of the total fund assets.

After deducting liquid assets, the fund management invests at least 50% of the fund assets in **collateralised loan obligations:** Collateralised loan obligations are asset-backed securities that are based on a portfolio of collateralised corporate loans on the asset side of the issuing special purpose entity.

- b) The fund management company may also invest, after deducting liquid assets, a maximum of one third of the fund assets in fixed and/or variable interest-bearing investments (bonds, debt securities, money market instruments, etc.), warrants on the investments mentioned under point 3a), as well as in sight and time bank deposits.

4. The fund management company may invest in units of other collective investment schemes managed by it or by a company affiliated to it. To the extent of such investments, no commissions or costs within the meaning of § 19 may be charged to the fund assets. Furthermore, the target fund may not charge any issue and redemption commissions unless these are levied for the benefit of the fund assets.

5. investments in (i) precious metals, precious metal certificates, commodities and commodity paper are not permitted.

The fund management company shall ensure appropriate liquidity management. The details shall be disclosed in the prospectus.

## § 9 Cash and cash equivalents

The fund management company may additionally hold appropriate liquid assets in the investment fund's unit of account and in all currencies in which investments are permitted. Liquid assets shall be deemed to be sight and time bank deposits with maturities of up to twelve months.

## II. Investment Techniques and Instruments

### § 10 Securities Lending

The fund management company does not engage in securities lending transactions.

## § 11 Repurchase agreements

The fund management company does not engage in repurchase agreements.

## § 12 Derivatives

1. The fund management company may use derivatives with a view to efficient management of the fund assets. It shall ensure that the economic effect of the use of derivatives does not lead to a deviation from the investment objectives specified in this fund contract and in the prospectus or to a change in the investment character of the investment fund, even under extraordinary market conditions. In addition, the underlying assets on which the derivatives are based must be permissible as investments under this fund contract.

In connection with collective investment schemes, derivatives may only be used for the purpose of currency hedging. The hedging of market, interest rate and credit risks in collective investment schemes remains reserved, provided that the risks can be clearly determined and measured.

2. The Commitment Approach II shall be used for risk measurement. The total exposure of this investment fund associated with derivatives may therefore not exceed 100% of its net fund assets and the total exposure may not exceed 200% of its net fund assets. Taking into account the possibility of borrowing up to a maximum of 10% of the net fund assets in accordance with § 13 Clause 2, the total exposure of the investment fund may amount to up to 210% of the net fund assets.

The total exposure is determined in accordance with Art. 35 CISO-FINMA.

3. The fund management company may in particular use basic derivative forms such as call or put options whose value on expiry depends linearly on the positive or negative difference between the market value of the underlying and the strike price and becomes zero if the difference has the other sign, credit default swaps (CDS), swaps whose payments depend linearly and independently of the path on the value of the underlying or an absolute amount, and forward transactions (futures and forwards) whose value depends linearly on the value of the underlying. In addition, it may also use combinations of basic derivative forms as well as derivatives whose economic mode of action can be described neither by a basic derivative form nor by a combination of basic derivative forms (exotic derivatives).

4.

a) Offsetting positions in derivatives of the same underlying as well as offsetting positions in derivatives and in investments of the same underlying may be offset against each other irrespective of the expiry of the derivatives ("netting") if the derivative transaction was concluded for the sole purpose of eliminating the risks associated with the acquired derivatives or investments, the material risks are not neglected in the process and the attributable amount of the derivatives is determined in accordance with Art. 35 CISO-FINMA.

b) If, in the case of hedging transactions, the derivatives do not relate to the same underlying asset as the asset being hedged, then, in addition to the rules in point a), the conditions must be met for offsetting ("hedging") that the derivative transactions must not be based on an investment strategy that serves to generate a profit. In addition, the derivative must lead to a verifiable reduction in risk, the risks of the derivative must be offset, the derivatives, underlyings or assets to be offset must relate to the same class of financial instruments and the hedging strategy must be effective even under exceptional market conditions.

c) In the case of a predominant use of interest rate derivatives, the amount to be counted against the total exposure from derivatives may be determined by means of internationally recognised duration netting rules, provided that the rules lead to a correct determination of the risk profile of the investment fund, the material risks are taken into account, the application of these rules does not lead to an unjustified leverage effect, no interest arbitrage strategies are pursued and the leverage effect of the investment fund is not increased either by applying these rules or by investing in short-term positions.

