

# Prospectus

and

# Trust agreement

including fund-specific annexes

Status: 04.2023

## Solidum Cat Bond Fund

UCITS pursuant to Liechtenstein law  
in the legal form of a trust

(hereinafter: the UCITS)

Asset manager:

INSURANCE INVESTMENT ADVISORS  
**SOLIDUM**  **PARTNERS**

Management company:



## Synopsis of the organization of the UCITS

<b>Management company:</b>	IFM Independent Fund Management AG Landstrasse 30, 9494 Schaan
<b>Board of Directors:</b>	Heimo Quaderer H.R.H. Archduke Simeon von Habsburg Hugo Quaderer
<b>Executive Board:</b>	Luis Ott Alexander Wymann Michael Oehry Ramon Schäfer
<b>Asset manager:</b>	Solidum Partners AG Mühlebachstrasse 70, CH-8008 Zürich
<b>Investment consultant:</b>	n/a
<b>Depositary:</b>	Liechtensteinische Landesbank Aktiengesellschaft Städtle 44, FL-9490 Vaduz
<b>Distributor:</b>	IFM Independent Fund Management AG Landstrasse 30, FL-9494 Schaan
<b>Auditor:</b>	Ernst & Young AG Schanzenstrasse 4a, CH-3008 Bern
<b>Entity for investors in Germany:</b>	IFM Independent Fund Management AG Landstrasse 30, FL-9494 Schaan
<b>Contact and information agent as well as tax representative in Austria:</b>	Erste Bank der oesterreichischen Sparkassen AG Am Belvedere 1, A-1100 Vienna
<b>Representative in Switzerland:</b>	Carnegie Fund Services S.A. 11, rue du Général-Dufour, CH-1204 Geneva
<b>Paying agent in Switzerland:</b>	Banque Cantonale de Genève 17, quai de l'île, CH-1204 Geneva

## The UCITS at a glance

<b>Name of the UCITS:</b>	<b>Solidum Cat Bond Fund</b>
<b>Legal structure:</b>	UCITS in the legal form of a trust ("unit trust") according to the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA)
<b>Umbrella structure:</b>	No, single fund
<b>Country of incorporation:</b>	Liechtenstein
<b>Date of UCITS incorporation:</b>	May 19, 2009
<b>Financial year:</b>	The financial year of the UCITS begins on January 1 and ends on December 31
<b>Accounting currency of the UCITS:</b>	US dollar (USD)
<b>Responsible supervisory authority:</b>	Financial Market Authority Liechtenstein (FMA); <a href="http://www.fma-li.li">www.fma-li.li</a>

For information on the UCITS, see Annex A "The UCITS at a glance"

German is the legally binding language for the trust agreement and the prospectus including fund-specific annexes.

## Notes for investors/sales restrictions

The purchase of units of the UCITS is governed by the prospectus, the trust agreement, and the Key Investor Information Document (**PRIIP-KID**) as well as the last annual report and, if already published, the subsequent semi-annual report. Only the information contained in the prospectus and particularly in the trust agreement including Annex A "The UCITS at a glance" shall be valid. With the purchase of the units, the investor is considered as having approved this information.

This prospectus constitutes neither an offer nor an invitation to buy units of the UCITS for persons in a jurisdiction where such offers or invitations are unlawful, or in which the person who extends such an offer or invitation is not qualified to do so, or if the offer or invitation is extended to a person for whom the acceptance thereof would be unlawful. Information not contained in this prospectus and trust agreement or in publicly accessible documents shall be deemed unauthorized and unreliable. Potential investors should inform themselves about possible fiscal consequences, legal prerequisites and possible foreign exchange restrictions or control mechanisms that apply in their country of citizenship, residence, or current domicile and that might be relevant as regards buying, holding, exchanging, redeeming, or selling units. Further fiscal considerations are outlined in section 10 "Taxation". Annex B "Specific information for individual countries of distribution" contains information regarding distribution in different countries. The units of the UCITS are not admitted for distribution in all countries. Local regulations shall apply in cases where units are issued, exchanged, and redeemed abroad. In particular, in the United States of America (USA), the units were not registered pursuant to the United States Securities Act of 1933 and can therefore be neither offered nor sold in the USA and neither offered nor sold to US citizens. Among others, the term US citizen includes natural persons who (a) were born in the USA or one of its territories or possessions, (b) are nationalized citizens (or Green Card holders), (c) were born abroad as the child of a US citizen, (d) live predominantly in the USA without being US citizens, (e) are married to a US citizen, or (f) are subject to taxation in the USA. The term US citizen also encompasses: (a) Investment companies and capital companies established under the laws of one of the 50 US states or of the District of Columbia, (b) an investment company or business partnership founded under an "Act of Congress", (c) a pension fund incorporated as a US Trust, (d) an investment company subject to taxation in the USA, or (e) investment companies recognized as such by Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act. In general, units of UCITS must not be offered in jurisdictions where and to persons for whom this is not permissible.

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# PART I: THE PROSPECTUS

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The issue and redemption of units of the UCITS is governed by the then valid trust agreement and Annex A "The UCITS at a glance". This trust agreement is supplemented with the last respective annual report. If more than eight months have elapsed since the closing date of the annual report, the semi-annual report shall be offered to the buyer. Prior to the purchase of units, the Key Investor Information Document (PRIIP-KID) shall be made available to the investor.

The issuance of information or statements that deviate from the prospectus, the trust agreement, Annex A "The UCITS at a glance" or the Key Investor Information Document is prohibited. The management company shall incur no liability if and to the extent that information or statements are issued that deviate from the current prospectus, trust agreement or the Key Investor Information Document.

The prospectus and trust agreement including Annex A "The UCITS at a glance" are embodied in this document. The trust agreement including Annex A "The UCITS at a glance" is an essential fund incorporation document. Only the trust agreement including the special provisions of the investment policy in Annex A "The UCITS at a glance" are subject to the material legal review by the Liechtenstein Financial Market Authority (FMA).

## 1 Sales documentation

The prospectus, the Key Investor Information Document (PRIIP-KID), the trust agreement and Annex A "The UCITS at a glance" as well as the latest annual and semi-annual reports if already published, are available free of charge on a durable data medium from the management company, the depositary, the paying agents, and all domestic and foreign distributors as well as on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

If so requested by the investor, the above documents can also be provided on paper free of charge. Further information about the UCITS is available online at [www.ifm.li](http://www.ifm.li) and from IFM Independent Fund Management AG, Landstrasse 30, FL-9494 Schaan, during business hours.

## 2 The trust agreement

The trust agreement is composed of a general part and of Annex A "The UCITS at a glance". The trust agreement and Annex A "The UCITS at a glance" are contained in this prospectus in their entirety. The trust agreement and Annex A "The UCITS at a glance" can be fully or partially amended or supplemented by the management company at any time. Changes to the trust agreement and Annex A "The UCITS at a glance" require the prior approval of the FMA.

Every change to the trust agreement and Annex A "The UCITS at a glance" shall be published in the official gazette of the UCITS and is then legally binding on all investors. The official gazette of the UCITS is the website of the LAFV Liechtenstein Investment Fund Association [www.lafv.li](http://www.lafv.li).



### 3 General information on the UCITS

The **Solidum Cat Bond Fund** (hereinafter: UCITS) was established on May 19, 2009, as an Undertaking for collective investment in transferable securities (UCITS) pursuant to the laws of the Principality of Liechtenstein.

The trust agreement and Annex A "The UCITS at a glance" were approved by the FMA on May 12, 2009, and the UCITS was entered into the Liechtenstein commercial register by the Department of Justice on May 26, 2009. The trust agreement and Annex A "The UCITS at a glance" were ratified on May 19, 2009.

The trust agreement and Annex A "The UCITS at a glance" were approved by the FMA on April 03, 2023, and ratified on April 05, 2023.

The UCITS is a legally dependent undertaking for collective investment in transferable securities of the open-ended type and is subject to the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities.

The UCITS has the legal form of a unit trust. A collective trust is the adoption of an identical trust agreement by an indefinite number of investors for the purpose of investing and managing assets for the account of the investors, whereby the individual investors participate in the trust pro rata and are personally liable only for the amount invested.

The UCITS does not have an umbrella structure and is thus a single fund.

The management of the UCITS consists mainly in investing the monies tendered by the public for the joint account of the investors according to the principle of risk diversification in securities and/or other liquid instruments pursuant to Art. 51 UCITSA. The UCITS shall form a separate fund for the benefit of its investors. In the event of dissolution and bankruptcy of the management company, the separate fund shall not belong to the management company's seizable assets.

The instruments in which the management company is allowed to invest its assets and the provisions it must observe in its activities are governed by the UCITSA, the trust agreement, and Annex A "The UCITS at a glance".

The securities and other assets of the UCITS shall be managed in the interest of the investors. The sole beneficiaries of the total assets of the UCITS are the investors based on the number of units they hold. Claims by investors and creditors against the UCITS, whether originating from the establishment, during the existence, or at the liquidation of the UCITS, are limited to the assets of the UCITS.

The purchase of units of the UCITS constitutes the consent of each investor with the trust agreement including the fund-specific annexes that govern the contractual relationships between the investors, the management company, and the depositary as well as the duly executed amendments to this document. The publication of amendments to the trust agreement and the prospectus, the annual and semi-annual reports or other documents on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li) makes these amendments binding for the investors.

The investors are beneficiaries of the UCITS's assets on a pro rata basis in accordance with the number of units they own.

The units are not securitized and exist only in the company's books, i.e. no certificates are issued. Assemblies or meetings of investors are not mandated. By subscribing or purchasing units, the investor agrees with the terms of the trust agreement and Annex A "The UCITS at a glance". Investors, heirs, or other persons cannot demand a split or

dissolution of the UCITS. Details on the UCITS are described in Annex A "The UCITS at a glance".

Basically, all units of the UCITS embody the same rights unless the management company resolves to issue different unit classes within the UCITS.

### **3.1 Duration of the UCITS**

The duration of the UCITS is indicated in Annex A "The UCITS at a glance".

### **3.2 unit classes**

The management company is authorized to create within the UCITS unit classes that differ from the existing unit classes with respect to the use of proceeds, the issue premium, the reference currency and the deployment of currency hedging instruments, the management fee, the minimum amount to be invested, or a combination of these characteristics. The rights of investors who purchased units assigned to existing unit classes are not affected by the creation of new unit classes.

The unit classes offered by the UCITS as well as the charges and reimbursements incurred in conjunction with the units of the UCITS are indicated in Annex A "The UCITS at a glance." Further information on the unit classes is provided in section 8.2.

### **3.3 Past performance of the UCITS**

The past performance of the UCITS and of its unit classes is indicated on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li) or in the PRIIP-KID. The past performance of a unit is no guarantee for its current and future performance. The value of a unit may rise or fall at any time.

## **4 Organization**

### **4.1 Domicile country / Responsible supervisory authority**

Liechtenstein / Financial Market Authority Liechtenstein (FMA); [www.fma-li.li](http://www.fma-li.li).

### **4.2 Legal relationships**

The legal relationship between the investors and the management company is governed by the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and the Ordinance dated July 5, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSO) and, if a matter is not regulated there, by the provisions related to trusts in the Persons and Companies Act (PGR).

### **4.3 Management company**

IFM Independent Fund Management Aktiengesellschaft (hereinafter: management company), Landstrasse 30, 9494 Schaan, Commercial Registry Number FL-0001-532-594-8.

IFM Independent Fund Management AG was incorporated on October 29, 1996, for an unlimited period, in the form of a joint-stock corporation. The Government issued the operating license to the management company on November 26, 1996. The management company is domiciled and headquartered in Schaan, Principality of

Liechtenstein. According to section III of the Act dated June 28, 2011, on Undertakings for Collective Investments, the management company is recognized by the Liechtenstein supervisory authorities and entered in the official list of Liechtenstein management companies.

The share capital of the management company amounts to CHF 1 million and is fully paid up.

The management company manages the UCITS for the account and in the exclusive interest of the investors according to the principle of risk diversification and pursuant to the provisions of the trust agreement and Annex A "The UCITS at a glance".

The management company is endowed with extensive rights to perform all administrative and management acts on its behalf for the account of the investors. In particular, it is authorized to purchase, sell, subscribe, and exchange securities and other assets and to exercise all rights that are associated with the assets of the UCITS.

An overview of all UCITS managed by the management company is provided on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

#### 4.3.1 Board of Directors

Chairman: Heimo Quaderer, Managing Partner of Principal Vermögensverwaltung AG, Schaan

Members: H.R.H. Simeon von Habsburg, Archduke of Austria, Managing Partner of Principal Vermögensverwaltung AG, Schaan

Hugo Quaderer, independent board member of IFM Independent Fund Management AG, Schaan

#### 4.3.2 Executive Board

President: Luis Ott, Managing Director

Members: Alexander Wymann, Deputy Managing Director

Michael Oehry

Ramon Schäfer

### 4.4 Asset manager

Solidum Partners AG, Mühlebachstrasse 70, CH-8008 Zürich, has been appointed asset manager of the UCITS.

Solidum Partners AG was founded in September 2004 and is prudentially supervised by the Swiss Federal Market Supervisory Authority FINMA. It is an independent asset management company which is specialized in managing funds of insurance linked securities.

The responsibility of the asset manager is mainly to implement the proprietary investment policy on a daily basis and manage the everyday business of the UCITS as well as to render other associated services under the supervision, control, and responsibility of the management company. The fulfillment of these duties takes into account the principles of the investment policy and the investment restrictions of the UCITS as described in this prospectus and the applicable legal investment restrictions.

The asset manager is entitled, at its own expense and responsibility, to seek counsel from third parties.

The implementation of the mandate is governed by an asset management contract concluded between the management company and Solidum Partners AG.

#### 4.5 Investment consultant

No investment consultant was appointed.

#### 4.6 Distributor

The management company acts as the distributor for the UCITS.

#### 4.7 Depositary

Liechtensteinische Landesbank AG, Städtle 44, FL-9490 Vaduz, is the depositary.

Liechtensteinische Landesbank Aktiengesellschaft was established in 1861. The bank's principal activities are investment consulting, asset management, and lending. Further information on the depositary (annual reports, brochures, etc.) is available directly at its domicile or on its website [www.llb.li](http://www.llb.li).

The depositary holds custodial financial instruments in safekeeping for the account of the UCITS. It can entrust the assets fully or partially to other banks, financial institutions, and recognized clearinghouses that fulfill the legal requirements.

The function of the depositary and its liability are governed by the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and the respective ordinance in the then applicable versions, the depositary contract, and the constitutive documents of the UCITS. It operates independently of the management company and exclusively in the interest of the investors.

The UCITSA mandates a separation of the management and depositary functions of a UCITS. The depositary holds custodial financial instruments in safekeeping on separate accounts opened in the name of the UCITS or of the management company that acts in the name of the UCITS, and it assures that the instructions of the management company regarding the assets comply with the provisions of the UCITSA and the constitutive documents. For this purpose, the depositary monitors compliance in particular with investment restrictions and debt limits by the UCITS.

Furthermore, on behalf of the management company, the depositary administers the units register of the UCITS.

The duties of the depositary are governed by Art. 33 UCITSA. The depositary assures that

- ◆ the sale, issue, redemption, repayment, and annulment of units of the UCITS are handled according to the provisions of the UCITSA and the constitutive documents,
- ◆ the valuation of the units of the UCITS is handled pursuant to the provisions of the UCITSA and the constitutive documents,
- ◆ amounts due when assets of the UCITS are transacted are credited to the UCITS within customary time frames,
- ◆ the earnings of the UCITS are used according to the provisions of the UCITSA and of the constitutive documents;
- ◆ cash flows of the UCITS are duly monitored and that, in particular, all payments due from investors or on their behalf in conjunction with the subscription of units of

a UCITS are received and that all monies of the UCITS are booked in accordance with the provisions of the UCITSA and of the constitutive documents.

### **Subdepositories**

The depositary is entitled to subcontract depositary functions to other companies (subdepositories). A list of the subdepositories appointed to hold assets on behalf and for the account of the UCITS can be obtained from the depositary.

The appointment of subdepositories does not entail any conflicts of interest.

### **Information on the depositary**

The investors of the UCITS may at all times and free of charge personally request information from the depositary concerning the latest status of the duties and obligations of the depositary, the subdepositories, possible conflicts of interest in conjunction with the activities of the depositary and the subdepositories as well as information about the UCITS at the above mentioned contact point.

The depositary is subject to the provisions of the Liechtenstein FATCA Agreement as well as to the respective executive provisions of the Liechtenstein FATCA Law.

## **4.8 Auditors of the UCITS and of the management company**

Ernst & Young AG, Schanzenstrasse 4a, CH-3008 Bern

The UCITS and the management company shall have their activities audited on an annual basis by an auditor which is FMA-accredited pursuant to the UCITSA and with whom they have no affiliations.

## **5 General investment principles and restrictions**

The assets of the UCITS shall be invested under consideration of the principle of risk diversification pursuant to the provisions of the UCITSA and pursuant to Art. 28 of the trust agreement as well as the investment policy principles described in Annex A "The UCITS at a glance" within the scope of the investment restrictions.

### **5.1 Investment policy objectives**

The objective of the investment policy of the UCITS is described in Annex A "The UCITS at a glance".

### **5.2 Investment policy of the UCITS**

The fund-specific investment policy of the UCITS is described in Annex A "The UCITS at a glance".

The general investment principles and investment restrictions set forth in Arts. 27 and 28 of the trust agreement apply to the UCITS to the extent that no deviations or amendments are contained in Annex A "The UCITS at a glance".

### **5.3 Accounting/reference currency of the UCITS**

The accounting currency of the UCITS as well as the reference currencies for each unit class are stated in Annex A "The UCITS at a glance".

The accounting currency is the currency in which the UCITS keeps its books. The reference currency is the currency used to calculate the performance and the net asset value of the unit classes. Investments are made in the currencies optimally suited to the performance of the UCITS.

## 5.4 Profile of a typical investor

The profile of a typical investor of the UCITS is described in Annex A "The UCITS at a glance".

# 6 Investment regulations

## 6.1 Permissible investments

For the account of its investors, the UCITS is allowed to invest its assets only in one or several of the following types of instruments:

### 6.1.1 Securities and money market instruments:

- a) that are listed or traded on a regulated market as referred to in Art. 4, para. 1 section 21 of Directive 2014/65/EC;
- b) that are traded at another regulated market of an EEA member country which is recognized, accessible to the public, and operates regularly;
- c) that are officially listed on a stock exchange in a third country or are traded on another market in a European, American, Asian, African or Pacific Rim country which is recognized, accessible to the public, and operates regularly.

### 6.1.2 Securities from new issues, provided:

- a) the issue terms include the obligation to have applied for authorization for official listing and trading on one of the securities markets mentioned in section 6.1.1 a) to c) or another regulated market mentioned there, and
- b) this authorization is granted no later than one year after the issue date.

**6.1.3** Units of a UCITS and of other undertakings for collective investment pursuant to Art. 3 Para. 1 Section 17 UCITSA that are comparable with a UCITS, provided the undertakings for collective investment are bound by their constitutive documents to invest no more than 10% of their assets in units of another UCITS or comparable undertaking for collective investment;

**6.1.4** Sight deposits or callable deposits with a maximum duration of twelve months held with credit institutions domiciled in an EEA member country or in another country in which supervisory legislation is equivalent to EEA law;

**6.1.5** Derivatives whose underlying assets are subjects of investment as set forth in Art. 51 UCITSA, or financial indices, interest rates, foreign exchange rates, or currencies. In the event of transactions with OTC derivatives, the counterparties must be institutions of a type approved by the FMA, and the OTC derivatives shall be subject to reliable and verifiable valuation on a daily basis, and it must be possible to sell, liquidate, or close them by an offsetting transaction at any time at a fair value at the initiative of the UCITS;

**6.1.6** Money market instruments not traded on a regulated market, provided the issue or the issuer of these instruments is obliged to abide by regulations regarding deposit or investor protection, subject to the following:

- a) the issue has been made or guaranteed by a central, regional or local entity or the central bank of an EEC member state, the European Central Bank, the European Union, the European Investment Bank, a third-party state, or, if this is a federal state, a member state of the federation, or an international public-sector institution with which at least one EEC member state is affiliated;
- b) the issue has been made by a company whose securities are traded on the regulated markets listed in para. a;
- c) the issue has been made by an institute subject to supervision aligned with criteria as stipulated by EEA law or made or guaranteed by an institute that is subject to supervision equivalent to EEA law and obliged to comply with such law; or
- d) the issue has been made by an issuer belonging to an FMA-approved category provided that investor protection regulations equivalent to those described in lits. a to c apply to investments in these instruments, and provided that the issuer is a company whose equity capital amounts to at least 10 million euros and which presents and publishes its annual accounts in accordance with the rules of Directive 78/660/EEA, implemented in Liechtenstein by the PGR, or which is a group-affiliated entity that is responsible for the financing of a group of companies with at least one listed company or is an entity required to securitize liabilities by utilizing a line of credit granted by a bank.

**6.1.7** The management company is also allowed to hold cash and cash equivalents.

## **6.2 Non-permissible investments**

The management company must not:

- 6.2.1** invest more than 10% of the assets of the UCITS in securities and money market instruments other than those mentioned in section 6.1;
- 6.2.2** purchase precious metals or precious metal certificates;
- 6.2.3** nor transact uncovered short sales.

## **6.3 Investment limits**

### **A. The UCITS must observe the following investment limits:**

- 6.3.1** The UCITS must invest no more than 5% of its assets in securities or money market instruments of the same issuer and no more than 20% of its assets in deposits of the same issuer.
- 6.3.2** The default risk in transactions of the UCITS with OTC derivatives with a credit institution as the counterparty domiciled in an EEA member country or a third country whose supervisory legislation is comparable with EEA law must not exceed 10% of the assets of the UCITS; for other counterparties, the maximum default risk is 5% of its assets.
- 6.3.3** Provided the total value of securities and money market instruments of the issuers with whom the UCITS invests more than 5% of its assets does not exceed 40% of its assets, the issuer limit mentioned in section 6.3.1 shall be raised from 5% to 10%. The 40% limitation does not apply to deposits or transactions involving OTC derivatives with supervised financial institutions. If the issuer limit is



raised, the securities and money market instruments pursuant to section 6.3.5 and the debt securities pursuant to section 6.3.6 shall not be considered.