d) Derivatives that are used purely to hedge foreign currency risks and do not result in leverage or involve additional market risks may be netted without the requirements under subparagraph b) when calculating the total exposure from derivatives.

e) Payment obligations arising from derivatives must be permanently covered by cash equivalents, debt securities and rights or shares traded on a stock exchange or on another regulated market open to the public in accordance with the collective investment scheme legislation.

f) If the fund management company enters into an obligation to physically deliver an underlying with a derivative, the derivative must be covered with the corresponding underlyings or with other investments if the investments and the underlyings are highly liquid and can be acquired or sold at any time in the event of a required delivery. The fund management company must have unrestricted access to these underlyings or investments at all times.

5. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivatives on an exchange, on another regulated market open to the public or OTC (over-the-counter).

6.

a) The fund management company may only conclude OTC transactions with supervised financial intermediaries who specialise in these types of transactions and guarantee the proper execution of the transaction. If the counterparty is not the custodian bank, the former or the guarantor must have the minimum rating prescribed by the collective investment scheme legislation in accordance with Art. 33 CISO-FBC.

b) An OTC derivative must be reliably and verifiably valued on a daily basis and must be capable of being sold, liquidated or closed out by an offsetting transaction at any time at fair value.

c) If no market price is available for an OTC derivative, the price must be comprehensible at all times on the basis of an appropriate valuation model recognised in practice, based on the market value of the underlying assets from which the derivative is derived. Prior to the conclusion of a contract for such a derivative, concrete offers must be obtained from at least two counterparties, whereby the contract must be concluded with the counterparty that submits the best offer in terms of price. Deviations from this principle are permissible for reasons of risk diversification or if other contractual components such as the counterparty's creditworthiness or range of services make another offer appear to be more advantageous overall for the investors. Furthermore, in exceptional cases, the solicitation of offers from at least two possible counterparties may be waived if this is in the best interest of the investors. The reasons for this as well as the conclusion of the contract and the price determination must be documented in a comprehensible manner.

d) The fund management company or its agents may only accept collateral within the scope of an OTC transaction that fulfils the requirements pursuant to 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 belonging to or dependent on the group of the counterparty. The collateral must be highly liquid, traded at a transparent price on a stock exchange or another regulated market open to the public and valued at least daily on the stock exchange. In managing the collateral, the fund management company or its agents must fulfil the duties and requirements pursuant to Art. 52 CISO-FINMA. In particular, they must adequately diversify the collateral in terms of countries, markets and issuers, whereby adequate diversification of issuers is deemed to have been achieved if the collateral held by a single issuer does not correspond to more than 20% of the net asset value. Exceptions are reserved for publicly guaranteed or issued investments pursuant to Art. 83 CISO. Furthermore, the fund management company or its agents must be able to obtain the power of disposal and the authority to dispose of the collateral received in the event of default by the counterparty at any time and without involving the counterparty or obtaining its consent. The collateral received shall be held in safe custody by the Custodian. The collateral received may be held in safe custody on behalf of the fund management company at a supervised third-party custodian if ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

7. when complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives shall be taken into account in accordance with the collective investment scheme legislation.



8. the prospectus contains further information:

- on the importance of derivatives in the context of the investment strategy;
- on the impact of the use of derivatives on the risk profile of the investment fund;
- on 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;
- Security strategy

#### § 13 Taking out and granting of loans

1. The fund management company may not grant loans for the account of the fund assets.
2. The fund management company may take out loans for a maximum of 10% of the net fund assets.

#### § 14 Encumbrance of the Fund Assets

1. The fund management company may not pledge more than 25% of the net fund assets at the expense of the investment fund.
2. the encumbrance of the fund assets with guarantees is not permitted.

#### § 15 Short Selling

There will be no short selling.

### III. investment restrictions

#### § 16 Risk distribution

1. The risk distribution rules pursuant to § 16 shall include:
  - a.) Investments in accordance with § 8, with the exception of index-based derivatives and structured products, provided that the index is sufficiently diversified and representative of the market to which it refers and is published in an appropriate manner;
  - b.) liquid assets in accordance with § 9;
  - c.) Receivables from counterparties from OTC transactions.
2. Companies which form a group on the basis of international accounting standards are deemed to be a single issuer.
3. The fund management company may invest a maximum of 20% of the total fund assets in securities and money market instruments of the same issuer, including derivatives and structured products. The total value of the securities and money market instruments of issuers in which more than 10% of the fund assets are invested may not exceed 60% of the fund assets.
4. The fund management company may invest a maximum of 20% of the fund assets in sight and time deposits with the same bank. Both the liquid assets pursuant to § 9 and the investments in bank deposits pursuant to § 8 shall be included in this limit.