- 6.3.4** Regardless of the upper individual limits pursuant to sections 6.3.1 and 6.3.2, a UCITS shall not enter into the following combinations if this would lead to an investment of more than 20% of its asset in one and the same body:
- a) securities or money market instruments issued by that body;
  - b) deposits with that body;
  - c) OTC derivatives purchased from that body;
- 6.3.5** If the securities or money market instruments are issued or guaranteed by an EEA member state, by such a state's local authorities, by a third country, or by an international public body to which at least one EEA member state belongs, the 5% limit stipulated in section 6.3.1 can be raised to a maximum of 35%.
- 6.3.6** The 5% limit set forth in section 6.3.1 shall be raised to a maximum of 25% where debt securities are issued by a credit institution domiciled in an EEA member state and is subject by law to special public supervision designed to protect the owners of such securities, and in particular must invest sums deriving from the issue of those debt securities in assets which, during their whole period of validity, are capable of covering claims attaching to the bonds and which, in the event of a default of the issuer, would be used on a priority basis for the repayment of the principal and of the accrued interest. In this case, the total value of the investments shall not exceed 80% of the assets of the UCITS.
- 6.3.7** The limits set forth in sections 6.3.1 to 6.3.6 shall not be cumulated. The maximum issuer limit is 35% of the assets of the UCITS.
- 6.3.8** When calculating the investment limits as provided for in section 6.3, companies belonging to the same group shall be deemed a single issuer. For investments in securities and money market instruments of the same group of companies, the combined issuer limit shall be increased to 20% of the assets of the UCITS.
- 6.3.9** The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a UCITS.
- 6.3.10** If the investments pursuant to section 6.3.9 constitute a major portion of the assets of the UCITS, the fund-specific annex must state the maximum amount and the annual report must state the maximum share of the management fees to be borne by the UCITS itself and by the undertakings for collective investment according to section 6.3.9 whose units were purchased.
- 6.3.11** If units are managed directly or indirectly by the management company of the UCITS or by any other company with which the management company of the UCITS is affiliated by common management, control, or qualified participation, neither the management company of the UCITS nor the other company may charge fees for the subscription or redemption of units of the UCITS.
- 6.3.12** A management company shall not acquire for any of the UCITS managed by it any shares carrying voting rights which would enable it to exercise significant influence over the management of the issuer. A significant influence is deemed associated with more than 10% of the voting rights of the issuer. If a lower limit applies in another EEA member state for the acquisition of voting shares of the same issuer, that limit shall also be binding on the management company if it acquires for a UCITS any shares of an issuer domiciled in that EEA member state.



**6.3.13** The maximum exposure of the UCITS in financial instruments of the same issuer is:

- a) 10% of the share capital of the issuer to the extent that non-voting shares are involved;
- b) 10% of the total par value of the outstanding debt securities or money market instruments of the issuer to the extent that debt securities or money market instruments are involved. This limit need not be observed if the total par value cannot be determined at the time of purchase;
- c) 25% of the units of the same undertaking are purchased, to the extent that units of another UCITS or of an undertaking for collective investment comparable with a UCITS are involved. This particular limit need not be observed if the net amount cannot be determined at the time of purchase.

**6.3.14** Sections 6.3.12 and 6.3.13 do not apply:

- a) to securities and money market instruments issued or guaranteed by a government issuer;
- b) to shares held by a UCITS in the capital of a company in a third country, that invests its assets mainly in the securities of issuers domiciled in that country, where under the legislation of that country such interest positions represent the only way in which the UCITS can lawfully invest in the securities of issuers of that country. In this context, the provisions of the UCITSA must be observed;
- c) to shares held by management companies in the capital of their subsidiaries which in the country of domicile are devoted exclusively to organizing on behalf of the management company the repurchase of shares at the request of investors.

In addition to the limitations set forth in sections 6.3.1 to 6.3.14, further restrictions in Annex A "The UCITS at a glance" shall be respected, if any.

## **B. Deviations from the investment limits are allowed in the following cases:**

**6.3.15** The UCITS does not need to comply with the investment limits when exercising the subscription rights derived from securities or money market instruments that belong to its assets but shall correct them within a reasonable period of time.

**6.3.16** If the limits are violated, the management company shall adopt as a priority objective to strive to normalize that situation in the interest of its investors.

**6.3.17** Within the first six months after its capital pay-up, the UCITS may deviate from the investment limits pursuant to this section "General investment principles and restrictions". However, sections 6.1 and 6.2 are exempt from this exception and must always be complied with. The principle of risk diversification continues to apply.

## **C. Active investment limit violations:**

**6.3.18** Losses or damages incurred due to an active violation of investment limits/regulations must be reimbursed to the UCITS immediately as mandated by the then valid codes of conduct.

## **6.4 Borrowing limits and prohibition of granting loans and guarantees**

**6.4.1** The assets of the UCITS must not be pledged or otherwise encumbered, transferred or ceded as collateral except in cases involving borrowing pursuant to

section 6.4.2 or collateralization within the scope of transactions involving financial instruments.

- 6.4.2** Borrowing by the UCITS is limited to temporary loans which do not exceed 10% of the assets of the UCITS; the limit does not apply to the purchase of foreign currencies via back-to-back loans.
- 6.4.3** A UCITS may neither grant loans nor act as a guarantor for third parties. Agreements violating this prohibition shall be binding neither for the UCITS nor for the investors.
- 6.4.4** Section 6.4.3 does not prohibit the purchase of financial instruments that have not yet been fully paid up.

## **6.5 Deployment of derivatives, techniques, and instruments**

The total risk associated with derivatives shall not exceed the total net asset value of the UCITS. As part of its investment strategy and within the limits specified in Art. 53 UCITSG, the management company may invest in derivatives provided the aggregate risk of the underlying assets does not exceed the investment limits set forth in Art. 54 UCITSG. The risk is calculated taking into account the market value of the underlying assets, the counterparty risk, future market fluctuations, and the time available to liquidate the positions.

Unless prevented by the protection of investors and the public interest, investments of the UCITS in index-based derivatives shall not be taken into account with regard to the upper limits defined in Art. 54 UCITSA.

If a derivative is embedded in a security or a money market instrument, it must be considered with respect to compliance with the provisions of Art. 54 UCITSA.

With the approval of the FMA, the UCITS may, for efficient portfolio management purposes and in compliance with the provisions of the UCITSA, deploy techniques and instruments involving securities and money market instruments. These transactions must be considered when determining the overall risk.

### **6.5.1 Risk management procedure**

The management company uses a basic model to calculate the risks associated with the investment instruments, especially with respect to derivative financial instruments, and uses for this purpose generally established calculation methods. It is obliged to ensure that the risk from derivative financial instruments at no time exceeds the total value of the portfolio, and that in particular no positions are acquired that constitute an unlimited risk to the assets. When calculating the total risk, it is mandatory to take into consideration both its default risk and the leverage associated with derivative financial instruments. Combinations of derivative financial instruments and securities must also comply with these regulations at any point in time.

On behalf of the UCITS, the management company is entitled, in particular, to deploy the following derivatives techniques, and instruments:

### **6.5.2 Derivative financial instruments**

On behalf of the UCITS, the management company may transact with derivatives for hedging purposes, for efficient portfolio control, for generating additional income, and as part of its investment strategy. This may at least temporarily increase the loss risk of the UCITS.

The risk associated with derivative financial instruments must not exceed 100% of the fund's net assets. Hereby, the total risk must not exceed 200% of the respective fund's net assets. In a borrowing transaction that is permissible pursuant to the UCITSA (section 6.4.2), the total risk shall not exceed 210% of the respective net assets.

The management company utilizes the Modified Commitment approach as its risk management procedure.

The management company is entitled to deploy only the following basic forms of derivatives or combinations of such derivatives or combinations of other subjects of investment that the respective UCITS is allowed to purchase:

- 6.5.2.1** Forward contracts on securities, money market instruments, financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies;
- 6.5.2.2** Options or warrants on securities, money market instruments, financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies and on forward contracts according to section 6.5.2.1, if
  - ◆ the respective rights can be exercised for the entire duration or at the end of the duration and
  - ◆ the option value is a fraction or a multiple of the difference between the base price and the market price of the underlying instrument and becomes zero if the difference has the other sign;
- 6.5.2.3** Interest swaps, currency swaps, or interest/currency swaps;
- 6.5.2.4** Options on swaps pursuant to section 6.5.2.3, provided they have the characteristics described in section 6.5.2.2 (swaptions);
- 6.5.2.5** Credit default swaps, provided they are exclusively and demonstrably utilized to hedge the credit risk of precisely defined assets of the UCITS.

The above-mentioned financial instruments can be independent subjects of investment or components of subjects of investments.

#### **Forward contracts**

The management company is entitled, for the account of the UCITS within the scope of the investment principles, to acquire forward contracts on UCITS-approved securities and money market instruments as well as on financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies. Forward contracts are agreements that bind both parties to purchase or sell a certain number of a certain underlying asset at a price determined on advance at a specific point in time, on the maturity date, or within a certain time period.

#### **Options transactions**

The management company is entitled, for the account of the UCITS within the scope of the investment principles, to purchase and sell call options and put options on securities and money market instruments as well as on financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, exchange rates, or currencies, and to trade in warrants. In options transactions, a third party is granted the right, against payment of an option premium, to deliver or receive subjects of investment during a certain period of time or at the end of a certain period of time at a price determined in advance (strike price) or to

demand the payment of a difference or to acquire specific option rights. The options or warrants must be exercisable for the entire duration of the instruments or on the maturity date. Additionally, the option value must be a fraction or a multiple of the difference between the base price and the market price of the underlying instrument and becomes zero if the difference has the other sign.

### Swaps

The management company is entitled, for the account of the UCITS within the scope of the investment principles, to transact interest swaps, currency swaps, and interest/currency swaps. Swaps are agreements in which the underlying cash flow streams or risks of a transaction are exchanged between the counterparties.

### Swaptions

Swaptions are options on swaps. Only those swaptions may be acquired for the account of the UCITS which are composed of the above-mentioned options and swaps. A swaption is the right, but not the obligation, to enter into an underlying swap at a specific point in time or during a specific period of time with accurately defined terms and conditions. In all other respects, the principles described in conjunction with options transactions shall apply.

### Credit default swaps

Credit default swaps are credit derivatives that make it possible to transfer a potential credit default volume to others. In return for the assumption of the credit default risk, the seller of the risk pays the counterparty a premium. On behalf of the UCITS, the management company may acquire only simple, standardized credit default swaps used to hedge individual credit risks to which the UCITS is exposed. In all other respects, the considerations regarding swaps shall apply.

### Securitized financial instruments

The management company may also acquire the above-mentioned financial instruments if they are securitized. Thereby, the transactions involving financial instruments can also be only partially securitized (e.g. warrants). Statements regarding the opportunities and risks apply accordingly to securitized financial instruments with the understanding that the loss risk of securitized financial instruments is limited to the value of the security.

### OTC derivatives

The management company may engage in transactions with derivatives approved for trading on a stock exchange or another organized market as well as in so-called over-the-counter (OTC) transactions.

The management company may only engage in transactions with derivatives not traded on a stock exchange or on another organized market if such business is conducted with suitable credit or financial services institutions on the basis of standardized master agreements. The counterparty risk involved in trading OTC derivatives shall be limited to 5% of the value of the assets of the UCITS. If the contractual party is a credit institute domiciled in the European Union, the European Economic Area or a third country with a comparable level of supervision, the counterparty risk may be increased to a maximum of 10% of the value of the assets of the UCITS. Transactions with OTC derivatives concluded with a central clearinghouse of a stock exchange or another organized market as the contractual party do not count against the counterparty risk if the derivatives are subject to daily market pricing with daily margining.

However, the limits are to be adjusted by the receivables that the UCITS can claim from a broker, also if the derivative is traded on a stock exchange or another organized market.

### **6.5.3 Securities lending**

The management company does not carry out any securities lending transactions.

### **6.5.4 Annuities transactions**

The management company does not carry out annuities transactions.

### **6.5.5 Collateral policy and investment of collateral**

#### **General**

In conjunction with transactions in OTC financial derivatives and efficient portfolio management techniques, the management company can accept collateral in the name and for the account of the UCITS to reduce its counterparty risk. This section explains the collateral policy applied by the management company in such cases. Within the meaning of this section, all assets received by the management company in the name and for the account of the UCITS (securities lending, asset-based annuities transactions, reverse annuity transactions) within the scope of efficient portfolio management techniques shall be treated as collateral.

#### **Permissible securities as well as diversification and correlation strategies**

The management company can use the collateral it receives to reduce the counterparty risk provided it abides by the criteria set forth in the applicable laws, regulations, and FMA-issued guidelines, particularly with respect to liquidity, valuation, issuer credit rating, correlation, risks in conjunction with the administration of collateral and realizability. Mainly, collateral should fulfill the following conditions:

#### **Liquidity**

Collateral not based on cash or sight deposits shall be highly liquid and transparently priced and must be traded on a regulated market or within a multilateral trading system. Additionally, collateral with short settlement cycles shall be preferred over collateral with long settlement cycles because they can more quickly be converted into cash.

#### **Valuation**

The value of collateral must be calculated at least once on every market day and shall be regularly updated. The inability to perform its own value calculations endangers the UCITS. This also applies to "mark to model" valuations and rarely traded assets.

#### **Solvency**

The issuer of the collateral shall be highly solvent. In the absence of very high solvency, haircuts shall be performed. If the value of the collateral fluctuates significantly, it is only permissible if suitable conservative haircuts are applied.

#### **Correlation**

The collateral is not provided, issued, or guaranteed by the counterparty or by a company affiliated with the counterparty's group and is not highly correlated with the counterparty's valuation. But investors should note that in a difficult market environment, as experience suggests, the correlation between individual issuers increases massively regardless of the nature of the security.

### Diversification of collateral

The collateral received is sufficiently diversified with respect to states, markets, and issuers. The criterion of sufficient diversification as regards issuer concentration is deemed fulfilled if the UCITS receives collateral with which the maximum exposure to a single issuer does not exceed 20% of the UCITS's net asset value. In the case of collateral from several securities lending and borrowing transactions, OTC derivatives transactions, and annuities transactions involving the same issuer or guarantor, the overall risk versus these issuers shall be aggregated for the calculation of the total risk limit. Notwithstanding this sub-item, UCITSs can be fully collateralized with various securities and money market instruments that are issued or guaranteed by an EEA member state, one or several of its territories, a third-party country or an international public-sector entity to which at least one EEA member state belongs. These UCITSs should hold securities that were tendered within the scope of at least six different issues, whereby the securities from a single issue must not exceed 30% of the UCITS's net asset value.

If it complies with the regulations in 6.3.5 to 6.3.7 further above, a UCITS may deviate from these rules.

### Safekeeping and realization

If the ownership of the transferred collateral has been ceded to the management company for the UCITS, the collateral received must be held in safekeeping by the depositary of the UCITS. Otherwise, the collateral must be held by a third-party depositary that is subject to prudential supervision and is independent of the service provider or legally protected against the default of the related party.

It must be ensured that the UCITS may at any time immediately realize the collateral without reference to or the consent of the counterparty.

### Investment of collateral

Collateral, except for sight deposits (cash and cash equivalents) must not be sold, reinvested, or pledged.

Collateral composed of cash and cash equivalents (sight deposits and callable deposits) shall be utilized exclusively in one of the following ways:

- ◆ Investment in sight deposits pursuant to Art. 51 para. 1 lit. d UCITSA with a maximum duration of twelve months held with credit institutions domiciled in an EEA member country or in another country in which supervisory legislation is equivalent to that of the EEA;
- ◆ Debentures tendered by states with high solvency;
- ◆ Investments within the scope of an annuity transaction pursuant to Art. 70 UCITSO if the counterparty of the annuity transaction is a credit institution that is domiciled in an EEA member state or a third country with supervisory legislation equivalent to that of the EEA;
- ◆ Investments in money market funds with short duration structures pursuant to ESMA/2014/937 section 43 lit. j.

The reinvestment of sight deposits and callable deposits shall comply with the provisions regarding risk diversification of non-cash collateral.

To assess the value of collateral exposed to a non-negligible fluctuation risk, the UCITS must apply conservative discount rates. On behalf of the UCITS, the management company shall apply a haircut strategy for every type of asset received as collateral and must consider the characteristics of the assets, including in particular creditworthiness as well as the price volatility of the respective assets and the stress tests that have been performed. The haircut strategy shall be documented and with regard to the respective types of as-

sets makes plausible each decision to apply or not apply a valuation mark-down.

### Worth of collateral

The management company shall determine the required worth of the collateral for transactions with OTC derivatives and for efficient portfolio management techniques under consideration of the limits set forth in the prospectus for counterparty risks and under consideration of the nature and features of the transactions, creditworthiness, identity of the counterparties, and prevailing market conditions.

### Rules for haircuts

Collateral shall be valued on a daily basis based on available market prices and under consideration of adequately conservative discounts (haircuts) that the management company will determine for each investment class based on its rules for haircuts. Depending on the type of collateral received, these rules take into account various factors, such as the issuer's creditworthiness, the duration, the currency, the price volatility of the assets, and, if applicable, the results of liquidity stress tests that the management company performs under normal and extraordinary liquidity conditions. The table below lists the haircuts that the management company deems adequate on the issue date of this prospectus. The values are subject to change.

Collateral instrument	Valuation rate (%)
Account balance (in the reference currency of the UCITS)	95
Account balance (not in the reference currency of the UCITS)	85
Government bonds [debt securities issued or expressly guaranteed by the following countries (without implicitly guaranteed liabilities, for example): Austria, Belgium, Denmark, France, Germany, the Netherlands, Sweden, the United Kingdom, and the USA to the extent that these countries have a minimum rating of AA-/Aa3 and such debt securities can be valued at market prices daily (mark to market)]	
Duration ≤ 1 year	90
Duration > 1 year and residual duration ≤ 5 years	85
Duration > 5 years and residual duration ≤ 10 years	80
Corporates (debt securities issued or expressly guaranteed by a company (except financial institutes) and (i) rated at least AA-/Aa3, (ii) with a residual duration of no more than 10 years and (iii) denominated in an OECD currency)	
Duration ≤ 1 year	90
Duration > 1 year and residual duration ≤ 5 years	85
Duration > 5 years and residual duration ≤ 10 years	80

### Total return swaps

Total return swaps can be executed for the UCITS. Total return swaps are derivatives in which all earnings and value fluctuations of an underlying can be swapped for an agreed fixed interest payment. A contractual party, the collateral taker, thus transfers the entire credit and market risk from the underlying instrument to the other contractual party, the collateral provider. In return, the



collateral taker pays a premium to the collateral provider. On behalf of the UCITS, the management company may execute total return swaps for hedging purposes and as part of the investment strategy. Basically, all assets that are purchasable for the UCITS and its sub-funds can be subjects of total return swaps. Up to 100% of the UCITS's assets can be subjects of such transactions. The management company expects that in individual cases no more than 50% of the sub-fund's assets will be the subject of total return swaps. This is merely an estimate that can be exceeded in individual cases. The proceeds from total return swaps – after deduction of the transaction costs – are fully credited to the UCITS.

The contractual parties for total return swaps are selected on the basis of the following criteria:

- ◆ Price of the financial instrument,
- ◆ Cost of order execution,
- ◆ Speed of execution,
- ◆ Probability of execution or settlement,
- ◆ Scope and type of order,
- ◆ Timing of order,
- ◆ Other factors that influence the execution of the order (such as solvency of the counterparty)

The criteria may be weighted differently depending on the type of trade involved.

#### **6.5.6 Investments in units of another UCITS or of other undertakings for collective investment that are comparable with a UCITS**

The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a UCITS. These other undertakings for collective investment shall be bound by their prospectuses and/or constitutive documents to invest no more than 10% of their assets in units of another UCITS or another comparable undertaking for collective investment.

Investors must take into account that at the level of indirect investments, further indirect costs and charges are incurred and that fees and remunerations are paid – these expenses are debited directly to the individual indirect investments.

If units are managed directly or indirectly by the management company of the UCITS or by any other company with which the management company of the UCITS is affiliated by common management, control, or qualified participation, neither the management company of the UCITS nor the other company may charge fees for the subscription or redemption of units of the UCITS.

#### **6.5.7 Use of benchmarks**

In compliance with the provisions of the Ordinance (EU) 2016/1011 of the European Parliament and of the Council concerning indices that are used as benchmarks for financial instruments and financial contracts or to measure the performance of an undertaking for collective investment, supervised companies (such as UCITS management companies and AIFMs) may use benchmarks pursuant to the Benchmark Ordinance in the EU if the benchmark is provided by an administrator who is listed in the administrator and benchmark directory that is managed by the ESMA pursuant to the Benchmark Ordinance (the “directory”).

The UCITS can deploy benchmarks in the Key Investor Information Documents (PRIIP-KID) and marketing documentation, if any, as a reference for comparative purposes to measure the performance of the UCITS. The UCITS is actively



managed and the asset manager can thus freely decide in which securities he wishes to invest. Consequently, the performance can clearly deviate from that of the benchmark. If it is used by the management company or by the asset manager on its behalf, the comparative index is indicated in Annex A "The UCITS at a glance".

The comparative index can change in the course of time. In this case, the prospectus, Annex A "The UCITS at a glance", and the constitutive documents shall be updated at the next opportunity and investors shall be informed by notification in the official gazette as well as in the media mentioned in the prospectus or with durable media (letter, fax, e-mail or similar).

Further, the UCITS can use benchmarks to calculate performance-linked charges. Detailed data concerning performance fees can be found in section 11.2 of this prospectus as well as in Annex A "The UCITS at a glance".

With respect to a comparative index, the management company does not accept any liability concerning the quality, correctness or completeness of the data of the comparative index nor that the respective comparative index is managed in accordance with the described index methods.

The management company has produced a written plan of measures that it can implement with respect to the UCITS in the event that the index changes substantially or is no longer provided. On request, information concerning the plan is available free of charge at the registered domicile of the management company.

## 7 Risk advisories

### 7.1 Fund-specific risks

**The performance of the units depends on the investment policy as well as the market development of the individual investments of the UCITS and cannot be determined in advance. In this context, it must be pointed out that the value of the units can rise or fall versus the issue price at any time. It cannot be guaranteed that the investors will be able to recover their invested capital.**

The fund-specific risks of the UCITS are indicated in Annex A "The UCITS at a glance".

### 7.2 General risks

In addition to the fund-specific risks, the investments of the UCITS may incur general risks.

All investments in a UCITS are associated with risks. Any risk may occur together with other risks. Some of these risks are briefly discussed in this section. It should be noted, however, that this is not an inclusive list of all possible risks.