5. The fund management company may invest a maximum of 5% of the total fund assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union or in another state in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the total fund assets. If the receivables from OTC transactions are secured by collateral in the form of liquid assets in accordance with Art. 50 to 55 CISO-FINMA, these receivables shall not be taken into account when calculating the counterparty risk.

6. Investments, credit balances and claims in accordance with the above sections 3 to 5 of the same issuer or debtor may not exceed a total of 20% of the fund assets. The higher limits pursuant to sections 12 and 13 below remain reserved.

7. Investments in accordance with the aforementioned section 3 of the same group of companies may not exceed a total of 20% of the fund assets. The higher limits pursuant to sections 12 and 13 below shall remain reserved.

8. The fund management company may invest a maximum of 20% of the total fund assets in asset-backed securities of special purpose vehicles that are managed by the same portfolio manager.

9. The fund management company may invest no more than 10% of the total fund assets in units of the same securities fund or other collective investment schemes.

10. The fund management company may not acquire equity securities that account for more than 10% of the voting rights or that allow it to exercise a significant influence on the management of an issuer. However, it may invest up to a maximum of 20% of the assets of each segment in special purpose vehicles that it controls in full, provided that the board of directors of such a company is controlled by the fund management company and the company has entrusted the asset management to an external portfolio manager. The special purpose vehicles may not have any other purpose than holding assets for the PvB Alegria CLO Fund. The accounts of these special purpose vehicles must be consolidated with those of the PvB Alegria CLO Fund and audited by the auditors. In the case of investments in other collective investment schemes and in assets in corporate or other form which invest their assets in accordance with the principle of risk diversification, up to 10% of the voting rights may be acquired.

11. The restrictions in sections 9 and 10 above do not apply to securities and money market instruments issued or guaranteed by a state or a public-law entity from the OECD or by international organisations under public law to which Switzerland or a member state of the European Union belong.

12. The limit of 10% mentioned in para. 3 is raised to 35% if the securities or money market instruments are issued or guaranteed by an OECD state, a public-law entity from the OECD or by international organisations of a public-law nature to which Switzerland or a member state of the European Union belong. The aforementioned securities or money market instruments shall not be taken into account when applying the limit of 40% in accordance with Fig. 3. However, the individual limits in sections 3 and 5 may not be cumulated with the present limit of 35%.

13. The limit of 10% mentioned in section 3 is raised to 50% if the securities or money market instruments are issued or guaranteed by an OECD state or a public-law entity from the OECD or by international organisations under public law to which Switzerland or a member state of the European Union belong. In this case, the investment fund must hold securities or money market instruments from at least six different issues; no more than 30% of the fund assets may be invested in securities or money market instruments from the same issue. The aforementioned securities or money market instruments shall not be taken into account when applying the 60% limit in accordance with section 3.

The issuers or guarantors admitted above are OECD countries.

14. The fund management company may not acquire more than 10% each of the non-voting equity securities and the debt securities of a single issuer. This restriction shall not apply if the gross amount of the debt securities cannot be calculated at the time of acquisition.

15. The fund management company may acquire no more than 25% of the units of another collective investment scheme and of assets in corporate or other form that invest their assets in accordance with the principle of risk diversification.

16. Investments in other collective investment schemes are limited to 10% of the Fund's assets.

17. Investments pursuant to para. 15 in collective investment schemes which in turn invest in collective investment schemes ("fund of funds") are not permitted.

## **D) Calculation of the net asset value and issue and redemption of units**

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### § 17 Calculation of the net asset value

1. The net asset value of the investment fund and the share of the individual classes (quotas) shall be calculated at the market value at the end of the accounting year and for each day on which units are issued or redeemed in the respective reference currency of the unit class. The fund assets shall not be calculated for days on which the stock exchanges or markets of the investment fund's main investment countries are closed (e.g. bank and stock exchange holidays).

2. Investments traded on a stock exchange or other regulated market open to the public shall be valued at the current prices paid on the principal market. If no current prices are available for these investments or for other objects, rights or investments, they shall be valued at the price that would probably be obtained by diligent sale at the time of the valuation. The fund management company shall rely primarily on the recognised valuations regularly provided by the respective issuing banks of the asset-backed securities or on recognised valuations by third parties.

3. Open-ended collective investment schemes shall be valued at their redemption price or net asset value. If they are regularly traded on a stock exchange or on another regulated market open to the public, the fund management company may value them in accordance with para. 2.

4. The value of money market instruments which are not traded on a stock exchange or on another regulated market open to the public shall be determined as follows: The valuation price of such investments shall be successively adjusted to the redemption price, starting from the net acquisition price, while keeping the investment return calculated therefrom constant. In the event of significant changes in market conditions, the valuation basis of the individual investment is adjusted to the new market yield. In the absence of a current market price, the valuation is usually based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issue currency, maturity).

5. Bank balances are valued at their receivable amount plus accrued interest. In the event of significant changes in market conditions or creditworthiness, the valuation basis for time deposits shall be adjusted to the new circumstances.

6. The net asset value of a unit of a class shall be calculated by dividing the share of the market value of the Fund's assets attributable to the unit class in question, less any liabilities of the investment fund allocated to the unit class in question, by the number of units of the class in question in circulation. Depending on the unit class, it shall be rounded to 0.01 USD or 0.01 CHF.

7. The ratios of the market value of the Fund's net assets (Fund assets less liabilities) attributable to the respective unit classes shall be determined for the first time at the time of the initial issue of several unit classes (if this takes place at the same time) or the initial issue of a further unit class on the basis of the amounts accruing to the Fund for each unit class. The ratio shall be recalculated on each of the following occasions:

- a) on the issue and redemption of units;
- b) on the record date for distributions where (i) such distributions are only payable on individual Share classes (Distribution Classes) or where (ii) the distributions of the different Share classes differ as a percentage of their respective Net Asset Values or where (iii) the distributions of the different Share classes are subject to different commission or expense charges as a percentage of the distribution;
- c) in the calculation of net asset value, in the allocation of liabilities (including costs and commissions due or accrued) to the different classes of Shares where the liabilities of the different classes of

Shares differ as a percentage of their respective net asset values, namely where (i) different commission rates are applied to the different classes of Shares or where (ii) class specific charges are made;

- d) in the net asset value calculation, in the context of the allocation of income or capital gains to the various unit classes, insofar as the income or capital gains arise from transactions that were only carried out in the interest of one unit class or in the interest of several unit classes, but not in proportion to their share of the net fund assets.

## § 18 Issue and Redemption of Units

1. Subscription or redemption applications for units shall be accepted on the order date up to a certain time specified in the Prospectus. The price of the units applicable to the issue and redemption shall be determined at the earliest on the valuation day following the order day (forward pricing). The details are set out in the Prospectus.

2. The issue and redemption price of the units shall be based on the net asset value per unit calculated on the valuation day in accordance with § 17. When units are issued and redeemed, an issue or redemption commission may be added to the net asset value in accordance with § 19.

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

3. The fund management company may stop the issue of units at any time and reject applications for subscription or conversion of units.

4. The fund management company may, in the interest of all investors, temporarily and exceptionally postpone the redemption of units if:

- a) a market which forms the basis for the valuation of a substantial portion of the Fund's assets is closed or if trading on such a market is restricted or suspended;
- b) there is a political, economic, military, monetary or other emergency;
- c) transactions become impracticable for the Investment Fund due to restrictions on foreign exchange transactions or restrictions on other transfers of assets;
- d) numerous units are cancelled and the interests of the remaining investors can be significantly impaired as a result.

5. The fund management company shall immediately notify the decision on the deferral to the audit company, the supervisory authority and, in an appropriate manner, to the investors.

6. As long as the redemption of the units is postponed for the reasons mentioned under no. 4 letters a) to c), no issue of units shall take place.

## **E) Remuneration and incidental expenses**

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### § 19 Remuneration and incidental costs to be borne by the investors

1. When units are issued, the investor may be charged an issuing commission in favour of the fund management company, the custodian bank and/or distributors in Switzerland and abroad of a maximum of 3% of the net asset value. The currently applicable maximum rate can be found in the prospectus.

2. No redemption commission shall be charged for redemptions whose valuation day falls on the last bank working day of a calendar quarter (March, June, September, December).