**Potential investors should be clearly aware of the risks incurred by an investment in units and not make any investment decisions before having received comprehensive advice by their legal, fiscal, and financial consultants, auditors or other experts on the suitability of an investment in units of this UCITS, taking into consideration their personal financial and fiscal situation as well as other circumstances, and on the information contained in this prospectus and trust agreement and the investment policy of the UCITS.**

#### Market risk

This is a general risk associated with all investments which implies a possible change of the value of a certain investment that may be disadvantageous for the UCITS.

#### **Price risk**

Assets in which the UCITS invests may suffer value losses. In this context, the market value of the investments may trend against the cost price. Also, the investments are exposed to different price fluctuations (volatility). In extreme cases, a total loss can be incurred with the respective investments.

#### **Cyclical risks**

These refer to the risk of price losses arising when at the time of the investment decision, the development of the economic cycle is not, or not correctly, taken into consideration, so that securities investments are made at the wrong time or securities are being held during an unfavorable phase of the economic cycle.

#### **Cluster risk**

The investment policy may focus on a concentration of investments, for example in certain assets, countries, markets, or industries. In such cases, the UCITS is highly dependent on the development of these assets, countries, markets, or industries.

#### **Interest-rate risk**

To the extent that the UCITS invests in interest-bearing securities, it is exposed to an interest-rate risk. When the market level of the interest rate rises, the price value of the interest-yielding securities of the assets may fall substantially. This is even more the case if the portfolio also contains interest-yielding securities with longer maturities and lower nominal interest.

#### **Currency translation risk**

If the UCITS holds assets denominated in a foreign currency or currencies, it is exposed to a direct currency translation risk (to the extent that the foreign currency positions are not hedged). Falling exchange rates lead to a value reduction of the foreign currency investments. In addition to the direct currency translation risks, there are also indirect currency translation risks. Internationally active companies depend to a more or less significant degree on the development of exchange rates, and this may have an indirect effect on the price development of investments.

#### **Inflation risk**

Inflation may diminish the value of the invested assets. The purchasing power of the invested capital decreases when the inflation rate exceeds the yield of the investments.

#### **Psychological market risk**

Sentiment, opinions, and rumors may cause a significant price drop although the profit situation and future prospects of the companies under investment has not necessarily changed in any sustainable way. Equities are especially vulnerable to psychological market risks.

#### **Risks of derivative financial instruments**

The UCITS may deploy derivative financial instruments. These may be used not only for hedging purposes but may also be deployed as part of the investment strategy. The deployment of derivative financial instruments for hedging purposes may change the general risk profile as a result of smaller opportunities and risks. The deployment of derivative financial instruments for investment purposes may change the general risk profile as a result of additional opportunities and risks.

Derivative financial instruments are not standalone investment instruments; they are rights valued chiefly on the basis of the price and price fluctuations and price expect-

tations of an underlying instrument. Investments in derivatives are exposed to the general market risk, the management risk, the credit risk, and the liquidity risk.

Due to the special features of derivative financial instruments (e.g. leverage), the above-mentioned risks can be of a different nature and in some cases may be more serious than the risks associated with investment in the underlying instrument.

For this reason, the deployment of derivatives not only requires an understanding of the underlying instrument but also in-depth familiarity with the derivatives themselves.

Derivative financial instruments also incur the risk of a loss by the UCITS because another party participating in the derivative financial instrument (usually a "counterparty") does not meet its obligations.

The credit risk involved in derivatives traded on a stock exchange is generally lower than the risk of over-the-counter (OTC) derivatives because the clearinghouse that acts as the issuer or counterparty of any derivative traded on the stock market provides a settlement guarantee. No comparable guarantee of the clearinghouse exists for over-the-counter derivatives. Thus, under certain circumstances, it may not be possible to close an OTC derivative.

Moreover, a liquidity risk exists because certain instruments may be difficult to buy or sell. In particularly large derivative transactions, or when the respective market is illiquid (as may be the case with over-the-counter derivatives), it may not always be possible to completely implement transactions or the liquidation of positions might be possible only with a higher expense.

Further risks in conjunction with derivatives can arise from incorrect pricing or valuation of derivatives. Many derivatives are complex and often subjectively valued. Inappropriate valuations may lead to increased cash claims from counterparties or result in a value loss for the UCITS. Derivatives are not always valued in a direct or parallel correlation with the value of the assets, interest rates, or indices from which they are derived. For this reason, the deployment of derivatives by the UCITS is not always an effective way to achieve the investment objective of the UCITS and in some instances might even achieve the opposite effect.

#### **Risk from collateral management in conjunction with OTC financial derivatives and efficient portfolio management techniques**

If the UCITS transacts over-the-counter trades (OTC transactions/efficient portfolio management techniques) it may be exposed to risks in conjunction with the creditworthiness of the OTC counterparties: when concluding forward contracts, options, and swap transactions, securities lending and borrowing, annuities transactions, reverse annuities transactions or otherwise using derivative techniques, the UCITS is exposed to the risk that an OTC counterparty does not (or cannot) meet its obligations from a certain contract or from several contracts. The counterparty risk can be reduced by a collateral deposit. If the UCITS is owed collateral under a given agreement, it shall be held in safekeeping for the account of the UCITS by or for the depositary. Cases of bankruptcy and insolvency or other credit default events involving the depositary or an entity of its subdepository/correspondent bank network can entail a shift or another type of restriction of the rights of the UCITS with respect to the collateral. If the UCITS owes the OTC counterparty collateral under a given agreement, then it shall be transferred to the OTC counterparty as agreed between the UCITS and the OTC counterparty. Cases of bankruptcy and insolvency or other credit default events involving the OTC counterparty, the depositary or an entity of its subdepository/correspondent bank network can entail a delay, a restriction or even the exclusion of the rights or of the recognition of the UCITS with respect to the collateral, which would force the UCITS to meet its obligations within the scope of the OTC transaction

regardless of any collateral that may have been provided in advance to cover such obligations.

The risk associated with the management of collateral, especially the operational or legal risk, is determined, controlled, and minimized by the risk management procedure applied for the UCITS.

The UCITS may ignore the counterparty risks provided the worth of the collateral, valued at the market price and under consideration of applicable discounts, exceeds the amount of the risk at all times.

The UCITS may incur losses when investing cash collateral received. Such a loss can incur as a result of the depreciation of the investment instruments purchased with the cash collateral. If the value of the invested cash collateral declines, this reduces the collateral amount that was made available to the UCITS and is subsequently due for repayment to the counterparty. The UCITS would have to offset the monetary difference between the originally received collateral and the amount repayable to the counterparty, so the UCITS would incur a loss.

#### **Liquidity risk**

The UCITS may also acquire subjects of investment that are not approved for trading on a stock exchange or integrated in another organized market. The risk involved here is that the sale of these assets may be delayed, involve a loss, or be impossible.

Even as regards subjects of investment that are traded in an organized market, there is a risk that the market can have phases of illiquidity. The result may be that the assets cannot be traded at the desired time and/or in the desired quantities and/or at the expected price.

#### **Counterparty risk**

The risk is that contractual parties (counterparties) may not be able to meet their contractual obligation to fulfill transactions. The UCITS may incur a loss in this context.

#### **Duration risk**

The value trend of interest-generating investments can be influenced by money market rates.

#### **Issuer risk (solvency risk)**

A deterioration in solvency or even the bankruptcy of an issuer may entail at least a partial loss of the assets.

#### **Country or transfer risk**

When a foreign borrower cannot meet obligations on time or fails to do so entirely despite solvency because of non-transferability or non-cooperation of the borrower's country of domicile (due to foreign exchange restrictions, transfer risks, moratoriums, embargos, etc.), this is referred to as a country risk. Thus, payments rightfully due to the UCITS may fail to be remitted or may be remitted in a currency that due to foreign exchange restrictions is no longer convertible.

#### **Operational risk**

The operational risk is the risk of a loss of the fund's assets resulting from inadequate internal processes as well as human or systemic error within the management company or from external events and includes legal, documentation, and reputational risks as well as risks arising from trading, settlement, and valuation processes applied to a fund's assets.

### **Transaction risk**

Investments particularly in unlisted securities involve the risk that settlement through a transfer system cannot be executed as expected due to delayed or non-compliant payments or deliveries.

### **Key persons risk**

Among other factors, a UCITS whose investment result is highly positive in a certain period also owes this success to the suitability of the acting persons and thus to the correct decisions of its management. However, there may be changes as regards the persons who constitute the fund's management. New decision-makers may then act with less success.

### **Legal and fiscal risk**

Purchasing, holding, or selling of investments of the UCITS may be subject to fiscal regulations (e.g. source taxation) outside the country of domicile of the UCITS. Moreover, the legal and fiscal treatment of a UCITS may change in unexpected ways that cannot be influenced. The identification of an error in the tax appraisal of the UCITS for past financial years (for instance in conjunction with external tax audits) may, if the subsequent correction is basically to the disadvantage of the investor, force the investor to bear the tax burden arising from the correction for past financial years even though he may not have been invested in the UCITS during the periods of time involved. Conversely, if a correction that is basically to the advantage of the investor for the current and for those past fiscal years during which he was invested in the UCITS, the investor might no longer be able to benefit from the correction if the units were redeemed or sold prior to the implementation of the respective correction. Additionally, a correction of tax data may result in the recognition of taxable income or tax benefits in a fiscal assessment period other than the period actually involved, and this may have a negative impact on the individual investor.

### **Risks of the use of benchmarks**

If EU or third-country index providers do not comply with the Benchmark Ordinance or if the benchmark changes significantly or is omitted, a suitable alternative benchmark must be identified for the UCITS if a comparative index is used. In certain cases, this may prove to be difficult or impossible. If a suitable alternative benchmark cannot be identified, this can have a negative impact on the respective UCITS and under certain circumstances also on the ability of the asset manager to implement the investment strategy of the respective UCITS. Compliance with the Benchmark Ordinance may entail additional costs for the respective UCITS. The comparative index can change in the course of time. In this case, the prospectus shall be updated at the next opportunity and investors shall be informed by notification in the official gazette as well as in the media mentioned in the prospectus or with durable media (letter, fax, e-mail or similar).

### **Depository risk**

The safekeeping of assets involves a loss risk that can result from insolvency or violations of due diligence on the part of the depository or from force majeure.

### **Changes to investment policy and charges**

A modification of the investment policy within the scope of the legally and contractually permissible investment spectrum may change the risk associated with the UCITS. Within the scope of the applicable trust agreement, the management company can increase the charges imposed on the UCITS and/or make significant changes to the investment policy of the UCITS within the applicable trust agreement at any time by amending the prospectus and trust agreement including Annex A "The UCITS at a glance".

### Changes to the trust agreement

In the trust agreement, the management company reserves the right to amend the trust provisions. Furthermore, pursuant to the trust agreement, it is entitled to fully dissolve the UCITS or to merge it with another UCITS or a sub-fund. For the investor, this entails the risk that the intended holding duration may be shortened.

### Risk of suspension of repurchase

Basically, investors may request the management company to repurchase their units according to the valuation interval of the UCITS. Under exceptional circumstances, however, the management company may temporarily suspend a repurchase of units and redeem the units at a later date at the then applicable price (see details in "Suspension of the calculation of the net asset value and of the issue, repurchase, and exchange of units"). This price may be lower than the price prior to the suspension of repurchase. A suspension of repurchase of units can directly entail a dissolution of the UCITS.

### Hedging risk

Unit classes whose reference currency is not the portfolio currency can be hedged against exchange rate fluctuations. The intention is to protect investors of the respective unit class against possible losses due to negative exchange rate developments to the greatest extent possible, but at the same time, they cannot fully benefit from positive exchange rate developments. Due to fluctuations of the volumes hedged in the portfolio as well as ongoing subscriptions and redemptions, it is not always possible to implement hedges of exactly the same scope as the net asset value of the unit class to be hedged. It is therefore possible that the net asset value per unit of a hedged unit class will not perform exactly like the net asset value per unit of a non-hedged unit class.

### Sustainability risks

The term "sustainability risks" means the risk of an actual or potential value loss of an investment due to the occurrence of environmental, social, or governance (ESG) events. The management company or the asset manager considers sustainability risks in its/his investment decisions in accordance with its/his corporate strategy.

Their assessment exhibits no relevant effects on yield because the broad diversification and the performance achieved in the past do not suggest a relevant impact on the overall portfolio although the past performance obviously cannot be extrapolated to the future.

## 8 Participation in the UCITS

### 8.1 Sales restrictions

In general, units of UCITS must not be offered in jurisdictions where and to persons for whom this is not permissible. The units of the UCITS are not admitted for distribution in all countries. Local regulations shall apply in cases where units are issued, exchanged, and redeemed abroad.

In particular, in the United States of America (USA), the units were **not** registered pursuant to the United States Securities Act of 1933 and can therefore be neither offered nor sold in the USA and neither offered nor sold to US citizens.

Among others, the term US citizen includes natural persons who (a) were born in the USA or one of its territories or possessions, (b) are nationalized citizens (or Green Card holders), (c) were born abroad as the child of a US citizen, (d) live predominantly in



the USA without being US citizens), (e) are married to a US citizen, or (f) are subject to taxation in the USA.

The term US citizen also encompasses: (a) Investment companies and capital companies established under the laws of one of the 50 US states or of the District of Columbia, (b) an investment company or business partnership founded under an "Act of Congress", (c) a pension fund incorporated as a US Trust, (d) an investment company subject to taxation in the USA, or (e) investment companies recognized as such by Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act.

## 8.2 General information on the units

The units exist only in the company's books, i.e. no certificates are issued.

The management company is authorized to create, eliminate or merge within the UCITS unit classes that differ from the existing unit classes for example with respect to the use of proceeds, the issue premium, the reference currency and the deployment of currency hedging instruments, the management fee, the minimum amount to be invested, or a combination of these characteristics. The rights of investors who purchased units assigned to existing unit classes are not affected by the creation of new unit classes.

Currently, there are unit classes designated as **"USD-R"**, **"EUR-R"**, **"CHF-R"**, **"USD-I"**, **"EUR-I2"** and **"CHF-I"**. Units of the **"USD"** unit class are issued and repurchased in US dollars, the accounting currency of the UCITS, units of the **"EUR"** unit class in euros, and units of the **"CHF"** unit class in Swiss francs. The currency risks of the unit classes denominated in **"EUR"** and **"CHF"** can be fully or partially hedged; this may have a negative effect on the NAV of the unit class denominated in "USD". The costs, if any, of a currency hedge of the **"EUR"** as well as **"CHF"** unit classes are assigned to the respective unit class.

The unit classes offered by the UCITS as well as the charges and reimbursements incurred in conjunction with the units of the UCITS are indicated in Annex A "The UCITS at a glance."

Moreover, certain other fees, reimbursements, and costs are debited to the assets of the UCITS. In this context, please refer to sections 10 and 11 (Taxation and Costs and charges).

## 8.3 Calculation of the net asset value per unit

The net asset value (NAV) per unit of the respective unit class shall be calculated by the management company at the end of the accounting year as well as on the respective valuation day on the basis of the last known prices, taking into account the valuation interval.

The NAV of a unit in a unit class of the UCITS is expressed in the UCITS's accounting currency or, if different, in the reference currency of the respective unit class and is equivalent to the quota of the UCITS's assets allocated to the respective unit class, less debt liabilities of the UCITS, if any, divided by the number of outstanding units in the respective unit class. It is rounded as follows on the occasion of the issue and redemption of units:

- ◆ to USD 0.01 if the US dollar is the currency; and
- ◆ to EUR 0.01 if the euro is the currency; and
- ◆ to CHF 0.01 if the Swiss franc is the currency.

The fund's net assets are valued at market according to the following principles:

1. Securities that are officially traded on a stock exchange are valued at the last available price. If a security is officially traded at several exchanges, the last available price shall be the price at the exchange that represents the main market for that security.
2. Securities that are not officially listed on an exchange but are traded on a market accessible to the public are valued at the last available price. If a security is traded on various markets accessible to the public, the last available price on the market with the highest liquidity shall be considered.
2. Securities or money market instruments with a residual duration of less than 397 days can be valued by linear depreciation or appreciation with the difference between the cost (purchase) price and the repurchase price (price on maturity). The valuation at the current market price can be omitted if the repurchase price is known and fixed. Credit-rating changes, if any, shall be accounted for additionally.
4. Investments whose price is not in conformity with the market, and assets that do not fall under nos. 1, 2, and 3 above, are calculated at the price that would have most likely been attained if the investment had been sold with due diligence at the time of valuation and is determined in good faith by the executive board of the management company or under their direction or supervision by authorized agents.
5. OTC derivatives shall be valued on a day to day basis with the then probably attainable sales price using a verifiable valuation model specified in good faith by the management company which is in line with generally recognized valuation models that can be validated by auditors.
6. UCITS and other undertakings for collective investment (UCI) shall be valued at the last noted and available net asset value. If the repurchase of units is suspended or if no repurchase price is specified, these units shall be valued, as all other assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
7. If no trading price is available for the respective assets, they shall be valued, as is the case with the other legally permissible assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
8. Cash and cash equivalents shall be valued at the par value plus accrued interest.
9. The market value of securities and other investments denominated in a currency other than the currency of the respective fund shall be converted into the currency of the fund at the last known median exchange rate.

The management company shall be entitled to use other reasonable valuation principles to value the assets of the UCITS if, as a result of extraordinary circumstances, valuation on the basis of the criteria described above should become impossible or impracticable. In the case of very large numbers of redemption requests, the management company may value the units of the respective UCITS on the basis of the prices at which the necessary securities will likely have to be sold. In this case, the same calculation method shall be used for simultaneously submitted subscription and redemption requests.



## 8.4 Issue of units

Units of the UCITS shall be issued on each valuation day (issue day) at the net asset value per unit of the respective unit class of the UCITS plus the issue premium, if any, and plus taxes and charges, if any.

The units are not securitized.

Subscription requests must be received by the depositary on the acceptance deadline by the latest. If a subscription request is received after the acceptance deadline, it will be processed on the next following issue day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributors will provide pertinent information.

Information on the issue day, the valuation interval, the acceptance deadline, and the maximum issue premium, if any, is provided in Annex A "The UCITS at a glance".

The payment must be received after the respective issue day within the period mentioned in Annex A "The UCITS at a glance".

The management company shall assure that the issue of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

All taxes and fees incurred in conjunction with the issue of units shall be charged to the investor as well. If units are purchased via banks that are not entrusted with the distribution of the units, it cannot be excluded that such banks will charge additional transaction costs.

If the payment is made in a currency other than the reference currency, the equivalent value from the conversion of the payment currency into the reference currency, less expenditures if any, shall be credited for the purchase of units.

The minimum investment to be held by an investor in a specific unit class is indicated in Annex A "The UCITS at a glance". At the discretion of the management company, a minimum investment limit may be waived.

Contributions in kind are not permitted.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

The depositary and/or the management company and/or the distributor may at any time reject a subscription request or temporarily limit or suspend or discontinue the issue of units if this appears to be necessary in the public interest or to protect the management company or the UCITS or the investors. In this case, the depositary will instantly refund, less interest, incoming payments for subscription requests that have yet to be fulfilled, and for this purpose may enlist the help of the paying agents if necessary.

The issue of units shall be temporarily suspended in particular if the calculation of the net asset value per unit is suspended. If the issue of units is suspended, investors shall be immediately informed of the reasons and duration of the suspension via the official

gazette as well as the media mentioned in the prospectus or via durable media (letter, fax, e-mail or similar).

## 8.5 Repurchase of units

Units of the UCITS shall be redeemed on each valuation day (repurchase day) at the net asset value per unit of the respective unit class of the UCITS less the redemption charge, if any, and less taxes and charges, if any.

Repurchase requests must be received by the depositary on the acceptance deadline at the latest. If a repurchase request is received after the acceptance deadline, it will be scheduled for the next following repurchase day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributor will provide pertinent information.

Information on the redemption day, the valuation interval, the acceptance deadline, and the maximum repurchase premium, if any, is provided in Annex A "The UCITS at a glance".

Since the UCITS must maintain an adequate amount of liquidity, the payment of redeemed units will take place after the respective redemption day within the period mentioned in Annex A "The UCITS at a glance". This does not apply in case the transfer of the redemption sum proves impossible due to legal constraints such as currency export and cross-border payment restrictions or due to other circumstances beyond the control of the depositary.

If, on request by the investor, the payment is to be made in a currency other than the currency in which the respective units are denominated, the amount payable shall be calculated on the basis of the proceeds from the conversion of the reference currency into the payment currency, less fees and charges, if any.

When the repurchase price is paid, the respective unit shall become void.

The management company and/or the depositary may redeem units without the investor's consent against payment of the repurchase price to the extent that this appears to be in the interest of or for the protection of investors, the management company, the depositary or the UCITS, particularly when

1. there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors,
2. the investor does not fulfill the conditions for purchasing units, or
3. units are being distributed in a country in which the UCITS is not approved for distribution or have been purchased by a person who is not allowed to purchase units.

The management company shall assure that the repurchase of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

If the execution of a repurchase request causes the respective investor's holdings to fall below the minimum holdings of the respective unit class as indicated in Annex A "The UCITS at a glance", the management company may, without notifying the investor, treat the repurchase request as a request for redeeming all units of the respective

unit class held by the investor or as a request to exchange the remaining units into another unit class of the UCITS with the same reference currency, provided the investor fulfills its terms of participation.

Redemptions in kind are not permitted.

## 8.6 Exchange of units

An exchange of units of the UCITS into another unit class of the UCITS is only permissible if the investor fulfills the conditions for the direct purchase of units of the respective unit class of the UCITS.

Provided different unit classes are available, units of one unit class can also be exchanged for units in another unit class of the UCITS. If an exchange of units is not possible for a given unit class, this will be mentioned in Annex A "The UCITS at a glance" for the respective unit class.

The number of units into which the investor wishes to exchange his holdings shall be calculated according to the following equation:

$$A = \frac{(B \times C)}{(D \times E)}$$

A = Number of units of the target unit class, if any

B = Number of units of the source unit class, if any

C = Net asset value or repurchase price of the units submitted for exchange

D = Currency exchange rate between the respective unit classes. If both unit classes are valued with the same accounting currency, this coefficient is 1.

E = Net asset value per unit of the target unit class of the UCITS plus taxes, fees, and other charges

From case to case, unit class swaps may in some countries be subject to charges, taxation and stamp duties.

The management company may reject an exchange request for a unit class at any time if this appears to be necessary and in the interest of the UCITS, the management company, or the investors, particularly when:

1. there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors;
2. the investor does not fulfill the conditions for purchasing units; or
3. the units are distributed in a country in which the UCITS or the respective unit class is not approved for distribution or have been purchased by a person who is not allowed to purchase units.

The management company shall assure that the exchange of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

## 8.7 Suspension of the calculation of the net asset value and of the issue and redemption of units

The management company may temporarily suspend the calculation of the net asset value, the issue, the repurchase, and the exchange of units of the UCITS if this is justified in the interest of the investors, especially:

1. if a market which forms the basis for the calculation of a substantial part of the assets of the UCITS is closed, or if trading on such a market is restricted or suspended;
2. in case of political, economic, or other emergencies; or
3. if transactions are not executable by the UCITS due to restrictions on the transfer of assets.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

The issue of units shall be temporarily suspended in particular if the calculation of the net asset value per unit is suspended. If the issue of units is suspended, investors shall be immediately informed of the reasons and duration of the suspension via notifications in the official gazette as well as the media mentioned in the prospectus and trust agreement or via durable media (letter, fax, e-mail or similar).

Additionally, under consideration of the interests of the investors, the management company is entitled postpone substantial redemptions, i.e. to temporarily suspend repurchases, until adequate assets of the UCITS can be sold without delay under consideration of the interests of the investors.

No new units of the UCITS shall be issued as long as the repurchase of units is suspended. Units subject to a temporary repurchase suspension cannot be exchanged.

The management company shall assure that the assets of the UCITS include enough cash and cash equivalents to allow the immediate repurchase or exchange of units under normal circumstances at the request of investors.

The management company shall immediately notify the FMA, and, with suitable means, the investors, if the redemption and repurchase of units is suspended. Subscription, repurchase, and exchange requests shall be fulfilled after resumption of the calculation of the net asset value. Until unit trading is resumed, investors are entitled to revoke their subscription, repurchase and/or exchange requests.

## 9 Use of proceeds

The proceeds generated by the UCITS are composed of net income and net realized capital gains. Net income is composed of interest earned and/or dividends received as well as other incidental income less expenditures.

The management company may distribute the net income and/or the net realized capital gains generated by the UCITS or by a unit class to the investors of the UCITS or of the respective unit class or reinvest the net income and/or the net realized capital gains in the UCITS or the respective unit class or carry such amounts forward to the next accounting period.

The net income and the net realized capital gains generated by those unit classes that distribute payouts pursuant to Annex A "The UCITS at a glance" can be fully or partially distributed annually or in shorter intervals.

Distributions can be composed of the net income and/or the net realized capital gains as well as the net income carried forward and/or the net realized capital gains carried forward of the UCITS or of the respective unit class. Intermediate payouts of net income carried forward and/or realized capital gains carried forward are permissible.

Distributions will be paid out on the number of units held by investors on the distribution day. No interest shall be payable on distributions as from the date on which they are due.

## 10 Taxation

### 10.1 Fund assets

All Liechtenstein UCITS in the legal form of the (contractual) investment fund or unit trust are fully taxable in Liechtenstein and subject to income tax payments. Income from managed assets is tax-exempt income.

#### Issue and revenue taxation<sup>1</sup>

The establishment (issue) of units of such a UCITS does not entail an issue charge or revenue taxation. The paid transfer of title to units is subject to revenue taxation provided one party or agent is a domestic broker. The repurchase of units from investors is exempt from revenue taxation. The contractual common fund or the unit trust is deemed the revenue-tax-exempt investor.

#### Source or paying agent taxation

Depending on the persons who directly or indirectly hold units of the UCITS, both income and capital gains, whether paid out or reinvested, may be fully or partially subject to a so-called paying agent tax (e.g. abolition tax, European savings tax, Foreign Account Tax Compliance Act).

The UCITS, in the legal form of a contractual common fund or unit trust, is not subject to a retention tax obligation in the Principality of Liechtenstein; in particular, no coupon or withholding taxes are payable. Foreign income and capital gains generated by the UCITS in the legal form of a contractual common fund or unit trust may be subject to withholding tax deductions in the investment country. Double-taxation agreements may apply.

The UCITS has the following tax status:

#### Automatic information exchange (AIA)

With respect to the UCITS, a Liechtenstein paying agent may be obligated to honor the AIA treaty by reporting unit owners to the local tax authorities or to issue the respective legal notifications.

#### FATCA

The UCITS is subject to the provisions of the Liechtenstein FATCA Agreement as well as to the respective executive provisions of the Liechtenstein FATCA Law.

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<sup>1</sup> Under the customs affiliation agreement between Switzerland and Liechtenstein, Swiss stamp duty jurisdiction also extends to Liechtenstein. With respect to Swiss stamp duty legislation, the Principality of Liechtenstein is thus considered domestic territory.

## 10.2 Natural persons subject to taxation in Liechtenstein

Private investors domiciled in the Principality of Liechtenstein shall declare their units as wealth and they are subject to wealth tax. Payouts or reinvested profits, if any, of the UCITS in the legal form of a contractual common fund or unit trust are income-tax-exempt. The capital gains incurred when the units are sold are income-tax-exempt. Capital losses cannot be deducted from taxable gains.

## 10.3 Persons with tax domiciles outside Liechtenstein

For investors domiciled outside the Principality of Liechtenstein, taxation and other fiscal consequences involved in holding and buying or selling units are governed by the fiscal legislation of the respective country of domicile and, particularly with respect to EU abolition taxation, by the laws of the domicile country of the paying agent.

### Disclaimer

The fiscal considerations are based on the currently applicable legal situation and practice. They are explicitly subject to change due to changes of legislation, jurisdiction, edicts, and the practices adopted by the tax authorities.

**Investors are urged to consult their own professional advisors with respect to fiscal consequences. Neither the management company nor the depositary nor their authorized agents can assume any responsibility for the investor's individual fiscal consequences arising from the purchase, ownership, or sale of units.**

# 11 Costs and charges

## 11.1 Costs and charges borne by the investors

### 11.1.1 Issue premium

To cover the costs incurred by the placement of units, the management company may charge an issue commission on the net asset value of the newly issued units to be credited to the management company, the depositary, and/or authorized domestic or foreign distributors according to Annex A "The UCITS at a glance".

An issue premium, if any, in favor of the of the UCITS, is also indicated in Annex A "The UCITS at a glance".

### 11.1.2 Redemption charge

For the repurchase of units, the management company shall levy a redemption charge on the net asset value of the redeemed units as set forth in Annex A "The UCITS at a glance".

A redemption charge, if any, in favor of the management company, the depositary and/or of domestic and foreign distributors is also mentioned in Annex A "The UCITS at a glance".

### 11.1.3 Exchange fee

The management company shall levy a fee on the net asset value of the original UCITS or original unit class for an exchange requested by the investor of units of one UCITS or unit class for units of another UCITS or unit class as set forth in Annex A "The UCITS at a glance".

## 11.2 Costs and charges borne by the UCITS

### A. Depending on asset volume (individual charge)

**11.2.1** For the administration of the UCITS, the management company shall be remunerated as per Annex A "The UCITS at a glance". Additionally, the management company may be remunerated for the investment decision (asset management and investment consulting), risk management, and distribution as set forth in Annex A "The UCITS at a glance". These charges are calculated on the basis of the average net asset value of the fund or of the respective asset class on the occasion of each valuation and deducted from the fund's assets quarterly in retrospect. The charges applicable to the UCITS or the respective unit class are indicated in Annex A "The UCITS at a glance". The management company is at liberty to specify different administration fees for one or several unit classes.

This also includes the trailer fees that may be payable to third parties for investor referral and support services.

**11.2.2** For its activities, the depositary shall be remunerated from the assets of the UCITS pursuant to Annex A "The UCITS at a glance". The depositary charges are calculated on the basis of the average net asset value of the UCITS or of the respective asset class on the occasion of each valuation and deducted from the assets of the UCITS quarterly in retrospect. The management company is at liberty to specify different depositary charges for one or several unit classes.

#### 11.2.3 Performance fee

In addition, the management company may levy a performance fee. If a performance fee is levied, this is specified in detail in Annex A "The UCITS at a glance".

### B. Not depending on asset volume (individual charge)

Apart from the remuneration as described above, the following expenses that are not dependent on the asset volume can be charged to the assets of the UCITS:

**11.2.4** Costs for auditing the UCITS by the auditors as well as fees payable to tax consultants, to the extent that such expenditures are incurred in the interest of the investors;

**11.2.5** Charges and costs for permits and the supervision of the UCITS in Liechtenstein and abroad;

**11.2.6** All taxes levied on the assets of the UCITS as well as its earnings and expenses charged to the assets of the UCITS;

**11.2.7** Taxes, if any, incurred in conjunction with the administration and depositary costs;

**11.2.8** Charges, costs, and fees in conjunction with the determination and publication of fiscal factors for EU/EEA nations and/or all countries where distribution approvals and/or private placements exist, under consideration of actual expenditures at customary market terms;



- 11.2.9** Costs incurred in the preparation, printing, and dispatch of annual and semi-annual reports as well as other legally required publications;
- 11.2.10** Costs incurred in the publication of messages by the UCITS to the investors in official gazettes and in additional newspapers or electronic media determined by the management company, including price publications;
- 11.2.11** Costs incurred in conjunction with the fulfillment of the prerequisites and consequential obligations of any distribution of units at home and abroad (e.g. charges for paying agents and other agents or representatives with similar functions, charges levied by fund platforms, such as listing fees and setup costs), as well as consulting, legal, and translation costs;
- 11.2.12** Costs and expenditures related to regular reports, among others to insurance companies, pension funds, and other financial service providers (e.g. GroMiKV, Solvency II, VAG, MiFID II, ESG/SRI reports or sustainability ratings, etc.);
- 11.2.13** Costs for the preparation or amendment, translation, deposition, printing, and distribution of the prospectus and constitutive documents (trust agreement, PRIIP-KID, SRRI/SRI calculation, etc.) in the countries in which the units are distributed;
- 11.2.14** Costs incurred in conjunction with the registration, sustainment, and termination of stock market listings of the units;
- 11.2.15** Costs for the preparation, the announcement of taxation fundamentals and the accreditation that the fiscal data was compiled according to the rules of the respective foreign country's tax legislation;
- 11.2.16** Expenditures in conjunction with the exercise of voting rights or creditor rights by the UCITS, including fees charged by external consultants;
- 11.2.17** Administrative fees and charges levied by government authorities;
- 11.2.18** Costs for legal and entitlement issues as well as for tax counsel incurred by the management company or the depositary if they act in the interest of the investors of the UCITS;
- 11.2.19** Internal and external costs for the recovery of foreign withholding taxes to the extent they were withheld for the account of the UCITS. As regards the recovery of foreign withholding taxes, it must be pointed out that the management company is not obliged to institute recovery proceedings and will only do so if the process justifies the effort according to the criteria of substantiveness of the amounts and reasonableness of the ratio of costs to the possible recoverable amounts. With respect to investments that constitute securities lending, the management company will abstain from recovering withholding taxes;
- 11.2.20** Costs for assessing the creditworthiness of the assets of the UCITS and its target investments by nationally or internationally recognized rating agencies;
- 11.2.21** A reasonable share of costs for printed matter and advertising directly associated with the offering and sale of units;
- 11.2.22** Charges and costs incurred as a result of other legal or supervisory rules that need to be fulfilled by the management company within the scope of its im-



plementation of the investment strategy (such as reporting and other costs incurred in the fulfillment of the European Market Infrastructure Regulation (EMIR, EC directive 648/2012);

**11.2.23** Research costs;

**11.2.24** External costs for the assessment of the sustainability rating (ESG Research) of the assets of the sub-fund and its target investments;

**11.2.25** License fees for the use of benchmarks, if any;

**11.2.26** Costs for the appointment and sustainment of further counterparties if it is in the interest of the investors;

**11.2.27 Transaction costs**

In addition, the UCITS shall bear all ancillary costs for the purchase and sale of investment instruments arising from the management of the assets (customary brokerage fees, commissions, duties) as well as all taxes levied on the assets of the UCITS as well as on its income and expenditures (e.g. withholding taxes on foreign income). Furthermore, the UCITS shall bear external costs, if any, i.e. third-party charges incurred in conjunction with the purchase and sale of investments. Such costs are directly offset against the historic cost or sales price of the respective instruments.

**11.2.28 Currency-hedging charges, if any, for unit classes**

The costs, if any, of a currency translation hedge of a unit class are allocated to that class.

**11.2.29 Service fee**

Periodic service fees for additional services rendered by the depositary, if any, are mentioned in Annex A "The UCITS at a glance".

**11.2.30 Costs of incorporation**

The costs for the incorporation of the UCITS and the initial issue of units shall be amortized across 3 years at the expense of the assets of the UCITS.

**11.2.31 Liquidation fees**

In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor. In addition to this amount, the UCITS shall bear all third-party costs incurred.

**11.2.32 Extraordinary disposal costs**

Additionally, the management company may encumber the assets of the UCITS with costs for extraordinary disposals. Extraordinary disposal costs consist of expenses incurred exclusively by safeguarding the investors' interests, which arise in the course of regular business and which were not foreseeable when the UCITS was established. In particular, costs for legal proceedings in the interest of the UCITS or of the investors are extraordinary disposal costs. Additionally, this includes costs for extraordinary disposals pursuant to the UCITSA and UCITSO (e.g. amendments of fund documents, etc.).

**11.2.33 Benefits**

In conjunction with the purchase and sale of properties and rights for the UCITS, the management company, the depositary, and agents, if any, shall assure that benefits, in particular, are directly or indirectly credited to the UCITS.

**11.2.34 Ongoing charges (total expense ratio, TER)**

The total of ongoing charges before performance-dependent expenditures, if any (total expense ratio before performance fee) is calculated according to general, code-of-conduct principles and with the exception of transaction costs encompasses all costs and charges that are deducted from the assets of the UCITS on an ongoing basis. The TER of the UCITS or of the respective unit class shall be indicated in the semi-annual and annual reports and, when the next semi-annual or annual report is published, on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

## 12 Information for investors

The official gazette of the UCITS is the website of the LAFV Liechtenstein Investment Fund Association [www.lafv.li](http://www.lafv.li) as well as other media mentioned in the prospectus.

All notices to investors, including announcements regarding amendments to the trust agreement and Annex A "The UCITS at a glance", shall be published in the official gazette of the UCITS and other physical and electronic media mentioned in the prospectus.

The net asset value as well as the issue and redemption prices of the units of the UCITS and its unit classes shall be published in the above-mentioned official gazette of the UCITS and other physical and electronic media (letter, fax, e-mail, or similar) mentioned in the prospectus.

The audited annual report and the semi-annual report, which needs not be audited, shall be made available to investors free of charge at the domiciles of the management company and of the depositary.

## 13 Duration, dissolution, merger, and structural measures of the UCITS

### 13.1 Duration

The UCITS is established for an unlimited period.

### 13.2 Dissolution

#### **Resolution to dissolve**

The UCITS shall be imperatively dissolved in the cases provided by law. In addition, the management company is authorized to dissolve the UCITS at any time.

Investors, heirs, and other beneficiaries cannot demand the split or dissolution of the UCITS or of an individual unit class.

The resolution to dissolve the UCITS or one of its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and durable media (letter, fax, e-mail, or similar) mentioned in the prospectus. Once the dissolution decision has been taken, no further units shall be issued, exchanged, or redeemed.

If the UCITS is dissolved, the management company may immediately liquidate the assets of the UCITS in the best interest of the investors. Apart from these provisions, the dissolution of the UCITS shall be executed pursuant to the provisions of the Liechtenstein Persons and Companies Act (PGR).

If the management company dissolves a unit class without dissolving the UCITS, all units of this class shall be redeemed at the then applicable net asset value. This redemption shall be published by the management company, and the redemption price shall be credited by the depositary to the former investors.

#### **Reasons for dissolution**

If the net assets of the UCITS drop below a level required for cost-effective management, and in the event of significant changes in the political, economic, or monetary environment, or within the scope of streamlining measures, the management company may resolve to either repurchase or annul all units of the UCITS or of a unit class at the net asset value (under consideration of the actually realized prices and actually incurred costs) determined on the valuation day on which the respective resolution becomes effective.

#### **Costs of dissolution**

The costs of dissolution shall be deducted from the net assets of the UCITS.

#### **Dissolution and bankruptcy of the management company or the depositary**

In the event of a dissolution and bankruptcy of the management company, the assets managed for the purpose of collective capital investments for the account of the investors shall not become part of the company's bankruptcy estate and shall not be dissolved together with its own assets. The UCITS shall form a separate fund for the benefit of its investors. Subject to approval by the FMA, each separate fund shall be transferred to another management company or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

Pursuant to Art. 31 para. 2 UCITSA, in the event of a bankruptcy of the depositary, subject to approval by the FMA, the managed assets of the UCITS shall be transferred to another depositary or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

#### **Termination of the depositary agreement**

In the event of a termination of the depositary agreement, subject to approval by the FMA, the net assets of the UCITS shall be transferred to another depositary or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

### **13.3 Merger**

Pursuant to Art. 38 UCITSA, the management company is at liberty at any time with approval of the respective supervisory authority to resolve the merger of the UCITS with one or several other UCITS regardless of the legal form of the UCITS and whether or not the other UCITS is domiciled in Liechtenstein. Unit classes of the UCITS can be merged with each other or with one or several other UCITS and unit classes.

#### **Investor information, approval, and investor rights**

The investors shall be informed about the planned merger. The investor information must make it possible for investors to make an informed judgment of the effects of the plan on their investments and allow them to exercise their rights pursuant to Arts. 44 and 45 UCITSG.

The investors do not have the right to vote on the merger.

#### **Costs of merger**

Legal, consulting, or management costs associated with the preparations for and implementation of the merger shall be borne neither by any of the UCITS involved in the merger nor by the investors.

This applies analogously to structural measures pursuant to Art. 49 lit. a to c of the UCITSA.

If a UCITS exists as a master UCITS, a merger can only become effective if the respective UCITS provides its investors and the competent authorities of the home member state of its feeder UCITS with the legally prescribed information no later than 60 days prior to the proposed date of effectiveness. In this case, the respective UCITS shall also grant to the feeder UCITS the option to redeem and repurchase all units prior to the merger, except if the competent authority of the home member state of the feeder UCITS approves the investment in units of the master UCITS created by the merger.

## 14 Applicable law and jurisdiction and binding language

The UCITS is subject to Liechtenstein law. The sole venue for all disputes between investors, the management company, and the depositary shall be Vaduz.

However, with respect to claims submitted by investors in other countries where the units are offered and sold, the management company and/or the depositary may submit themselves to the jurisdictions of such countries. Appeals may also be submitted in other jurisdictions if so required by law.

German is the legally binding language for the prospectus, the trust agreement, and Annex A "The UCITS at a glance".

This prospectus shall enter into force on April 05, 2023.

## 15 Specific information for individual countries of distribution

According to the applicable laws in the Principality of Liechtenstein, the FMA must approve the constitutive documents. This approval extends only to information pertaining to the implementation of the regulations contained in the UCITSA. For this reason, the following Annex B entitled "Specific information for individual countries of distribution", based on foreign laws, is not subject to review by the FMA and is excluded from the approval.

# PART II: THE TRUST AGREEMENT

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## Preamble

The trust agreement and Annex A "The UCITS at a glance" constitute a material entity.

To the extent that it is not governed by this trust agreement, the legal relationship between the investors and the management company is governed by the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and the Ordinance dated July 5, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSO) and, if a matter is not regulated there, by the provisions related to trusts in the Persons and Companies Act (PGR).

## I. General provisions

### Art. 1 The UCITS

The **Solidum Cat Bond Fund** (hereinafter: UCITS) was established on May 12, 2009, as an Undertaking for collective investment in transferable securities (UCITS) pursuant to the laws of the Principality of Liechtenstein.

The trust agreement and Annex A "The UCITS at a glance" were approved by the FMA on May 12, 2009, and the UCITS was entered into the Liechtenstein commercial register by the Department of Justice on May 26, 2009. The trust agreement and Annex A "The UCITS at a glance" were ratified on May 19, 2009.

The trust agreement and Annex A "The UCITS at a glance" were approved by the FMA on April 03, 2023, and ratified on April 05, 2023.

The UCITS is subject to the Act dated June 28, 2011, on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA).

The UCITS has the legal form of a unit trust. A collective trust is the adoption of an identical trust agreement by an indefinite number of investors for the purpose of investing and managing assets for the account of the investors, whereby the individual investors participate in the trust pro rata and are personally liable only for the amount invested.

The UCITS does not have an umbrella structure and is thus a single fund.

In accordance with its investment policy, the UCITS can invest in securities and other assets. The investment policy of the UCITS is defined on the basis of its investment objectives. The net assets of the UCITS and of each unit class as well as the net asset value of the units of the UCITS or its unit classes shall be expressed in the respective reference currency.

The respective rights and obligations of the owners of the units (hereinafter: "investors"), the management company, and the depositary are governed by this trust agreement.

The purchase of units of the UCITS (the "units") constitutes the agreement of each investor with the trust agreement that governs the contractual relationships between the investors, the management company, and the depositary as well as the duly executed amendments to this document.

## Art. 2 Management company

The UCITS is managed pursuant to this trust agreement by IFM Independent Fund Management AG, a joint stock company domiciled in Schaan, Principality of Liechtenstein. The management company is approved under the provisions of the UCITSA by the Financial Market Authority Liechtenstein (FMA) and registered in the official list of management companies approved in Liechtenstein as published by the FMA.

The management company manages the UCITS for the account and in the exclusive interest of the investors according to the principle of risk diversification and pursuant to the provisions of the trust agreement as well as of Annex A "The UCITS at a glance".

Pursuant to legal provisions and to this trust agreement, the management company is entitled in its own name to dispose of all assets belonging to the UCITS and to exercise all rights resulting herefrom.

## Art. 3 Delegation of functions

In compliance with the provisions of the UCITSA and the UCITSO, the management company may delegate to third parties a part of its functions for the purpose of efficient conduct of business. The accurate implementation of the mandate is governed by a contract concluded between the management company and the appointed agent.

## Art. 4 Depositary

For the UCITS, the management company has appointed as depositary a bank or an investment firm authorized under the Banking Act and domiciled or with registered offices in the Principality of Liechtenstein. The individual assets of the UCITS can be held in safekeeping by different depositaries. The function of the depositary is governed by the UCITSG, the depositary agreement, this trust agreement, and the prospectus.

## Art. 5 Auditors

The review of the annual reports of the UCITS is to be entrusted to an auditor authorized to operate in the Principality of Liechtenstein.