For redemptions whose valuation day does **NOT** fall on the last bank working day of a calendar quarter (January, February, April, May, July, August, October, November), a redemption commission of 2% of the net asset value is charged in favour of the Fund's assets.

#### § 20 Remuneration and incidental costs charged to the Fund's assets

1. For the management, asset management and distribution activities relating to the investment fund, the fund management company shall charge the investment fund an annual management commission of a maximum of 2.0% of the net asset value of the investment fund, which shall be charged pro rata temporis to the fund assets and paid out each time the net asset value is calculated ("management commission" including distribution commission). Exclusively for unit class "AA", the aforementioned annual management fee shall be increased from a maximum of 2.0% to a maximum of 2.5%. The fund management company shall disclose if it grants refunds to investors and/or distribution fees.

The fund management company and its agents as well as the custodian bank may pay retrocessions to cover the distribution and brokerage activities of the investment fund. The fund management company and its agents as well as the custodian bank may pay rebates directly to investors for the purpose of reducing the fee or costs charged to the investment fund. The fund management company shall disclose in the prospectus whether and under what conditions rebates are granted.

The effectively applied rate of the Administrative Commission is shown in each case in the annual and semi-annual report.

2. In addition, the fund management company shall receive a performance fee of a maximum of 10% of the excess return over a minimum return of 0% ("hurdle rate"), calculated on the net asset value of a fund unit of a class. The basis for calculating the performance fee shall be the last Net Asset Value of a Share of a Class or the Initial Offer Price of a Class. The performance fee will be calculated on each Valuation Day and, if due, paid out of the Fund's assets. If a performance fee is due on a valuation day, this net asset value per unit shall form the basis for calculating the performance fee on the following valuation day.

The performance fee is subject to a high watermark. Decreases in value in relation to the Initial Issue Price and the highest Net Asset Value per Share ever determined must be recouped before a Performance Fee is payable again. The performance fee is only payable if the Net Asset Value is above the High Water Mark. The performance fee will be calculated on that part of the Net Asset Value which is above the High Water Mark.

At the launch of the Fund, the high watermark corresponds to the initial issue price per unit (without taking into account any issue commission). If a performance fee is due on a valuation day, the net asset value determined for this valuation day after deduction of the performance fee is now equal to the high watermark. If no performance fee can be charged on a valuation day, the high watermark on the next valuation day shall be equal to the highest of (a) the initial issue price or (b) the highest net asset value ever calculated.

For distributing classes, a distribution-adjusted NAV per unit is calculated, which serves as the basis for calculating the high watermark and the performance fee: In months where a distribution reduces the NAV, the distribution-adjusted NAV is equal to the sum of the NAV and the distribution amount. In months where no distribution reduces the NAV, the distribution-adjusted NAV equals the distribution-adjusted NAV of the previous period multiplied by the performance of the current period. The distribution-adjusted NAV as at the effective date of this Fund contract shall be equal to the last net asset value of the relevant class.

3. For the safekeeping of the fund assets, the handling of the payment transactions of the investment fund and the other tasks of the custodian bank listed in § 4, the custodian bank shall charge the investment fund a commission of a maximum of 0.20% of the net asset value of the investment fund per annum, which shall be charged pro rata temporis to the fund assets with each calculation of the net asset value and paid out at the end of each quarter ("custodian bank commission").

The effectively applied rate of the custodian bank commission is shown in each case in the annual and semi-annual reports.

4. For the payment of the annual income to the investors, the custodian bank shall charge the investment fund a commission of a maximum of 0.20% of the gross amount of the distribution.

5. The fund management company and custodian bank are also entitled to reimbursement of the following expenses incurred by them in the execution of the collective investment 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. Duties of the supervisory authority for the establishment, amendment, liquidation, merger or association of the investment fund;
- c. Annual fee of the supervisory authority;
- d. Fees of the auditing company for the annual audit as well as for certifications in the context of foundations, changes, liquidations, mergers or associations of the investment fund;
- e. Fees for legal and tax advisors in connection with the formation, amendment, liquidation, merger or association of the investment fund and the general representation of the interests of the investment fund and its investors;
- f. Costs for the publication of the net asset value of the investment fund as well as all costs for notifications to investors, including translation costs, which are not attributable to any misconduct on the part of the fund management company;
- g. Costs for printing legal documents and annual and semi-annual reports of the investment fund;
- h. Costs for any registration of the investment fund with a foreign supervisory authority, namely commissions charged by the foreign supervisory authority, translation costs and the compensation of the representative or paying agent abroad;
- i. Costs in connection with the exercise of voting rights or creditors' rights by the investment fund, including fees for external advisors;
- j. Costs and fees in connection with intellectual property registered in the name of the Fund or with rights of use of the Fund;
- k. all costs caused by the fund management company, the asset manager of collective investment schemes or the custodian bank taking extraordinary steps to protect investors' interests.