## Art. 6 Calculation of the net asset value per unit

The net asset value (NAV) per unit shall be calculated by the management company at the end of the accounting year as well as on the respective valuation day on the basis of the last known prices, taking into account the valuation interval. The management company may apply different rules for individual UCITS. However, the NAV per unit must be calculated at least twice per month.

The NAV of a unit in a unit class of a UCITS is expressed in the UCITS's accounting currency or, if different, in the reference currency of the respective unit class and is equivalent to the quota of this UCITS's assets allocated to the respective unit class, less debt liabilities of the same UCITS, if any, divided by the number of outstanding units in the respective unit class. It is rounded as follows on the occasion of the issue and redemption of units:

- ◆ to USD 0.01 if the US dollar is the currency; and
- ◆ to EUR 0.01 if the euro is the currency; and
- ◆ to CHF 0.01 if the Swiss franc is the currency.

The fund's net assets are valued at market according to the following principles:

1. Securities that are officially traded on a stock exchange are valued at the last available price. If a security is officially traded at several exchanges, the last available price shall be the price at the exchange that represents the main market for that security.
2. Securities that are not officially listed on an exchange but are traded on a market accessible to the public are valued at the last available price. If a security is traded on various markets accessible to the public, the last available price on the market with the highest liquidity shall be considered in case of doubt.
3. Securities or money market instruments with a residual duration of less than 397 days can be valued by linear depreciation or appreciation with the difference between the cost (purchase) price and the repurchase price (price on maturity). The valuation at the current market price can be omitted if the repurchase price is known and fixed. Credit-rating changes, if any, shall be accounted for additionally.
4. Investments whose price is not in conformity with the market, and assets that do not fall under nos. 1, 2, and 3 above, are calculated at the price that would have most likely been attained if the investment had been sold with due diligence at the time of valuation and is determined in good faith by the executive board of the management company or under their direction or supervision by authorized agents.
5. OTC derivatives shall be valued on a day to day basis with the then probably attainable sales price using a verifiable valuation model specified in good faith by the management company which is in line with generally recognized valuation models that can be validated by auditors.
6. UCITS or undertakings for collective investment (UCI) shall be valued at the last noted and available net asset value. If the repurchase of units is suspended or if the UCI is closed and no redemption right exists or if no repurchase prices are specified, these units shall be valued, as all other assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
7. If no trading price is available for the respective assets, they shall be valued, as is the case with the other legally permissible assets, at their then applicable market value as determined by the management company in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
8. Cash and cash equivalents shall be valued at the par value plus accrued interest.
9. The market value of securities and other investments denominated in a currency other than the currency of the fund shall be converted into the currency of the fund at the last known median exchange rate.

The valuation process is handled by the management company.

The management company shall be entitled to use other reasonable valuation principles to value the fund's assets if, as a result of extraordinary circumstances, valuation on the basis of the criteria described above should become impossible or impracticable. In the case of very large numbers of redemption requests, the management company may value the units of the respective fund on the basis of the prices at which the necessary securities will likely have to be sold. In this case, the same calculation method shall be used for simultaneously submitted issue and redemption requests.



## Art. 7 Issue of units

Units shall be issued on each valuation day (issue day) at the net asset value per unit of the respective unit class of the UCITS plus the issue premium, if any, plus taxes and charges, if any.

The units are not securitized.

Subscription requests must be submitted to the depositary on the acceptance deadline by the latest. If a subscription request is received after the acceptance deadline, it will be processed on the next following issue day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributors will provide pertinent information.

Information on the issue day, the acceptance deadline, and the maximum issue premium, if any, is provided in Annex A "The UCITS at a glance".

The payment must be received after the respective valuation day (issue day) within the period mentioned in Annex A "The UCITS at a glance".

The management company shall assure that the issue of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

All taxes and fees incurred in conjunction with the issue of units shall be charged to the investor as well. If units are purchased via banks that are not entrusted with the distribution of the units, it cannot be excluded that such banks will charge additional transaction costs.

If the payment is made in a currency other than the reference currency, the equivalent value from the conversion of the payment currency into the reference currency, less expenditures if any, shall be credited for the purchase of units.

The minimum investment to be held by an investor in a specific unit class is indicated in Annex A "The UCITS at a glance". At the discretion of the management company, a minimum investment limit may be waived.

Contributions in kind are not permitted.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

The depositary and/or the management company and/or the distributor may at any time reject a subscription request or temporarily limit or suspend or discontinue the issue of units if this appears to be necessary in the public interest or to protect the management company or the UCITS or the investors. In this case, the depositary will instantly refund, less interest, incoming payments for subscription requests that have yet to be fulfilled, and for this purpose may enlist the help of the paying agents.

The issue of units shall be temporarily suspended in particular if the calculation of the net asset value per unit is suspended. If the issue of units is suspended, investors shall be immediately informed of the reasons and duration of the suspension via the official gazette as well as the media mentioned in the prospectus or via durable media (letter, fax, e-mail or similar).

## Art. 8 Repurchase of units

Units shall be redeemed on each valuation day (repurchase day) at the net asset value per unit of the respective unit class of the UCITS less the redemption charge, if any, and less taxes and charges, if any.

Repurchase requests must be received by the depositary on the acceptance deadline at the latest. If a repurchase request is received after the acceptance deadline, it will be scheduled for the next following repurchase day. Purchase or redemption requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributor will provide pertinent information.

Information on the redemption day, the valuation interval, the acceptance deadline, and the maximum redemption premium, if any, is provided in Annex A "The UCITS at a glance".

Since the UCITS must maintain an adequate amount of liquidity, the payment of redeemed units will take place after the respective valuation day (redemption day) within the period mentioned in Annex A "The UCITS at a glance". This does not apply in case the transfer of the redemption sum proves impossible due to legal constraints such as currency export and cross-border payment restrictions or due to other circumstances beyond the control of the depositary.

If, on request by the investor, the payment is to be made in a currency other than the currency in which the respective units are denominated, the amount payable shall be calculated on the basis of the proceeds from the conversion of the reference currency into the payment currency, less fees and charges, if any.

When the repurchase price is paid, the respective unit shall become void.

Redemptions in kind are not permitted.

The management company and/or the depositary may redeem units without the investor's consent against payment of the repurchase price to the extent that this appears to be in the interest of or for the protection of investors, the management company, the depositary or the UCITS, particularly when

1. there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors,
2. the investor does not fulfill the conditions for purchasing units, or
3. units are being distributed in a country in which the UCITS is not approved for distribution or have been purchased by a person who is not allowed to purchase units.

The management company shall assure that the repurchase of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

If the execution of a repurchase request causes the respective investor's holdings to fall below the minimum holdings of the respective unit class as indicated in Annex A "The UCITS at a glance", the management company may, without notifying the investor, treat the repurchase request as a request for redeeming all units of the respective unit class held by the investor or as a request to exchange the remaining units into another unit class of the UCITS with the same reference currency, provided the investor fulfills its terms of participation.

The repurchase of fund units may be suspended in cases pursuant to Art. 12.

## **Art. 9 Exchange of units**

An exchange of units into another unit class of the UCITS is only permissible if the investor fulfills the conditions for the direct purchase of units of the respective unit class.

Provided different unit classes are available, units of one unit class can also be exchanged for units in another unit class of the UCITS. No exchange commission shall be levied if the exchange involves the same UCITS. If an exchange of units is not possible for a given asset class, this will be mentioned in the prospectus for the unit class of the UCITS.

The management company may reject an exchange request for the UCITS or a unit class at any time if this appears to be necessary and in the interest of the UCITS, the management company, or the investors, particularly when:

1. there is reason to suspect that with the purchase of units, a given investor is pursuing market timing, late trading or other market techniques that could be detrimental to all other investors;
2. the investor does not fulfill the conditions for purchasing units; or
3. units are distributed in a country in which the UCITS is not approved for distribution or have been purchased by a person who is not allowed to purchase units.

The management company shall assure that the exchange of units shall be booked on the basis of a net asset value per unit that is not known to the investor at the time of the request (forward pricing).

## **Art. 10 Late trading and market timing**

If a requester is suspected of pursuing late trading or market timing, the management company and/or the depositary shall refuse to honor the subscription, exchange, or repurchase request until the requester has eliminated all doubts with respect to the request.

### **Late trading**

Late trading is understood to mean the acceptance of a subscription, exchange, or repurchase request received after the acceptance deadline for such orders (cut-off time) of the respective day for execution at the price that is based on the applicable net asset value on that day. Late trading allows investors to benefit from their awareness of events or information published after the acceptance deadline for orders but that are not yet factored into the price at which the investor's order is executed. Thus, such investors have an advantage over investors who complied with the official deadline. Such investors stand to gain even more if they can combine late trading with market timing.

### **Market timing**

Market timing is understood to mean an arbitrage process with which an investor systematically buys and resells or exchanges units of the same unit class on a short-term basis and utilizes time differences and/or errors or weaknesses of the system used to calculate the net asset value of the unit class.

## **Art. 11 Prevention of money laundering and terrorism financing**

The management company shall assure that domestic authorized distributors are obliged to comply with the provisions of the law and ordinance on occupational diligence and due care (Sorgfaltspflichtgesetz, Sorgfaltspflichtverordnung) applicable in the Principality of Liechtenstein, as well as the FMA guidelines in the edition in force.

To the extent that domestic distributors receive monies from investors, they are obliged, in their capacity as agents subject to due diligence obligations and in compliance with the Due Diligence Act and the Due Diligence Ordinance, to identify the subscriber and the beneficiary, to prepare a dossier on the business relationship, and to abide by all local laws related to the prevention on money laundering.

Furthermore, the distributors and their sales agents shall respect all laws related to the prevention of money laundering and terrorism financing that apply in the respective countries of distribution.

## **Art. 12 Suspension of the calculation of the net asset value and of the issue, repurchase, and exchange of units**

The management company may temporarily suspend the calculation of the net asset value, the issue, the repurchase, and the exchange of units of the UCITS if this is justified in the interest of the investors, especially:

1. if a market which forms the basis for the calculation of a substantial part of the assets of the UCITS is closed, or if trading on such a market is restricted or suspended;
2. in case of political, economic, or other emergencies; or
3. if transactions are not executable by the UCITS due to restrictions on the transfer of assets.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

The issue of units shall be temporarily suspended in particular if the calculation of the net asset value per unit is suspended. If the issue of units is suspended, investors shall be immediately informed of the reasons and duration of the suspension via notifications in the official gazette as well as the media mentioned in the prospectus and trust agreement or via durable media (letter, fax, e-mail or similar).

Additionally, under consideration of the interests of the investors, the management company is entitled postpone substantial redemptions, i.e. to temporarily suspend repurchases, until adequate assets of the UCITS can be sold without delay under consideration of the interests of the investors.

No new units of the UCITS shall be issued as long as the repurchase of units is suspended. Units subject to a temporary repurchase suspension cannot be exchanged.

The management company shall assure that the assets of the UCITS include enough cash and cash equivalents to allow the immediate repurchase or exchange of units under normal circumstances at the request of investors.

The management company shall immediately notify the FMA, and, with suitable means, the investors, if the redemption and repurchase of units is suspended. Subscription, repurchase, and exchange requests shall be fulfilled after resumption of the calcu-

lation of the net asset value. Until unit trading is resumed, investors are entitled to revoke their subscription, repurchase and/or exchange requests.

### **Art. 13 Sales restrictions**

The units of the UCITS are not admitted for distribution in all countries. Local regulations shall apply in cases where units are issued, redeemed, and exchanged abroad. Details are indicated in the prospectus.

## **II. Structural measures**

### **Art. 14 Merger**

Pursuant to Art. 38 UCITSA, the management company is at liberty at any time with approval of the respective supervisory authority to resolve the merger of the UCITS with one or several other UCITS regardless of the legal form of the UCITS and whether or not the other UCITS is domiciled in Liechtenstein. Unit classes of the UCITS can be merged with each other or with one of several other UCITS or their investment sub-funds or unit classes.

At the end of a financial year (transfer date), with the approval of the respective supervisory authority, all assets of the UCITS may be transferred to another existing UCITS or to a new UCITS established by the merger. The UCITS may also be merged with a UCITS established in another EU or EEA state and also complies with the provisions of Directive 2009/65/EC. A different transfer date may be chosen with the approval of the Financial Market Authority Liechtenstein (FMA). All the assets of another UCITS or of a foreign, directive-compliant UCITS can be transferred to a UCITS at the end of a financial year or on another transfer date. Finally, it is also possible to transfer only the assets of a foreign directive-compliant UCITS but not its liabilities to a UCITS.

Until five working days prior to the planned transfer date, the investors may either redeem their units without a redemption charge or exchange their units against units of another UCITS that is also managed by the management company and has a similar investment policy as the UCITS to be merged.

On the transfer date, the net worth of the receiving and the merging separate fund or UCITS are calculated, the exchange ratio is defined, and the entire process is audited by the auditor. The exchange ratio is determined on the basis of the net asset values of the receiving and merging separate fund on the date of the merger. The investor shall receive the number of units of the new separate fund which corresponds to the value of his units in the merging separate fund. It is also possible that up to 10% of the value of their units will be paid in cash to the investors of the merging separate fund. If the merger takes place during the ongoing financial year of the merging separate fund, its respective management company must prepare a report as at the transfer date that fulfills the requirements of an annual report.

The management company shall announce in the official gazette of the UCITS, the website of the LAFV Liechtenstein Investment Fund Association [www.lafv.li](http://www.lafv.li), when the UCITS received another UCITS and when the merger became effective. Should the UCITS be discontinued due to the merger, the announcement shall be made by the management company that manages the receiving or newly established UCITS.

The transfer of all assets of this UCITS to another domestic UCITS or another foreign UCITS can only be implemented with the approval of the Financial Market Authority Liechtenstein (FMA).

## **Art. 15 Investor information, approval, and investor rights**

The investors shall be informed about the planned merger. The investor information must make it possible for investors to make an informed judgment of the effects of the plan on their investments and allow them to exercise their rights pursuant to Arts. 44 and 45 UCITSA.

The investors do not have the right to vote on the merger.

## **Art. 16 Costs of merger**

Legal, consulting, or management costs associated with the preparations for and implementation of the merger shall be borne neither by one of the UCITS involved in the merger nor by the investors.

This applies analogously to structural measures pursuant to Art. 49 lit. a to d of the UCITSA.

If a UCITS exists as a master UCITS, a merger can only become effective if the respective UCITS provides its investors and the competent authorities of the home member state of its feeder UCITS with the legally prescribed information no later than 60 days prior to the proposed date of effectiveness. In this case, the respective UCITS shall also grant to the feeder UCITS the option to redeem and repurchase all units prior to the merger, except if the competent authority of the home member state of the feeder UCITS does not approve the investment in units of the master UCITS created by the merger.

## **III. Dissolution of the UCITS and its unit classes**

### **Art. 17 In general**

The provisions regarding the dissolution of the UCITS shall also apply to its unit classes.

### **Art. 18 Resolution to dissolve**

The UCITS or unit classes shall be imperatively dissolved in the cases provided by law. In addition, the management company is authorized to dissolve the UCITS or an individual unit class at any time.

Investors, heirs, and other persons cannot demand the split or dissolution of the UCITS or of an individual unit class.

The resolution to dissolve the UCITS or one of its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and durable media (letter, fax, e-mail, or similar) mentioned in the prospectus. Once the dissolution decision has been taken, no further units shall be issued, exchanged, or redeemed.

If the UCITS is dissolved, the management company may immediately liquidate the assets of the UCITS in the best interest of the investors. Apart from these provisions, the dissolution of the UCITS shall be executed pursuant to the provisions of the Liechtenstein Persons and Companies Act (PGR).

If the management company dissolves a unit class without dissolving the UCITS, all units of this class shall be redeemed at the then applicable net asset value. This redemption

shall be published by the management company, and the redemption price shall be credited by the depositary to the former investors.

#### **Art. 19 Reasons for dissolution**

If the net assets of the UCITS drop below a level required for cost-effective management, and in the event of significant changes in the political, economic, or monetary environment, or within the scope of streamlining measures, the management company may resolve to either repurchase or annul all units of the UCITS or of a unit class at the net asset value (under consideration of the actually realized prices and actually incurred costs) determined on the valuation day on which the respective resolution becomes effective.

#### **Art. 20 Costs of dissolution**

The costs of dissolution shall be deducted from the net assets of the UCITS.

#### **Art. 21 Dissolution and bankruptcy of the management company or the depositary**

In the event of a dissolution and bankruptcy of the management company, the assets managed for the purpose of collective capital investments for the account of the investors shall not become part of the company's bankruptcy estate and shall not be dissolved together with its own assets. The UCITS shall form a separate fund for the benefit of its investors. Subject to approval by the FMA, each separate fund shall be transferred to another management company or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

In the event of a bankruptcy of the depositary, subject to approval by the FMA, the managed assets of the UCITS shall be transferred to another depositary or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

#### **Art. 22 Termination of the depositary agreement**

In the event of a termination of the depositary agreement, subject to approval by the FMA, the net assets of the UCITS shall be transferred to another depositary or be liquidated by way of separate satisfaction for the benefit of the investors of the UCITS.

### **IV. Creation of unit classes and sub-funds**

#### **Art. 23 Creation of unit classes**

The management company may create several unit classes within the UCITS. The creation of unit classes is possible at any time at the discretion of the management company. The prospectus as well as the trust agreement including the fund-specific Annex A "The UCITS at a glance" shall be amended accordingly.

#### **Art. 24 Characteristics of the unit classes**

Unit classes can be created within the UCITS that differ from existing unit classes with respect to the use of proceeds, the issue premium, the reference currency and the deployment of currency hedging instruments, the management fee, the minimum amount to be invested, or a combination of these characteristics. The rights of investors



who purchased units assigned to existing unit classes are not affected by the creation of new unit classes.

The unit classes offered by the UCITS as well as the charges and reimbursements incurred in conjunction with the units of the UCITS are indicated in Annex A "The UCITS at a glance."

### **Art. 25 Creation of sub-funds**

The UCITS does not have an umbrella structure, so no sub-funds exist. The management company may resolve at any time to convert the UCITS into an umbrella structure and thus create sub-funds. The prospectus as well as the trust agreement including the fund-specific Annex A "The UCITS at a glance" shall be amended accordingly.

### **Art. 26 Structural measures involving unit classes**

The management company may perform all structural measures provided for in this trust agreement in Art. 14 ff.

## **V. General investment principles and restrictions**

### **Art. 27 Investment policy**

The fund-specific investment policy is described in Annex A "The UCITS at a glance".

The following general investment principles and restrictions apply to the UCITS unless otherwise stipulated for the UCITS in Annex A "The UCITS at a glance".

### **Art. 28 General investment principles and restrictions**

Under consideration of the principle of risk diversification pursuant to the provisions of the UCITSG, the assets of the UCITS shall be invested according to the following investment policy principles and within the investment restrictions.

### **Art. 29 Permitted investments**

For the account of its investors, the UCITS is allowed to invest its assets only in one or several of the following types of instruments:

1. Securities and money market instruments:
  - a) that are listed or traded on a regulated market as referred to in Art. 4, para. 1 section 21 of Directive 2014/65/EC;
  - b) that are traded at another regulated market of an EEA member country which is recognized, accessible to the public, and operates regularly;
  - c) that are officially listed on the stock exchange of a third country or traded on another market anywhere in the world that is recognized, accessible to the public, and operates regularly.
2. Securities from new issues, provided:
  - a) the issue terms include the obligation to have applied for authorization for official listing and trading on one of the securities markets mentioned in section 1 a) to c) or another regulated market there, and
  - b) this authorization is granted no later than one year after the issue date.
3. Units of a UCITS and of other undertakings for collective investment pursuant to Art. 3 Para. 1 Section 17 UCITSA that are comparable with a UCITS, provided they are

bound by their constitutive documents to invest no more than 10% of their assets in units of another UCITS or comparable undertaking for collective investment;

4. Sight deposits or callable deposits with a maximum duration of twelve months held with credit institutions domiciled in an EEA member state or in another country in which supervisory legislation is equivalent to EEA law;
5. Derivatives whose underlying assets are subjects of investment as set forth in this article or financial indices, interest rates, foreign exchange rates, or currencies. In the event of transactions with OTC derivatives, the counterparties must be institutions of a type approved by the FMA, and the OTC derivatives shall be subject to reliable and verifiable valuation on a daily basis, and it must be possible to sell, liquidate, or close them by an offsetting transaction at any time at a fair value at the initiative of the UCITS;
6. Money market instruments not traded on a regulated market, provided the issuer or the issuer of these instruments is obliged to abide by regulations regarding deposit or investor protection, subject to the following:
  - a) the issue has been made or guaranteed by a central, regional or local entity or the central bank of an EEC member state, the European Central Bank, the European Union, the European Investment Bank, a third-party state, or, if this is a federal state, a member state of the federation, or an international public-sector institution with which at least one EEC member state is affiliated;
  - b) the issue has been made by a company whose securities are traded on the regulated markets listed in lit. a);
  - c) the issue has been made by an institute subject to supervision aligned with criteria as stipulated by EEA law or made or guaranteed by an institute that is subject to supervision equivalent to EEA law and obliged to comply with such law; or
  - d) the issue has been made by an issuer belonging to an FMA-approved category provided that investor protection regulations equivalent to those described in points a to c apply to investments in these instruments, and provided that the issuer is a company whose equity capital amounts to at least 10 million euros and which presents and publishes its annual accounts in accordance with the rules of Directive 78/660/EEA, implemented in Liechtenstein by the PGR, or which is a group-affiliated entity that is responsible for the financing of a group of companies with at least one listed company or is an entity required to securitize liabilities by utilizing a line of credit granted by a bank.
7. Additionally, the management company may hold cash and cash equivalents.

### **Art. 30 Non-permitted investments**

The management company must not:

1. invest more than 10% of the assets of the UCITS in securities and money market instruments other than those mentioned in Art. 29;
2. purchase precious metals or precious metal certificates;
3. transact uncovered short sales.

### **Art. 31 Deployment of derivatives, techniques, and instruments**

The total risk associated with derivatives shall not exceed the total net asset value of the UCITS. As part of its investment policy and within the limits specified in Art. 53 UCITSA, the UCITS or sub-fund may invest in derivatives. The risk is calculated taking into account the market value of the underlying assets, the counterparty risk, future market fluctua-

tions, and the time available to liquidate the positions. As part of its investment strategy and within the limits specified in Art. 53 UCITSA, the UCITS may invest in derivatives provided the aggregate risk of the underlying assets does not exceed the investment limits set forth in Art. 54 UCITSA.

Unless prevented by the protection of investors and the public interest, investments of the UCITS in index-based derivatives shall not be taken into account with regard to the upper limits defined in Art. 54 UCITSA.

If a derivative is embedded in a security or a money market instrument, it must be considered with respect to compliance with the provisions of Art. 54 UCITSA.

With the approval of the FMA, the management company may, for efficient portfolio management purposes and in compliance with the provisions of the UCITSA, deploy techniques and instruments involving securities and money market instruments.

Borrowing, securities lending, and annuities transactions are permitted within the scope of the UCITSA and the respective ordinance.

## **Art. 32 Investment limits**

### **A. The UCITS must observe the following investment limits:**

1. The UCITS must invest no more than 5% of its assets in securities or money market instruments of the same issuer and no more than 20% of its assets in deposits of the same issuer.
2. The default risk in transactions of the UCITS with OTC derivatives with a credit institution as the counterparty domiciled in an EEA member country or a third country whose supervisory legislation is comparable with EEA law must not exceed 10% of the assets of the UCITS; for other counterparties, the maximum default risk is 5% of its assets.
3. Provided the total value of securities and money market instruments of the issuers with whom the UCITS invests more than 5% of its assets does not exceed 40% of its assets, the issuer limit mentioned in section 1 shall be raised from 5% to 10%. The 40% limitation does not apply to deposits or transactions involving OTC derivatives with supervised financial institutions. If the issuer limit is raised, the securities and money market instruments pursuant to section 5 and the debt securities pursuant to section 6 shall not be considered.
4. Regardless of the upper individual limits pursuant to sections 1 and 2, a UCITS shall not enter into the following combinations if this would lead to an investment of more than 20% of its assets in one and the same body:
  - a) securities or money market instruments issued by that body;
  - b) deposits with that body;
  - c) OTC derivatives purchased from that body;
5. If the securities or money market instruments are issued or guaranteed by an EEA member state, by such a state's local authorities, by a third country, or by an international public body to which at least one EEA member state belongs, the 5% limit stipulated in section 1 can be raised to a maximum of 35%.
6. The 5% limit set forth in section 1 shall be raised to a maximum of 25% where debt securities are issued by a credit institution domiciled in an EEA member state and which is subject by law to special public supervision designed to protect the owners of such securities, and in particular must invest sums deriving from the issue of those debt securities in assets which, during their whole period

of validity, are capable of covering claims attaching to the bonds and which, in the event of a default of the issuer, would be used on a priority basis for the repayment of the principal and of the accrued interest. In this case, the total value of the investments shall not exceed 80% of the assets of the UCITS.

7. a. The limits set forth in sections 1 to 6 shall not be cumulated. The maximum issuer limit is 35% of the assets of the UCITS.
7. b. If approved in exceptional cases by the FMA, this limit may also exceed 35%. This must be clearly mentioned in the prospectus and in advertising.
8. When calculating the investment limits as provided for in this article, companies belonging to the same group shall be deemed a single issuer. For investments in securities and money market instruments of the same group of companies, the issuer limit shall be increased to 20% of the assets of the UCITS.
9. The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a UCITS.
10. If the investments pursuant to section 9 constitute a major portion of the assets of the UCITS, the prospectus must state the maximum amount and the annual report must state the maximum share of the management fees to be borne by the UCITS itself or by a UCITS that is comparable with an undertaking for collective investment according to section 9 whose units were purchased.
11. If units are managed directly or indirectly by the management company or by any other company with which the management company is affiliated by common management, control, or qualified participation, neither the management company nor the other company may charge fees for the issue or redemption of units of the UCITS.
12. A management company shall not acquire for any of the UCITS-managed by it any shares carrying voting rights which would enable it to exercise significant influence over the management of the issuer. A significant influence is deemed associated with more than 10% of the voting rights of the issuer. If a lower limit applies in another EEA member state for the acquisition of voting shares of the same issuer, that limit shall also be binding on the management company if it acquires for a UCITS any shares of an issuer domiciled in that EEA member state.
13. The maximum exposure of the UCITS in financial instruments of the same issuer is:
  - a) 10% of the share capital of the issuer to the extent that non-voting shares are involved;
  - b) 10% of the total par value of the outstanding debt securities or money market instruments of the issuer to the extent that debt securities or money market instruments are involved. This limit need not be observed if the total par value cannot be determined at the time of purchase;
  - c) 25% of the units of the same undertaking are purchased, to the extent that units of another UCITS or of an undertaking for collective investment comparable with a UCITS are involved. This particular limit need not be observed if the net amount cannot be determined at the time of purchase.
14. Sections 12 and 13 do not apply:
  - a) to securities and money market instruments issued or guaranteed by a government issuer;
  - b) to shares held by a UCITS in the capital of a company in a third country, that invests its assets mainly in the securities of issuers domiciled in that

country, where under the legislation of that country such interest positions represent the only way in which the UCITS can lawfully invest in the securities of issuers of that country. In this context, the provisions of the UCITSA must be observed;

- c) to shares held by management companies in the capital of their subsidiaries which in the country of domicile are devoted exclusively to organizing on behalf of the management company the repurchase of shares at the request of investors.

In addition to the limitations set forth in Art. 32, lit. A, sections 1 to 14, further restrictions in Annex A "The UCITS at a glance" shall be respected, if any.

#### **B. Deviations from the investment limits are allowed in the following cases:**

1. The UCITS does not need to comply with the investment limits when exercising the subscription rights derived from securities or money market instruments that belong to its assets.
2. If the above-mentioned limits are exceeded, the UCITS shall adopt as a priority objective for its sales transactions to normalize that situation in the interest of its investors.
3. Within the first six months of its capital pay-up, the UCITS may deviate from the investment limits pursuant to this section "Investment policy provisions". However, Arts. 29 and 30 are exempt from this exception and must always be complied with. The principle of risk diversification continues to apply.

#### **C. Active investment limit violations:**

Losses or damages incurred due to an active violation of investment limits/regulations must be reimbursed to the UCITS immediately as mandated by the then valid codes of conduct.

#### **D. Special techniques and instruments based on securities and money market instruments**

As mentioned in Art. 29 section 5 of this trust agreement, the management company may deploy special techniques and financial instruments whose underlying assets are securities, money market instruments and other financial instruments as a central element of the investment policy of the UCITS, under the legally specified conditions and within the legally specified limits.

The management company must use a **risk management procedure** which allows it to monitor and measure at all times the risk involved in its investments as well as their respective exposure within the overall risk profile of the portfolio; furthermore, it must use a procedure that allows the precise and independent valuation of the values of the OTC derivatives. At least once a year, the management company shall submit to the FMA reports with information that reflects a true and fair assessment of the derivatives managed for each UCITS, their underlying risks, the investment limits, and the methods used to estimate the risks associated with derivatives transactions.

Additionally, the management company is entitled, subject to the conditions and limits imposed by the FMA, to use techniques and instruments whose underlying assets are securities and money market instruments, provided that the use of such techniques and instruments serves the purpose of efficient portfolio management. If such transactions are related to derivatives, the conditions and limits described in the provisions of the UCITSA must be complied with.

Under no circumstances must the UCITS deviate from its investment objectives when implementing such transactions.

The management company shall assure that the total risk associated with derivatives does not exceed the total net asset value of the UCITS. The associated risks are calculated taking into account the market value of the underlying assets, the default risk, future market fluctuations, and the time available to liquidate the positions.

As part of its investment strategy pursuant to Art. 29 section 5, the management company may invest in derivatives as long as the total risk of the underlyings does not exceed the investment limits set forth in Art. 32 "Investment limits". Investments of the UCITS in index-based derivatives are not relevant as regards the investment limits of Art. 32 "Investment limits".

If a derivative is embedded in a security or a money market instrument, it must be considered with respect to compliance with the provisions of Art. 32 "Investment limits".

The management company does not carry out any **securities lending transactions**.

The management company does not carry out **annuities transactions**.

## **Art. 33 Collective management**

To reduce operating and management costs and simultaneously allow broader diversification of the investments, the management company may resolve to manage a part or all of the assets of the UCITS together with assets that belong to other undertakings for collective investment.

Currently, the assets of this UCITS are individually managed and thus separately from assets that belong to other undertakings for collective investment in transferable securities.

## **VI. Costs and charges**

### **Art. 34 Ongoing charges**

#### **A. Depending on asset volume (individual charge)**

##### **Administration, investment decision, risk management, and distribution**

For the administration of the UCITS, the management company shall be remunerated as per Annex A "The UCITS at a glance". Additionally, the management company may be remunerated for the investment decision (asset management and investment consulting), risk management, and distribution as set forth in Annex A "The UCITS at a glance". These charges are calculated on the basis of the average net asset value of the UCITS or of the respective asset class on the occasion of each valuation and deducted from the assets of the UCITS quarterly in retrospect. The charges applicable to the UCITS or the respective unit class are indicated in Annex A "The UCITS at a glance". The management company is at liberty to specify different administration fees for one or several unit classes.

This also includes the trailer fees that may be payable to third parties for investor referral and support services.

## Depository

For its activities, the depository shall be remunerated from the assets of the UCITS pursuant to Annex A "The UCITS at a glance". The depository charges are calculated on the basis of the average net asset value of the UCITS or of the respective asset class on the occasion of each valuation and deducted from the assets of the UCITS quarterly in retrospect. The management company is at liberty to specify different depository charges for one or several unit classes.

The charges as per Art. 34 of this trust agreement include remuneration, if any, for mandated third parties.

### **B. Not depending on asset volume (individual charge)**

Apart from the remuneration as described above, the following expenses that are not dependent on the asset volume can be charged to the assets of the UCITS:

- ◆ Costs for auditing the UCITS by the auditors as well as fees payable to tax consultants, to the extent that such expenditures are incurred in the interest of the investors;
- ◆ Charges and costs for permits and the supervision of the UCITS in Liechtenstein and abroad;
- ◆ All taxes levied on the assets of the UCITS as well as its earnings and expenses charged to the assets of the UCITS;
- ◆ Taxes, if any, incurred in conjunction with the administration and depository costs;
- ◆ Charges, costs, and fees in conjunction with the determination and publication of fiscal factors for EU/EEA nations and/or all countries where distribution approvals and/or private placements exist, under consideration of actual expenditures at customary market terms;
- ◆ Costs incurred in the preparation, printing, and dispatch of annual and semi-annual reports as well as other legally required publications;
- ◆ Costs incurred in the publication of notifications of the UCITS to the investors in official gazettes and in additional newspapers or electronic media as determined by the investment company, including price publications;
- ◆ Costs incurred in conjunction with the fulfillment of the prerequisites and consequential obligations of any distribution of units at home and abroad (e.g. charges for paying agents and other agents or representatives with similar functions, charges levied by fund platforms, such as listing fees and setup costs), as well as consulting, legal, and translation costs;
- ◆ Costs and expenditures related to regular reports, among others to insurance companies, pension funds, and other financial service providers (e.g. GroMiKV, Solvency II, VAG, MiFID II, ESG/SRI reports or sustainability ratings, etc.);
- ◆ Costs for the preparation or amendment, translation, deposition, printing, and distribution of the prospectus and constitutive documents (trust agreement, PRIIP-KID, SRRI/SRI calculation, etc.) in the countries in which the units are distributed;
- ◆ Costs incurred in conjunction with the registration, sustainment, and termination of stock market listings of the units;



- ◆ Costs for the determination, the announcement of taxation fundamentals and the accreditation that the fiscal data was compiled according to the rules of the respective foreign country's tax legislation;
- ◆ Expenditures in conjunction with the exercise of voting rights or creditor rights by the UCITS, including fees charged by external consultants;
- ◆ Administrative fees and charges levied by government authorities;
- ◆ Costs for legal and entitlement issues as well as for tax counsel incurred by the management company or the depositary if they act in the interest of the investors of the UCITS;
- ◆ Internal and external costs for the recovery of foreign withholding taxes to the extent they were withheld for the account of the UCITS. As regards the recovery of foreign withholding taxes, it must be pointed out that the management company is not obliged to institute recovery proceedings and will only do so if the process justifies the effort according to the criteria of substantiveness of the amounts and reasonableness of the ratio of costs to the possible recoverable amounts. With respect to investments that constitute securities lending, the management company will abstain from recovering withholding taxes;
- ◆ Costs for assessing the creditworthiness of the assets of the UCITS and its target investments by nationally or internationally recognized rating agencies;
- ◆ A reasonable share of costs for printed matter and advertising directly associated with the offering and sale of units.
- ◆ Charges and costs incurred as a result of other legal or supervisory rules that need to be fulfilled by the management company within the scope of its implementation of the investment strategy (such as reporting and other costs incurred in the fulfillment of the European Market Infrastructure Regulation (EMIR, EC directive 648/2012));
- ◆ Research costs;
- ◆ External costs for the assessment of the sustainability rating (ESG Research) of the assets of the sub-fund and its target investments;
- ◆ License fees for the use of benchmarks, if any;
- ◆ Costs for the appointment and sustainment of further counterparties if it is in the interest of the investors.

#### **Transaction costs**

In addition, the UCITS shall bear all ancillary costs for the purchase and sale of investment instruments arising from the management of the assets (customary brokerage fees, commissions, duties) as well as all taxes levied on the assets of the UCITS as well as on its income and expenditures (e.g. withholding taxes on foreign income). Furthermore, the UCITS shall bear external costs, if any, i.e. third-party charges incurred in conjunction with the purchase and sale of investments. Such costs are directly offset against the historic cost or sales price of the respective instruments.

#### **Currency-hedging charges, if any, for unit classes**

The costs, if any, of a currency translation hedge of a unit class are allocated to that class.

### **Service fee**

Periodic service fees for additional services rendered by the depositary, if any, are mentioned in Annex A "The UCITS at a glance".

### **Liquidation fees**

In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor. In addition to this amount, the UCITS shall bear all third-party costs incurred.

### **Extraordinary disposal costs**

Additionally, the management company may encumber the assets of the UCITS with costs for extraordinary disposals. Extraordinary disposal costs consist of expenses incurred exclusively by safeguarding the investors' interests, which arise in the course of regular business and which were not foreseeable when the UCITS was established. In particular, costs for legal proceedings in the interest of the UCITS or of the investors are extraordinary disposal costs. Additionally, this includes costs for extraordinary disposals pursuant to the UCITSA and UCITSO (e.g. amendments of fund documents, etc.).

### **Benefits**

In conjunction with the purchase and sale of properties and rights for the UCITS, the management company, the depositary, and agents, if any, shall assure that benefits, in particular, are directly or indirectly credited to the UCITS.

### **Ongoing charges (total expense ratio, TER)**

The total of ongoing charges before performance-dependent expenditures, if any (total expense ratio before performance fee; TER) is calculated according to general code-of-conduct principles and with the exception of transaction costs encompasses all costs and charges that are deducted from the assets of the respective sub-fund on an ongoing basis. The TER of the UCITS or of the respective unit class shall be indicated in the semi-annual and annual reports and, when the next semi-annual or annual report is published, on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li).

## **Art. 35 Costs borne by the investors**

Issue, redemption, and exchange fees as well as related taxes and charges, if any, shall be borne by the investor.

## **Art. 36 Performance fee**

In addition, the management company may levy a performance fee. If a performance fee is levied, this is specified in detail in Annex A "The UCITS at a glance".

## **Art. 37 Costs of incorporation**

The costs for the incorporation of the UCITS and the initial issue of units shall be amortized across three years at the expense of the assets of the UCITS.

# **VII. Final provisions**

## **Art. 38 Use of proceeds**

The proceeds generated by the UCITS are composed of net income and net realized capital gains. Net income is composed of interest earned and/or dividends received as well as other incidental income less expenditures.

The management company may distribute the net income and/or the net realized capital gains generated by the UCITS or by a unit class to the investors of the UCITS or of the respective unit class or reinvest the net income and/or the net realized capital gains in the UCITS or the respective unit class or carry such amounts forward to the next accounting period.

The net income and the net realized capital gains generated by those unit classes that distribute payouts pursuant to Annex A "The UCITS at a glance" can be fully or partially distributed annually or in shorter intervals.

Distributions can be composed of the net income and/or the net realized capital gains as well as the net income carried forward and/or the net realized capital gains carried forward of the UCITS or of the respective unit class. Intermediate payouts of net income carried forward and/or realized capital gains carried forward are permissible.

Distributions will be paid out on the number of units held by investors on the distribution day. No interest shall be payable on distributions as from the date on which they are due.

### **Art. 39 Use of benchmarks**

In compliance with the provisions of the Ordinance (EU) 2016/1011 of the European Parliament and of the Council concerning indices that are used as benchmarks for financial instruments and financial contracts or to measure the performance of an undertaking for collective investment, supervised companies (such as UCITS management companies and AIFMs) may use benchmarks pursuant to the Benchmark Ordinance in the EU if the benchmark is provided by an administrator who is listed in the administrator and benchmark directory that is managed by the ESMA pursuant to the Benchmark Ordinance (the "directory").

The UCITS can deploy benchmarks in the Key Investor Information Documents (PRIIP-KID) and marketing documentation, if any, as a reference for comparative purposes to measure the performance of the UCITS. The UCITS is actively managed and the asset manager can thus freely decide in which securities he wishes to invest. Consequently, the performance can clearly deviate from that of the benchmark. If it is used by the management company or by the asset manager on its behalf, the comparative index is indicated in Annex A "The UCITS at a glance".

The comparative index can change in the course of time. In this case, the prospectus, Annex A "The UCITS at a glance", and the constitutive documents shall be updated at the next opportunity and investors shall be informed by notification in the official gazette as well as in the media mentioned in the prospectus or with durable media (letter, fax, e-mail or similar).

Further, the UCITS can use benchmarks to calculate performance-linked charges. Detailed data concerning performance fees, if any, can be found in section 11.2 of the prospectus or Art. 36 of the trust agreement as well as in Annex A "The UCITS at a glance".

With respect to a comparative index, the management company does not accept any liability concerning the quality, correctness or completeness of the data of the comparative index nor that the respective comparative index is managed in accordance with the described index methods.

The management company has produced a written plan of measures that it can implement with respect to the UCITS in the event that the index changes substantially or is no longer provided. On request, information concerning the plan is available free of charge at the registered domicile of the management company.

## Art. 40 Benefits

The management company reserves the right to grant benefits to third parties for services rendered. As a rule, the basis of assessment for such benefits includes the commissions, charges, etc. borne by the investors and/or assets/asset components placed with the management company. The respective amounts are percentages of the applicable basis of assessment. On request, the management company shall disclose further details regarding the agreements concluded with third parties. Investors herewith explicitly waive any further rights to disclosures on the part of the management company, and in particular, the management company shall not have the obligation to submit detailed accounts on benefits actually paid.

The investor takes note of and accepts the fact that the management company may be the beneficiary of trailer fees from third parties (including group companies) in conjunction with the referral of investors, the purchase/distribution of collective capital investments, certificates, notes, etc. (hereinafter: products, including such products that are managed and/or issued by a group company), generally in the form of trailer fees. The respective amounts depend on the product and the product provider. As a rule, trailer fees are assessed on the basis of the volume of a product or product group held by the management company. The amounts in question are usually a percentage of the administrative fees charged for the respective product and periodically paid during the holding duration. Additionally, securities issuers may grant distribution commissions also in the form of rebates on the issue price or in the form of non-recurring payments expressed as a percentage of the issue price. Unless otherwise stipulated, the investor is entitled at all times prior to and after the rendering of the service (purchase of product) to request further details from the management company regarding agreements concluded with third parties in conjunction with such benefits. However, the entitlement to further details regarding historic transactions is limited to the 12-month period preceding the date of the request. The investor explicitly waives any further disclosure claims. If the investor does not request further details prior to the rendering of the service or makes use of the service after having requested further details, this shall constitute a waiver of a disclosure claim, if any, as provided in § 1009 ABGB (Allgemeines Bürgerliches Gesetzbuch).

## Art. 41 Information for investors

The official gazette of the UCITS is the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as well as other media mentioned in the prospectus.

All notices to investors, including announcements regarding amendments to the trust agreement and Annex A "The UCITS at a glance", shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the UCITS and other physical and electronic media mentioned in the prospectus.

The net asset value as well as the issue and redemption prices of the units of the UCITS and its unit classes shall be published on every valuation day in the above-mentioned official gazette of the UCITS and other physical and electronic media (letter, fax, e-mail, or similar) mentioned in the prospectus.

The audited annual report and the semi-annual report, which needs not be audited, shall be made available to investors free of charge at the domiciles of the management company and of the depositary.

## **Art. 42 Reports**

For each UCITS, the management company shall prepare an audited annual report as well as a semi-annual report in compliance with the legal provisions of the Principality of Liechtenstein.

Within four months after the close of each financial year at the latest, the management company shall publish an audited annual report in compliance with the provisions of the Principality of Liechtenstein.

Two months after the end of the first six months of the financial year, the management company shall publish an unaudited semi-annual report.

Further audited and unaudited intermediate reports may be prepared.

## **Art. 43 Financial year**

The financial year of the UCITS begins on January 1 of each year and ends on December 31 of the same year.

Annex A "The UCITS at a glance" states whether the first financial year is an extended or a shortened year.

## **Art. 44 Amendments to the trust agreement**

This trust agreement can be fully or partially amended or supplemented by the management company at any time.

Amendments to the trust agreement require prior approval by the FMA.

## **Art. 45 Statute of limitations**

The period during which claims can be brought forth by investors against the management company, the liquidator, the administrator, or the depositary expires five years after the damage was incurred but no later than one year after the repayment of the unit or after the damage became known.

## **Art. 46 Applicable law and jurisdiction and binding language**

The UCITS is subject to Liechtenstein law. The sole venue for all disputes between investors, the management company, and the depositary shall be Vaduz.

However, with respect to claims submitted by investors in other countries where the units are offered and sold, the management company and/or the depositary may submit themselves and the UCITS to the jurisdictions of such countries.

German is the legally binding language for this trust agreement.

## **Art. 47 General**

In all other respects, the provisions of the UCITSA, the provisions of the ABGB, the provisions of the Persons and Companies Act (PGR) on collective trusts, and the general provisions of the PGR shall apply as set forth in the latest versions thereof.

## **Art. 48 Entering into force**

This trust agreement shall enter into force on April 05, 2023.

Schaan/Vaduz, April 03, 2023

### **The management company:**

IFM Independent Fund Management Aktiengesellschaft, Schaan

### **The depositary:**

Liechtensteinische Landesbank AG, Vaduz

# Annex A: The UCITS at a glance

The trust agreement and this Annex A "The UCITS at a glance" constitute a complementary entity.