6. The costs in accordance with point 5(a) shall be added directly to the cost value or deducted from the sales value of the assets concerned.

7. If the fund management company acquires units of other collective investment schemes that are managed directly or indirectly by itself or by a company with which it is affiliated through joint management or control or through a substantial direct or indirect holding ("affiliated target funds"), it may not charge any issue and redemption commissions of the affiliated target funds to the investment fund.

## **F) Accountability and audit**

### § 21 Filing of accounts

1. the unit of account of the mutual fund is the U.S. Dollar (USD).
2. The financial year shall run from 1 January to 31 December, for the first time to 31 December 2007.
3. Within four months of the close of the accounting year, the fund management company shall publish an annual report of the investment fund.

4. Within two months after the end of the first half of the accounting year, the fund management company shall publish a semi-annual report of the investment fund. The first semi-annual report shall be published as at 30 June 2007.

5. The investor's right to information pursuant to § 5 number 3 remains reserved.

#### § 22 Examination

The audit company shall examine whether the fund management company and the custodian bank have complied with the regulations as well as the rules of professional conduct of the Asset Management Association AMAS, if applicable to them. A brief report by the audit company on the published annual financial statements appears in the annual report.

### **G) Use of the success**

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#### § 23

1. The net income of unit class "A", "I", "I (EUR)" and "AA" of the investment fund shall be added annually to the fund assets for reinvestment. Any taxes and duties levied on the reinvestment shall remain reserved.

2. The net income of unit class "S" and "I (CHF)" of the investment fund shall be distributed to the investors annually in the currency of the corresponding class within four months of the close of the accounting year at the latest.

The fund management company may additionally make interim distributions from the net income for distributing unit classes.

Up to 30% of the net income of a distributing unit class may be carried forward to the new account.

A distribution may be waived and the entire net income may be carried forward to the new account if

- the net income of a distributing Share Class in any accounting year, including income carried forward from previous accounting years, is less than 1% of the net assets of a Share Class; and
- **which** the net income of the current financial year and the income carried forward from previous financial years of the collective investment scheme or of a unit class is less than one unit of account of a distributing unit class.

3. Realised capital gains from the sale of property and rights may be distributed by the fund management company or retained for reinvestment.

### **H) Publications of the investment fund**

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#### § 24 Publications

1. The publication medium of the investment fund shall be the print or electronic media specified in the prospectus. The change of a publication organ must be indicated in the publication organs.

2. The organ of publication shall in particular publish summaries of significant amendments to the fund contract, with reference to the offices from which the text of the amendments can be obtained free of charge, the change of fund management company and/or custodian bank, the creation, cancellation or merger of unit classes, and the dissolution of the investment fund. Amendments that are required by law, that do not affect the rights of investors or that are of an exclusively formal nature may be exempted from the publication obligation with the consent of the supervisory authority.

3. The fund management company shall publish the issue and redemption prices or the net asset value with the note "excluding commissions" of all unit classes for each issue and redemption of units in the publication medium of the investment fund specified in the prospectus. The prices are published at least twice a month. The weeks and days of the week on which publication takes place shall be specified in the Prospectus.

4. The prospectus with integrated fund contract, the basic information sheet as well as the respective annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

## **I) Restructuring and dissolution**

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### § 25 Association

1. The fund management company may, with the consent of the custodian bank, merge investment funds by transferring the assets and liabilities of the investment fund(s) to be transferred to the acquiring investment fund at the time of the merger. The investors of the investment fund to be transferred shall receive units in the acquiring investment fund in the corresponding amount. At the time of the merger, the investment fund to be transferred shall be dissolved without liquidation and the fund contract of the investment fund taking over shall also apply to the investment fund to be transferred.