## Solidum Cat Bond Fund

### A. The UCITS at a glance

Master data and information on the UCITS and its unit classes			
unit classes <sup>1</sup>	Unit classes of the UCITS		
	USD-R	EUR-R	CHF-R
ISIN number	LI0049587293	LI0049587301	LI0049587277
Security number	4.958.729	4.958.730	4.958.727
Suitable as a UCITS target fund	Yes	Yes	Yes
SFDR classification	Article 6		
Duration of the UCITS	Unlimited		
Listed	No		
Accounting currency of the UCITS	US dollar (USD)		
Reference currency of the unit classes	US dollar (USD)	Euro (EUR)	Swiss franc (CHF)
Minimum investment	10 units	10 units	10 units
Follow-up subscriptions	1 unit	1 unit	1 unit
Initial issue price	USD 1000	EUR 1000	CHF 1000
First subscription day	28.09.2009	28.09.2009	28.09.2009
Payment (first value day)	30.09.2009	30.09.2009	30.09.2009
Valuation day <sup>2</sup> (T)	The first valuation day of each month is the Friday of that month between the 13th and 19th days. The second valuation day of each month is the last bank business day of that month.		
Valuation interval	Twice a month		
Issue and redemption day	Every valuation day		
Value date issue and redemption day (T+2)	Two bank business days after calculation of the net asset value (NAV)		
Acceptance deadline for subscriptions (T-2)	Two bank business days prior to the next following valuation day by no later than 4 pm (CET)		
Acceptance deadline for redemptions (T-10)	Ten bank business days prior to the next following valuation day by no later than 4 pm (CET)		
Denomination	No decimal places		
Securitization	On the books / no certificates issued		
Close of accounting year	On December 31		
End of first financial year	December 31, 2010		
Use of proceeds	Reinvested		

<sup>1</sup> The currency risks of the unit classes denominated in UEUR and CHF can be fully or partially hedged.

<sup>2</sup> If the valuation day should coincide with a bank holiday in Liechtenstein, the valuation day shall be rescheduled to the next following banking business day in Liechtenstein.



Costs borne by the investors			
	Unit classes of the UCITS		
unit classes	USD-R	EUR-R	CHF-R
Max. issue premium <sup>3</sup>	3%	3%	3%
Redemption charge credited to the fund's assets	None	None	None
Exchange fee for switching from unit class to another unit class	None		

Costs payable with the assets of the UCITS <sup>4,5</sup>			
	Unit classes of the UCITS		
unit classes	USD-R	EUR-R	CHF-R
Max. charge for investment decision, risk management, and distribution <sup>3</sup>	2.00% p.a.	2.00% p.a.	2.00% p.a.
Max. administration fee <sup>3</sup>	0.20% p.a. or min. CHF 25,000 p.a. plus CHF 5000 p.a. per unit class from the 2nd unit class		
Max. depositary fee <sup>3</sup>	0.15% p.a. or min. CHF 10,000 p.a. plus a service fee of CHF 420 per quarter		

<sup>3</sup> The commissions and charges actually levied are published in the semi-annual and annual reports.

<sup>4</sup> Plus taxes as well as other costs and charges: Transaction costs as well as expenses incurred by the management company and the depositary in the fulfillment of their functions. Details are provided in sections 10 (Taxation) and 11.2 (Costs and charges borne by the UCITS) of the prospectus.

<sup>5</sup> In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor.

## Master data and information on the UCITS and its unit classes

unit classes <sup>6</sup>	Unit classes of the UCITS		
	USD-I	EUR-I2	CHF-I
ISIN number	LI0467052754	LI1261085891	LI0467052812
Security number	46.705.275	126.108.589	46.705.281
Suitable as a UCITS V target fund	Yes	Yes	Yes
SFDR classification	Article 6		
Duration of the UCITS	Unlimited		
Listed	No		
Accounting currency of the UCITS	US dollar (USD)		
Reference currency of the unit classes	US dollar (USD)	Euro (EUR)	Swiss franc (CHF)
Minimum investment	USD 1 million	EUR 1 million	CHF 1 million
Follow-up subscriptions <sup>7</sup>	USD 500,000	EUR 500,000	CHF 500,000
Initial issue price	USD 100,000	EUR 100,000	CHF 100,000
First subscription day	17.11.2021	open	28.04.2021
Payment (first value day)	19.11.2021	open	30.04.2021
Valuation day <sup>8</sup> (T)	The first valuation day of each month is the Friday of that month between the 13th and 19th days.  The second valuation day of each month is the last bank business day of that month.		
Valuation interval	Twice a month		
Issue and redemption day	Every valuation day		
Value date issue and redemption day -(T+2)	Two bank business days after calculation of the net asset value (NAV)		
Acceptance deadline for subscriptions (T-2)	Two bank business days prior to the next following valuation day by no later than 4 pm (CET)		
Acceptance deadline for redemptions (T-10)	Ten bank business days prior to the next following valuation day by no later than 4 pm (CET)		
Denomination	No decimal places		
Securitization	On the books / no certificates issued		
Close of accounting year	On December 31		
End of first financial year	December 31, 2010		
Use of proceeds	Reinvested		

## Costs borne by the investors

unit classes	Unit classes of the UCITS		
	USD-I	EUR-I2	CHF-I
Max. issue premium <sup>9</sup>	3%	3%	3%
Redemption charge credited to the fund's assets	None	None	None
Exchange fee for switching from unit class to another unit class	None		

<sup>6</sup> The currency risks of the unit classes denominated in EUR and CHF can be fully or partially hedged.

<sup>7</sup> The management company and the depositary are at liberty to also allow smaller follow-up subscriptions.

<sup>8</sup> If the valuation day should coincide with a bank holiday in Liechtenstein, the valuation day shall be rescheduled to the next following banking business day in Liechtenstein.

<sup>9</sup> The commissions and charges actually levied are published in the semi-annual and annual reports.

Costs payable with the assets of the UCITS <sup>10,11</sup>			
	Unit classes of the UCITS		
unit classes	USD-I	EUR-I2	CHF-I
Max. charge for investment decision, risk management, and distribution <sup>12</sup>	1.25% p.a.	1.25% p.a.	1.25% p.a.
Max. administration fee <sup>12</sup>	0.20% p.a. or min. CHF 25,000 p.a. plus CHF 5000 p.a. per unit class from the 2nd unit class		
Max. depositary fee <sup>12</sup>	0.15% p.a. or min. CHF 10,000 p.a. plus a service fee of CHF 420 per quarter		
Use of benchmarks			
	Unit classes of the UCITS		
unit classes	USD-R	EUR-R	CHF-R
	USD-I	EUR-I2	CHF-I
Benchmark	The UCITS does not use a benchmark.		

## B. Delegation of functions

### a) Asset manager

Solidum Partners AG, Mühlebachstrasse 70, CH-8008 Zürich, has been appointed asset manager of the UCITS.

### b) Distributor

IFM Independent Fund Management AG, Landstrasse 30, FL-9494 Schaan, has been appointed distributor of the UCITS.

## C. Investment consultant

No investment consultant was appointed.

## D. Depositary

The depositary function for the UCITS is handled by Liechtensteinische Landesbank AG, Städtle 44, FL-9490 Vaduz.

## E. Auditors

The auditor for this UCITS is Ernst & Young AG, Schanzenstrasse 4a, CH-3008 Bern.

## F. Investment principles of the UCITS

The following provisions govern the fund-specific investment principles of the **Solidum Cat Bond Fund**:

### a) Investment objective and policy

#### a1) Investment objective

The investment objective of the **Solidum Cat Bond Fund** is mainly to generate a money-market yield in the reference currency of the individual unit classes and an adequate risk premium with investments in a diversified portfolio of equities

<sup>10</sup> Plus taxes as well as other costs and charges: Transaction costs as well as expenses incurred by the management company and the depositary in the fulfillment of their functions. Details are provided in sections 10 (Taxation) and 11.2 (Costs and charges borne by the UCITS) of the prospectus.

<sup>11</sup> In the event of a dissolution of the UCITS, the management company may levy a liquidation fee of up to CHF 10,000 in its favor.

<sup>12</sup> The commissions and charges actually levied are published in the (semi-annual and) annual reports.

and securities that are associated with an insured event (Insurance Linked Securities, ILS). Additionally, emphasis is placed on a low correlation of yields with bond and stock markets as well as low value fluctuations in comparison with long-term bond investments. The UCITS is actively managed without referencing a benchmark. To the extent that no contradictory investment principles are specified for the UCITS in lit. F of this annex, section V of the trust agreement "General investment principles and restrictions" shall apply. **No guarantee can be given that the investment objective will be achieved.**

## a2) General definitions

### a2a) Cat Bonds

Catastrophe Bonds or Cat Bonds are securities whose value and/or returns are contingent on the occurrence probability or the occurrence of insured events. Most of these securities are floating rate notes which, in addition to the money-market rate, also distribute additional benefits (risk premium) and at the end of their duration are repaid at par provided no relevant insured event occurs (cf. lit. a.2.b "Insurance Linked Securities").

### a2b) Insurance Linked Securities

ILS are financial instruments whose returns or repayment are contingent on the occurrence probability or occurrence of insured events.

ILS are issued as bonds, notes, debentures, preference shares or derivative financial instruments. Cat Bonds (cf. lit. a.2.a "Cat Bonds") are a sub-segment of ILS.

### a2c) Insured event

An insured event can be interpreted as an event that is defined with respect to time, place, and nature and that triggers a defined insurance payment when a threshold parameter is attained or exceeded.

In addition to traditional industry-specific reinsurance, insurers increasingly rely on alternative risk transfer methods that are used to transfer their actuarial risks to the capital market. One form of such alternative insurance protection is represented by Cat Bonds.

Examples of such types of insurance event risks are earthquakes in different regions of North America, Europe, Japan, Taiwan, Australia or New Zealand; windstorms in Europe, on the US East Coast, in Hawaii, the Caribbean, Australia, Southeast Asia or Japan; extreme temperatures (heat/cold); aviation accidents, shipping catastrophes; explosion and fire catastrophes; mortality risks. This list is not exhaustive.

### a2d) Direct, independent insured event

An insured event is referred to as "direct" if the first contractually defined event already results in capital payments to the insured entity. An immediate risk is thus posed by the occurrence of an insured event. Insurance Linked Securities cover various insured events that occur independently of one another: For example, it can be assumed that there is no connection between an earthquake in California, a hurricane affecting the US East Coast or a winter storm in Europe. ILS can therefore be assigned to independent categories.

Examples of direct, independent insured events include:

- ◆ Tropical cyclones: US Gulf, US Northeast, Hawaii, Northwest Pacific, Australia, India
- ◆ Extratropical cyclones: Europe, North America
- ◆ Earthquakes: California, Pacific Northwest / British Columbia, US Midwest, Carolinas, east Canada, Turkey, Greece, Italy, Switzerland, Portugal, Cyprus, Israel, Japan, Australia, New Zealand, South Africa, Mexico, Central America, Chile, Colombia
- ◆ Floods: UK, Continental Europe, Australia
- ◆ Tornadoes: US
- ◆ Hail: US, Continental Europe, Australia
- ◆ Bushfires: US, Canada, Australia
- ◆ etc.

**a2e) Indirect, independent insured event**

An insured event is referred to as "indirect" if the first contractually defined event does not result in capital payments to the insured entity. Such payments are not triggered until a second or subsequent insured event occurs. For example, an Insurance Linked Security can cover an insured event such as "Windstorm Damage Germany." The first event resulting in an industry loss exceeding EUR 6 billion is not covered, but the second event also resulting in an industry loss exceeding EUR 6 billion will trigger a loss payment. Such a structure is chosen because an insurance company may be able to pay the initial loss itself but may not have sufficient resources to cover the loss resulting from a second, third, or subsequent event.

Capital payments based on direct and indirect events are independent from each other. Once the prerequisite – the first insured event – has occurred, related indirect insured events are reclassified as direct insured events. Via secondary market valuations, indirect insured events can be influenced by direct insured events.

**a2f) Seasonal insured events**

Due to natural phenomena, seasonal insured events occur solely during specific times of the year. Examples include winter storms in Europe, typhoons in the Northwest Pacific (Japan, China, Taiwan), cyclones in the South Pacific (Australia) or the Indian Ocean and hurricanes in the East Pacific (Hawaii) or North Atlantic / Gulf of Mexico.

The availability of historic data allows the identification of seasonal event risks. The fund therefore defines seasons for North Atlantic hurricanes, Northwest Pacific typhoons and European winter storms.

**a2g) Risk models**

Risk models are highly sophisticated assessment tools developed by specialized consulting firms. They encompass natural science, engineering and insurance industry related components to allow estimates of the likelihood of events occurring as well as to assess their financial consequences.

**a2h) Trigger level**

Predefined value that must be surpassed to make an insured event relevant, for example hurricane damage covered by the insurance industry on the US East Coast that exceeds USD 60 billion.

**a2i) Special purpose vehicle**

Legally independent cessionary set up with the purpose of assuming claims from a company's liabilities, securitizing them, and placing them on the capital market.

**a2j) Insured entity**

Also referred to as sponsor. Is contractually bound to make (periodic) payments – insurance premiums – to the issuer of Insurance Linked Securities. In return, he benefits from insurance coverage for a specific insured event.

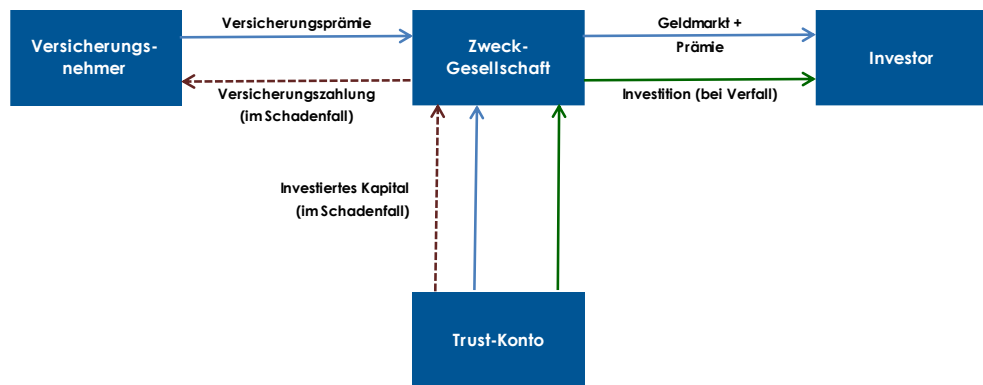
**a3) Definition of instruments (Insurance Linked Securities)**

Insurance Linked Securities are securities whose returns and/or repayment are contingent on the occurrence probability or occurrence of one or several specific insured events (e.g. natural catastrophes, fire and explosion events, aircraft accidents or similar rare cases of insured events). It must be noted that the occurrence of a previously defined insured event may entail a total loss of individual investments.

ILS are characterized by a significant intra asset class independence as risks emanating from different lines of business (natural perils, aviation, satellite, mortality, fire and explosion, etc.) are typically not correlated and individual risk classes within a line of business (earthquake, winterstorm, hurricane, etc.) are independent from one another.

Cat Bonds are usually structured with the involvement of a special purpose vehicle.

The following graph illustrates the money flows between the insured party (the cedent), the special purpose vehicle (SPV) as the issuer of the Insurance Linked Security, and the investor, the Solidum Cat Bond Fund:



Quelle: Solidum Partners AG

At issue, the investors pay the nominal value of the ILS issued by the SPV (coverage capital) to the special purpose vehicle. The SPV invests the nominal capital in highly rated assets as collateral to cover the liabilities of the SPV. Under an insurance contract, the ceding entity is obliged to make a periodic premium payment to the SPV. Investors (here: the Fund) receive periodic coupon payments roughly reflecting the insurance premium plus the interest return from the collateral assets. As long as no ILS-relevant insured event occurs during the term of the ILS, investors will receive their initial investment back at maturity. However, should a qualifying event occur, the SPV is obliged to make the contractually agreed payment to the cedent and any capital repayment by the ILS to the investor on maturity is reduced accordingly.

Typical expected default losses of individual ILS as predicted by risk assessment models vary between 0.5% and 5%, i.e. one assumes statistically that defaults occur in the range of once every 200 years to once every 20 years. Certain ILS cover a single event risk while others cover many direct event risks concurrently. For default probabilities of typical magnitude, the default probability of such instruments is approximately equal to the sum of the occurrence probabilities of the defined individual single perils.

The defined catastrophic event of an ILS must not necessarily be determined by the financial damage sustained by the insured entity. Many Cat Bonds reference wind fields or seismic intensities that are recorded by national meteorological or geological bodies. Such parametric definitions have the advantage for investors that they allow a timely evaluation as to whether an event has triggered a capital reduction.

### **a3a) Peculiarities of instruments and markets**

#### **Counterparty risk**

The market for insured event risks involves a limited or conditional counterparty risk. Since the coverage capital for insured benefits is generally not transferred to the insured entity but instead held in a separate vehicle (collateral pool), the counterparty risk with respect to the insured party is limited to risk premiums not yet paid and with respect to the collateral pool to the quality of the assets that it holds. The management company seeks to limit those inherent counterparty risk elements.

#### **Duration risk**

Insurance Linked Securities are variable-interest securities, which means that the interest rate is periodically adjusted to the current money-market rate. Consequently, the duration risk is low, i.e. changes in capital-market rates only have a small impact on the value of the investment.

#### **Interest-rate risk**

If money-market rates rise or fall, this will influence the overall performance of the fund but not the relative performance versus the money market according to the fund's investment objective.

#### **Insurance Linked Securities market**

Insurance Linked Securities are often listed on an exchange and are traded on a regulated market open to the public but also over the counter.

### **a4) Investment policy of the fund**

The UCITS invests at least 70% of its assets in insurance linked securities worldwide of all kinds that are listed or traded on a regulated market open to the public or officially listed on an exchange and that have their insurance event risks modeled by, or modeled with a risk assessment model of, one of the insurance industry's respected consultants or an actuarial consultant or have a rating from a recognized rating agency. In principal, the fund seeks to diversify its investments with regards to the nature, geographical location, occurrence probability and trigger mechanism of the insured events.

The UCITS shall invest no more than 10% of its assets in units of other UCITS or of other undertakings for collective investment that are comparable with a



UCITS. These other undertakings for collective investment shall be bound by their prospectuses and/or constitutive documents to invest no more than 10% of their assets in units of another UCITS or another comparable undertaking for collective investment.

The investments are made predominantly in assets denominated in US dollars (USD) and/or euro (EUR). In addition, assets denominated in other freely convertible currencies may also be held. To minimize the currency translation risk, assets not denominated in US dollars can be hedged against the US dollar. The currency risks of the unit classes denominated in "EUR" and "CHF" may be fully or partially hedged; this can have a negative impact on the NAV of the unit class denominated in "USD". The costs, if any, of a currency translation hedge of the "EUR" and "CHF" unit classes are allocated to that class.

In the interest of efficient management, the UCITS may, for hedging and investment purposes, deploy derivative financial instruments tied to Insurance Linked Securities.

Moreover, the UCITS is entitled, within the scope of the investment limits set forth in section V of the trust agreement "General investment principles and restrictions", to invest in other permissible instruments.

The investments underlying this UCITS (financial product) do not consider the EU criteria for ecologically sustainable business activities.

**The fund-specific risks listed in lit. G of this annex and the general risks listed in section 7.2 of the prospectus must be observed.**

**b) Accounting/reference currency**

The accounting currency of the UCITS as well as the reference currencies for each unit class are stated in lit. A of this annex "The UCITS at a glance".

The accounting currency is the currency in which the UCITS keeps its books. The reference currency is the currency used to calculate the performance and the net asset value of the respective unit class of the UCITS and not the investment currency of the respective unit class of the UCITS. Investments are made in the currencies optimally suited to the performance of the UCITS.

**c) Profile of a typical investor**

The **Solidum Cat Bond Fund** is suitable for investors with a medium- to long-term investment horizon who wish to invest in a broadly diversified portfolio of equities and securities associated with insured events.

## **G. Risks and risk profiles of the UCITS**

**a) Fund-specific risks**

**The performance of the units depends on the investment policy as well as the market development of the individual investments of the UCITS and cannot be determined in advance. In this context, it must be pointed out that the value of the units can rise or fall versus the issue price at any time. It cannot be guaranteed that the investors will be able to recover their invested capital.**

Due to the fact that the **Solidum Cat Bond Fund** invests its assets primarily in Insurance Linked Securities of all kinds worldwide, this type of investment is associated with an increased event risk that can have a negative impact on its net assets. Additionally, other risks may be incurred, such as investment universe risks, model

risks, counterparty risks, cluster risks, interest rate risks, market risks, liquidity risks and also currency risks.

Increased risks may be incurred with the deployment of derivative financial instruments that are not used for hedging purposes. The risk associated with derivative financial instruments must not exceed 100% of the fund's net assets. Hereby, the total risk must not exceed 200% of the fund's net assets. In a borrowing transaction that is permissible pursuant to UCITSG, the total risk shall not exceed 210% of the fund's net assets. The management company utilizes the generally accepted Modified Commitment approach as its risk management procedure.

Because the market for Insurance Linked Securities is still young and specific investments are associated with uncertainties – immediately after the occurrence of an insured event, for instance, it is not possible to conclusively assess its impact – sales may not always be transacted with the generally assumed ease as is the case with other exchange-listed securities. When such assets are sold, significant differences between price and valuation may be incurred as realized losses.

Insurance Linked Securities involve the following specific risks (the list is not exhaustive):

**a1) Event risk**

The event risk is in the focus with Insurance Linked Securities. This is in contrast to classic bonds whose risks are mainly associated with borrower quality. Events are characterized with risk models that predict even probabilities (also see lit. F.a3) "Model risk"), whereby risks can occur unexpectedly and contrary to such model predictions, which has negative consequences for such investments. If an insured event occurs and if defined thresholds are exceeded, the value of individual investment may decline to the point of a total loss.

The event risk involves the occurrence of an insured event which exceeds a defined damage level of the insurance industry or insured entity, or damage intensity. Examples of such types of insurance event risks are earthquakes in different regions of North America, Europe, Japan, Taiwan, Australia or New Zealand; windstorms in Europe, on the US East Coast, in Hawaii, the Caribbean, Australia, Southeast Asia or Japan; extreme temperatures (heat/cold); aviation accidents, shipping catastrophes; explosion and fire catastrophes; mortality risks. This list is not exhaustive.