2. Investment funds may only be merged provided that:

- a) the relevant fund contracts provide for this;
- b) they are managed by the same fund management company;
- c) the corresponding fund contracts are in principle consistent with regard to the following provisions:
  - a. the investment policy, the investment techniques, the risk distribution and the risks associated with the investment;
    - the use of net income and capital gains;
    - the type, amount and calculation of all remuneration, issue and redemption commissions as well as ancillary costs for the purchase and sale of investments (brokerage fees, charges, levies) which may be charged to the fund assets or the investors;
    - the redemption conditions;
    - the term of the contract and the conditions for termination.
- d) on the same day, the assets of the participating investment funds are valued, the exchange ratio is calculated and the assets and liabilities are assumed;
- e) neither the investment fund nor the investors incur any costs as a result, subject to the provisions of § 20 para. 5 let. a.

3. If the association is expected to take more than one day, the supervisory authority may grant a temporary deferral of the redemption of the units of the participating investment funds.

4. The fund management company shall submit the intended amendments to the fund contract and the intended merger together with the merger plan to the supervisory authority for review at least one month before the planned publication. The merger plan shall contain information on the reasons for the merger, the investment policy of the investment funds involved and any differences between the acquiring and



the transferring investment fund, the calculation of the exchange ratio, any differences in remuneration, any tax consequences for the investment funds, as well as the opinion of the competent auditing company under collective investment law.

5. The fund management company shall publish the intended amendments to the fund contract in accordance with § 24 number 2 as well as the intended merger and its date together with the merger plan in the publication organ of the participating investment funds at least two months before the effective date determined by it. In doing so, it shall inform the investors that they may raise objections to the intended amendments to the fund contract with the supervisory authority within 30 days of the publication or demand the redemption of their units.

6. the auditing company shall directly verify the proper implementation of the association and shall comment thereon in a report for the attention of the fund management company and the supervisory authority.

(7) The fund management company shall notify the supervisory authority of the completion of the merger and shall publish the completion of the merger, the confirmation of the auditing company on the proper implementation and the exchange ratio without delay in the organ of publication of the investment funds involved.

8. The fund management company shall mention the merger in the next annual report of the investment fund taking over and in any semi-annual report to be prepared beforehand. An audited final report shall be prepared for the investment fund to be transferred if the unification does not fall on the ordinary annual financial statements.

#### § 26 Term of the investment fund and dissolution

1. The investment fund shall exist for an indefinite period.

2. The fund management company or the custodian bank may bring about the dissolution of the investment fund by terminating the fund contract, subject to a maximum notice period of 1 month.

3. The investment fund may be dissolved by order of the supervisory authority, in particular if it does not have net assets of at least 5 million Swiss francs (or equivalent) at the latest one year after expiry of the subscription period (launch) or a longer period extended by the supervisory authority at the request of the custodian bank and the fund management company.

4. The fund management company shall notify the supervisory authority of the dissolution without delay and publish it in the organ of publication.

5. After termination of the fund contract, the fund management company may liquidate the investment fund without delay. If the supervisory authority has ordered the dissolution of the investment fund, it must be liquidated without delay. The payment of the liquidation proceeds to the investors shall be entrusted to the custodian bank. If the liquidation takes a longer period of time, the proceeds may be paid out in instalments. Before making the final payment, the fund management company must obtain the approval of the supervisory authority.

#### **K) Amendment of the fund contract**

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#### § 27

If the present fund contract is to be amended or if there is an intention to combine unit classes or to change the fund management company or the custodian bank, investors have the opportunity to raise objections with the supervisory authority within 30 days of publication. In the publication, the fund management company shall inform investors of the fund contract amendments to which FINMA's review and determination of compliance with the law applies. In the event of an amendment to the fund contract

(including the merging of unit classes), investors may also request payment of their units in cash, subject to the contractual deadline. This is subject to the cases pursuant to § 24 number 2, which are exempt from the publication obligation with the approval of the supervisory authority.

## **L) Applicable law and place of jurisdiction**

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### § 28

1. The investment fund is subject to Swiss law, in particular the Federal Act on Collective Investment Schemes of 23 June 2006 (CISA), the Ordinance on Collective Investment Schemes of 22 November 2006 and the FINMA Ordinance on Collective Investment Schemes of 21 December 2006.

The place of jurisdiction is the registered office of the fund management company.

2. The German version of the fund contract shall be authoritative for its interpretation.

3. This Fund Agreement shall enter into force on January 12, 2024.

4. This fund contract replaces the fund contract dated 03.08.2022.

The fund management company: PvB Pernet von Ballmoos AG

The custodian bank: Banque Cantonale Vaudois