**a2) Investment universe risks**

Under consideration of the investment principles and limits set forth in the UCITSA and the trust agreement, the investment policy is aligned with a focus on assets that are exposed to event risks in specific insurance segments, sectors, markets, or regions/countries. This concentration of just a few special investment sectors is associated with particular opportunities but also with requisite risks (e.g. narrow markets, high fluctuations after an insured event, increased correlation of the investments of an insurance segment/region in a specific event configuration).

To reduce risks involving the investment universe, cluster risks, and the influence of event risks, the management company will assure an adequate diversification of the investments.

As regards diversification, the following main criteria apply:

**a2a) Diversification by insured event and region:**

The event risks are assigned to individual, independent categories.

**a2b) Diversification via the sequence of insured events:**  
Distribution of the overall risk across direct and indirect event risks.

**a2c) Diversification via means of measuring losses (“trigger mechanism”)**  
Diversification of total risk across several loss measurement types such as physical triggers (magnitude or peak acceleration of an earthquake), amount of industrial damage (sum of insurance industry payments after a major event) actual damage incurred by insured party, etc.

**a2d) Diversification via different ILS sponsors**  
Distribution of the overall risk in terms of the type and motivation of the sponsor of an ILS, i.e. by insurer, reinsurer, companies from other industries (energy, entertainment industry, etc.).

**a3) Model risk**

The event probabilities of Insurance Linked Securities are analyzed with the help of risk models. They are constantly being refined but only represent an approximation of reality. Models embody uncertainties and errors. Consequently, event risks and/or loss intensities can be significantly under- or overestimated.

**Example:** Based on extensive simulations, there is a 1.35% probability per year that the lower threshold of an ILS will be reached and a 0.34% likelihood that the upper threshold will be reached. The expected loss is 0.63% per year. These figures are to be taken as realistic estimates and correspond to the current view of the insured event risk as provided by the specific risk assessment model / model release and the assumptions used therein. Typically, the models are updated periodically, providing the best possible opportunity to take into account new scientific insights (including the influence of climate change), changes in the underlying insured assets, information about insurance density or socio-demographic parameters, etc.

**Measures for reducing model risks:** Several highly specialized and respected risk modeling firms are active in the market. Thus, various models are available for individual insured events and regions. The individual risk assessment models reflect the different views on the underlying event risk as well as its financial consequences, making comparisons possible. The diversification across several models reduces the model risk.

Most Cat Bonds have a rating. Rating agencies, for their part, subject the risk models used to their own analyses and extensive stress tests.

**a4) Risk of a limited market size**

The market for Insurance Linked Securities is still not very large.

As investments with a high minimum denomination (at least USD 250,000), Cat Bonds can at present only be acquired by qualified investors.

**Measures:** The overall size of the market limits the fund volume via the investment restrictions. The management company reserves the right to temporarily suspend the issue of units, especially when investment demand exceeds supply and the investment objective therefore cannot be achieved (see section 8.4 of the prospectus 'Issue of units').

Direct investments are made by qualified investors. This factor is reflected not least in the large blocks bid or asked, which also benefits the fund. The overall market is characterized by relatively narrow bid/ask spreads and

relatively large market depth because the market for ILS is backed by an entire market devoted to trading reinsurance policies.

**a5) Liquidity risk**

No assurance can be given as to constant liquidity in secondary markets. It is possible, especially during stress scenarios, that the market is temporarily illiquid. For example, immediately following an event, it may be difficult to determine the exact implications of the event on specifically exposed investments. At such a time the sale of a potentially affected position may be more difficult to achieve than with the perceived simplicity of other exchange listed instruments.

To a modest extent, the UCITS may also acquire subjects of investment that are not approved for trading on a stock exchange or integrated in another organized market. The acquisition of such subjects of investment is associated with the risk that problems may arise especially when such subjects of investment are to be sold to third parties.

**a6) Risk of valuation of Insurance Linked Securities**

For valuation purposes, the management company will request timely price indications from various brokers and/or market makers in these securities. Based upon such price indications the management company determines the fund's value.

The price indications received from brokers and/or market makers are not stored at a central location and are provided directly only to the management company for valuation purposes.

**a7) Securitization**

At issue of the ILS, the investors pay the nominal value of the ILS issued by the SPV (coverage capital) to the special purpose vehicle. The SPV invests the nominal capital in highly rated assets as collateral to cover the liabilities of the SPV. Under an insurance contract, the ceding entity is obliged to make a periodic premium payment to the SPV. Investors (here: the Fund) receive periodic coupon payments roughly reflecting the insurance premium plus the interest return from the collateral assets. As long as no ILS-relevant insured event occurs during the term of the ILS, investors will receive their initial investment back at maturity. However, should a qualifying event occur, the SPV is obliged to make the contractually agreed payment to the cedent and any capital repayment by the ILS to the investor on maturity is reduced accordingly.

**b) General risks**

In addition to the fund-specific risks, the investments of the UCITS may incur general risks. A typical but not exhaustive list is provided in section 7.2 of the prospectus.

**H. Costs payable by the UCITS**

An overview of costs payable by the UCITS is provided in the table "Master data and information on the UCITS and its unit classes" in lit. A of this Annex A "The UCITS at a glance".

**I. Performance fee**

No performance fee shall be levied.

Schaan/Vaduz, April 03, 2023

**The management company:**

IFM Independent Fund Management Aktiengesellschaft, Schaan

**The depositary:**

Liechtensteinische Landesbank AG

# Annex B: Specific information for individual countries of distribution

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## Notes for investors in Germany

The company has notified the authorities of its intention to distribute units in the Federal Republic of Germany and has been authorized to do so since the notification procedure was concluded.

### Facility pursuant to § 306a KAGB:

IFM Independent Fund Management AG  
Landstrasse 30  
P.O. Box 355  
FL-9494 Schaan  
E-mail: [info@ifm.li](mailto:info@ifm.li)

Unit subscription, payment, redemption and exchange requests are processed according to the sales documentation.

Investors will be informed by the facility how the above-mentioned requests are handled and how redemption proceeds are paid out.

IFM Independent Fund Management AG has established processes and measures with regard to the recognition and protection of investor rights pursuant to Art 15 of Directive 2009/65/EC. The facility simplifies access to the scope of applicability of this act and investors can receive relevant information from the facility.

The sales prospectus, the Key Investor Information Document, the trust agreement of the EU-UCITS as well as the annual and semi-annual reports are available free of charge on paper from the facility or at [www.ifm.li](http://www.ifm.li) or from the Liechtenstein depository.

The facility also provides, free of charge, the issue, redemption and exchange prices as well as other information and documents that are to be published in the Principality of Liechtenstein (i.e. the relevant contracts and acts).

The facility provides investors with relevant information on durable media concerning the tasks vested in the facility.

The facility also functions as a contact point for communication with the BaFin.

### Publications

The issue, redemption, and exchange prices are published at [www.fundinfo.com](http://www.fundinfo.com). Further Information for investors is published at [www.fundinfo.com](http://www.fundinfo.com).

In the following cases, investors are informed with durable data media pursuant to § 167 KAGB in German and essentially in digital formats:

- a) suspension of redemption of units of the EU-UCITS,
- b) cancellation of the administration of the EU-UCITS or its liquidation,
- c) amendments of investment provisions that are not compatible with existing investment principles, or investor-disadvantaging amendments of essential investor rights, or investor-disadvantaging amendments that relate to remuneration and reimbursement of expenditures that can be debited from the invested assets, including reasons of the amendments and the rights of investors in an intelligible manner; the announcement must also specify where and how further relevant information can be obtained,
- d) the merger of the EU-UCITS in the form of merger information to be prepared in accordance with Art. 43 of Directive 2009/65/EC, and
- e) the conversion of an EU-UCITS into a feeder fund or the changes of a master fund in the form of information to be prepared in accordance with Art. 64 of Directive 2009/65/EC.

## Information for investors in Switzerland

### 1. Representative

The representative in Switzerland is Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, Tel: + 41 (0)22 705 11 77.

### 2. Paying agent

The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'île, 1204 Geneva, Switzerland, Tel: +41 (0)22 317 27 27, Fax: + 41 (0)22 317 27 37.

### 3. Availability of applicable documents

The prospectus, the Key Investor Information Document (PRIIP-KID), as well as the basic information sheet and the annual and semi-annual reports can be obtained free of charge from the Swiss representative.

### 4. Publications

In Switzerland, publications related to the foreign collective investment pool are posted on the Internet at [www.fundinfo.com](http://www.fundinfo.com).

The issue and redemption prices and the net asset value with the remark "excluding commissions" regarding all unit classes available in Switzerland are published daily at [www.fundinfo.com](http://www.fundinfo.com).

### 5. Payment of trailer fees and discounts

#### 5.1 Trailer fees

The management company and its representatives can disburse trailer fees if permissible according to the law and the applicable ordinances. Trailer fees are payments that the asset manager and its agents pay out from the investment management fee to third-party beneficiaries for fund unit distribution services rendered in Switzerland. With these payments, the asset manager remunerates the respective third parties for all services that directly or indirectly relate to the purchase of units of the sub-fund by an investor, such as but not limited to:

- Referral of potential investors for the sub-funds
- Organization of road shows and/or fund events to which the asset manager is invited
- Assistance for investors when filling out subscription requests
- Forwarding of subscription, conversion, and redemption requests to the management of the company
- Delivery of company documentation to investors
- Review of identification documents, implementation of due diligence tests, administration of written notes concerning clients who could invest in the sub-funds
- Distribution of information and other messages to clients, etc.

Trailer fees are not considered discounts even if ultimately, they are fully or partially credited to the investors.

Information concerning the acceptance of trailer fees is governed by the provisions of the federal law on financial services (FIDLEG). Consequently, recipients of trailer fees must assure transparent disclosure. They must inform the investors before rendering the financial service or before contract finalization expressly, voluntarily, and free of charge as to the nature and scope of the remuneration that they receive for distribution so that the investors can declare a waiver of the remuneration. If the amount cannot be ascertained in advance, the remuneration recipient shall inform the investors about the calculation parameters and bandwidths. On request, the recipients must disclose the amounts that they effectively receive for the distribution of the collective investment pools held by the respective investor.



With respect to the granting of trailer fees in Switzerland (as defined above), the law of the domicile country of the management company shall not impose stricter regulations than Swiss law.

## **5.2 Discounts**

As regards distribution in Switzerland, the management company and its agents may remit discounts directly to investors on request. The purpose of discounts is to reduce charges or costs borne by the respective investor. Discounts are permissible provided

- they are paid from charges of the management company and thus impose no additional burden on the fund's assets;
- they are granted on the basis of objective criteria;
- they are granted equitably with the same timing and scope to all investors who fulfill the objective criteria and request discounts.

The objective criteria for granting discounts by the management company are:

- the volumes subscribed by the investors or the total volume held by them in the collective investment pool or in the promoter's product portfolio as the case may be;
- the amount of charges generated by the investors;
- the investors' approach (e.g. expected investment duration);
- the investors' willingness to support the launch phase of a collective investment pool.

On request by the investor, the management company shall disclose the respective discount amounts free of charge.

With respect to the granting of discounts in Switzerland (as defined above), the law of the domicile country of the management company shall not impose stricter regulations than Swiss law.

## **6. Place of fulfillment and legal venue**

For units offered in Switzerland, the place of fulfillment is the domicile of the Swiss representative. The legal venue is the domicile of the Swiss representative or the domicile or place of residence of the investor.

## Information for investors in Austria

### Contact and information agent in Austria

Contact and information agent in Austria pursuant to the provisions of EC directive 2019/1160 Art. 92:

Erste Bank der oesterreichischen Sparkassen AG  
Am Belvedere 1  
A-1100 Vienna  
E-Mail: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)

## Information for investors in Finland

The management company has notified the Finnish financial market supervisory authority ([www.fin-fsa.fi](http://www.fin-fsa.fi)) that it intends to distribute units in Finland and has been authorized to do so since the completion of the notification process.

# Annex C: Regulatory disclosure

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## Conflicts of interest

The following conflicts of interest can occur within the UCITS:

The interests of the investor could collide with the following interests:

- ◆ Interests of the management company and companies and persons closely affiliated with it
- ◆ Interests of the management company and its clients
- ◆ Interests of the management company and its investors
- ◆ Interests of different investors of the management company
- ◆ Interests of an investor and a fund
- ◆ Interests of two funds
- ◆ Interests of the management company's employees

Circumstances or relationships that can entail conflicts of interest mainly include:

- ◆ Incentive systems for employees
- ◆ Employee transactions
- ◆ Churning in the UCITS
- ◆ Positive portrayal of fund performance
- ◆ Transactions between the management company and the funds or individual portfolios that it manages
- ◆ Transactions between the funds and/or individual portfolios managed by the management company
- ◆ Bundling of several orders (so-called block trades)
- ◆ Appointment of closely affiliated companies and persons
- ◆ Single investments of significant magnitude
- ◆ Frequent shifting / trading of assets
- ◆ Specification of cut-off time
- ◆ Suspension of redemptions
- ◆ IPO allocation

In handling conflicts of interest, the management company deploys the following organizational and administrative measures to avoid conflicts of interest and, if applicable, resolve, investigate, prevent, settle, observe and disclose them:

- ◆ Establishment of a compliance department that monitors compliance with laws and rules and to which conflicts of interest must be reported
- ◆ Obligation to disclose
- ◆ Organizational measures such as
  - Definition of responsibilities to prevent undue exertion of influence
  - Rules of conduct for employees regarding personal account trading
  - Rules of conduct governing the acceptance and granting of gifts, invitations, other benefits and donations
  - Ban on insider trading
  - Ban on front and parallel running
- ◆ Establishment of remuneration policy and practice
- ◆ Principles for considering client interests
- ◆ Principles for monitoring agreed investment guidelines
- ◆ Principles for executing trade decisions (best execution policy)
- ◆ Principles for splitting partial executions
- ◆ Establishment of order acceptance (cut-off) times

## Handling of complaints

The investors are entitled, free of charge and orally or in writing, to submit complaints to the management company or its employees in conjunction with funds that are managed by the management company as well as to express their concerns, wishes, and needs.

The management company's complaints policy as well as the procedure in dealing with the complaints of investors are described on the website of the management company at [www.ifm.li](http://www.ifm.li) and can be viewed there free of charge.

## Principles of voting policy at general meetings

The management company shall exercise the shareholder and creditor rights associated with the investments of the fund's managed assets independently and in the exclusive interest of the investors.

As regards individual transactions, the management company is at liberty to decide whether to directly exercise shareholder and creditor rights for the respective fund or delegate this function to the depositary or a third party or to forfeit the exercising of such rights.

In the absence of explicit instructions by the management company, the respective depositary is entitled, but not obliged, to exercise the shareholder, co-owner and other rights embodied in the investments.

In transactions that have a significant influence on investor interests, the management company may exercise the voting rights itself or issue explicit instructions.

The active exercise of voting rights shall apply in particular when a need to safeguard the interests of the investors has been clearly identified. The exercise of voting rights is mandatory only when significant interests are impacted. Interests are not sustainably impacted if the respective equity positions do not constitute a significant portion of market capitalization.

The objective of the management company is to prevent conflicts of interest resulting from the exercise of voting rights or to resolve or manage them in the interest of the investors.

When exercising voting rights, the management company shall consider the interests of the investors of the assets of the UCITS as well as the understanding that the exercise of voting rights must comply with the investment policy objectives for the respective assets.

The voting rights policy of the management company (strategy for exercising voting and creditor rights, measures, details on the avoidance of conflicts of interest, etc.) can be accessed free of charge on the website of the management company at [www.ifm.li](http://www.ifm.li).

## Best execution of trading decisions

When executing trading decisions for the portfolios entrusted to it, the management company shall act in the best interest of its managed funds.

Under consideration of pricing, costs, execution speed, probability of execution and settlement, the scope and nature of the order and other aspects of relevance for order execution, the management company shall implement all measures needed to assure the best possible result for the funds (best execution).

To the extent that asset managers are authorized to execute transactions, they shall be contractually bound to apply the appropriate best execution principles unless they are already obliged by relevant laws and legal provisions to abide by best execution principles.

The principles governing the execution of trading decisions (best execution policy) can be accessed on the website of the management company at [www.ifm.li](http://www.ifm.li).

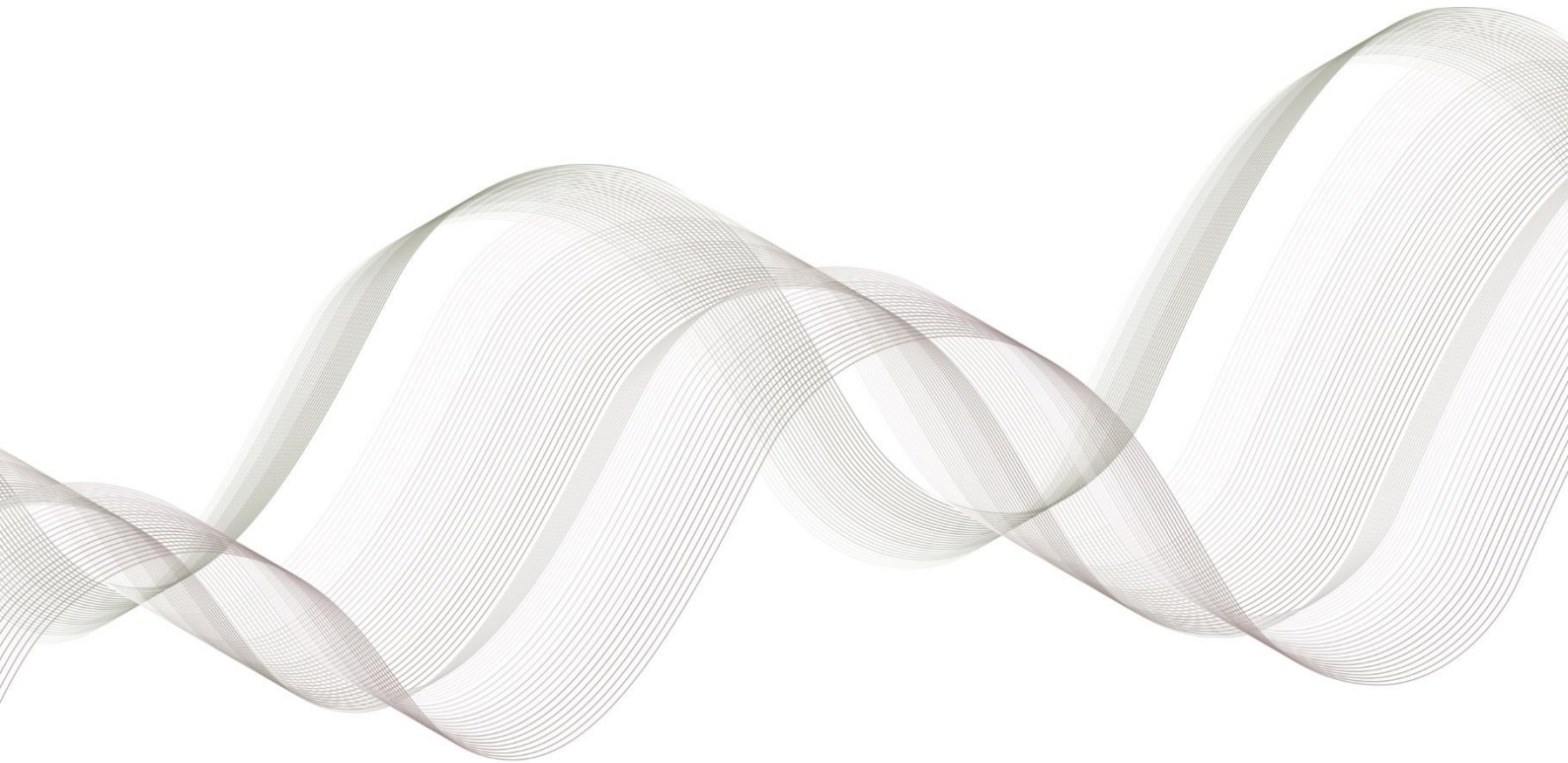
## Remuneration principles and practices

With respect to the structure of its remuneration principles and practices, IFM Independent Fund Management AG ("IFM") is subject to supervisory guidelines applicable to management companies pursuant to the Act pertaining to Certain Undertakings for Collective Investment in Transferable Securities (UCITSA) and pursuant to the Act on the Management of Alternative Investment Funds (AIFMA) that applies to AIFMs. The details of the structure are governed by an internal directive issued by IFM. Its goal is to assure a sustainable remuneration system which avoids misleading incentives to enter into undue risks. The remuneration principles and practices adopted by IFM are reviewed by the members of the board at least once a year to verify their adequacy and compliance with all legal provisions. They encompass fixed and variable (performance-linked) remuneration elements.

IFM has specified a remuneration policy that reconciles with its business and risk policy. In particular, no incentives for entering into undue risks are in place. The remuneration for the provision and implementation of the sustainability strategy is included in the fixed salary component of the Sustainability Officer. The calculation of performance-linked remuneration is based either on the overall result generated by IFM and/or the personal performance of a staff member and his or her department. In the effectiveness quantified during personal performance assessments, the focus is mainly on sustainable business development and the protection of the company against undue risks. The variable remuneration elements are not linked with the value development of the funds managed by IFM. Employer voluntary non-cash benefits or fringe benefits are permissible.

Furthermore, the definition of overall remuneration bandwidths assures that no significant dependences on the variable component can occur and that the ratio of variable to fixed remuneration is reasonable. The fixed salary component is such that it alone will support a full-time employee's living (under consideration of market-conforming salaries). When allocating variable remuneration elements, the members of the Executive Board and the Chairman of the Board of Directors have the final say. The Chairman is responsible for reviewing the remuneration principles and practices.

Special rules apply to IFM Executive Board members and employees whose activities significantly influence the overall risk profile of IFM and the funds it manages (risk takers). Risk takers are employees who can decisively influence the risk and the business policy of IFM. The variable remuneration component due to such risk-relevant employees is paid out in arrears across several years. A portion of at least 40% of the variable remuneration is mandatorily retained across a period of at least three years. During this period, the retained portion of the remuneration is risk-dependent. The variable remuneration, including the retained portion, is paid out or earned only if it is supportable in view of the overall financial situation of IFM and justified on the basis of the performance of the respective department or individual. Generally, a weak or negative financial result achieved by IFM will result in a substantial reduction of the aggregate remuneration, under consideration both of ongoing compensation and reduction of distributions of previously generated amounts.



**IFM Independent Fund Management AG**

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