Swisscanto

SWISSCANTO (LU) BOND INVEST

(hereinafter referred to as the «Fund»)
An investment fund under Luxembourg law

Sales Prospectus June 2010

This sales Prospectus is to be read with the latest annual report (or semi-annual report if the latter was published after the last annual report). These reports are an integral part of this sales Prospectus and, in conjunction with it, serve as the basis for all subscriptions of fund units. They can be obtained free of charge from all selling agents.
Only the information contained in this sales Prospectus and in one of the publicly accessible documents referred to therein is deemed to be valid and binding. If you are in any doubt about the content of this sales Prospectus, you should consult someone who can give detailed information about the Fund.
The German version of this sales Prospectus is binding; the fund management company and the custodian bank may, however, recognize translations authorized by them into the languages of countries in which fund units are offered and sold as binding on themselves and on the Fund in respect of the units sold to investors in these countries.
Units of this Fund may not be offered to, sold in or delivered to the USA.

Management and administration

Fund management company:
SWISSCANTO (LU) BOND INVEST MANAGEMENT COMPANY S.A., 69, route d'Esch, L-1470 Luxembourg

The fund management company was founded for an unlimited period in Luxembourg on 30 October 1991 as a joint stock company. The company's registered name was changed by resolution of the shareholders to SWISSCANTO (LU) BOND INVEST MANAGEMENT COMPANY S.A. on 01 December 2004. The memorandum and articles of association of the company were published in their original version in the «Mémorial C, Recueil des Sociétés et Associations», the official gazette of the Grand Duchy of Luxembourg (hereinafter the «Mémorial»), of 08 November 1991. The version of the memorandum and articles of association currently in effect has been lodged with the Luxembourg Registry of Commerce, where it is open to inspection. The fund management company has been entered in the Luxembourg commercial register as number B-38348.
The sole object of the fund management company is the management of SWISSCANTO (LU) BOND INVEST and the issue and redemption of the units of this Fund. Notwithstanding the provisions of Chapter 13 of the Luxembourg Law governing Undertakings for Collective Investments of 20 December 2002 (hereinafter referred to as the «UCI Act»), to which the company is subject, the company may continue to pursue all other such business as is necessary to attain its object. The paid-up capital of the fund management company amounts to CHF 220,000 and is held by Swisscanto Holding Ltd., Berne, a holding company founded under Swiss law. The majority of the shares in Swisscanto Holding Ltd. are held by the Swiss cantonal banks.

Board of Directors:
Chairman:
Dr. G. Fischer, CEO of Swisscanto Holding Ltd., Berne

Members:
– S. P. Cossins, Managing Director of Swisscanto Funds Centre Limited, London
– R. C. Branda, Head International Business Development of Swisscanto Asset Management Ltd., Bad Säckingen, Germany

Chief Executive of the fund management company:
H. Frey, CEO of Swisscanto Asset Management Ltd., Berne

Local Member of the Executive Board:
R. Goddard, Independent Company Director, The Director's Office, Luxembourg

Investment Advisory Committee:
– Dr. Thomas Stucki, Chief Investment Officer, St. Galler Kantonalbank Group, and Member of the Executive Board, Hyposwiss Privatbank AG, St. Gallen, Chairman
– M. Baumgartner, Deputy Director of the Schaffhauser Kantonalbank, Schaffhausen
– M. Curti, Member of the General Management, Zürcher Kantonalbank, Zurich
– A. Leiser, Member of the General Management, Berner Kantonalbank, Berne
– O. Maillard, Assistant Vice President, Banque Cantonale de Fribourg, Fribourg
– M. Völkle, Member of the General Management, Bank Coop AG, Basle

Portfolio Manager:
Swisscanto Asset Management Ltd., Nordring 4, CH-3000 Berne 25
Swisscanto Funds Centre Limited, 4th Floor, 51 Moorgate, GB-London EC2R 6BH

The management of the fund assets of the GLOBAL CORPORATE subfund has been assigned under contract to Swisscanto Asset Management Ltd., Berne (hereinafter referred to as the «Portfolio Manager») and the management of the other subfunds has been contractually assigned to Swisscanto Funds Centre Limited, London (hereinafter referred to as the «Portfolio Manager»).

Swisscanto Asset Management AG merged with Swisscanto Funds Management Ltd with effect from 21 December 2009, and the latter was renamed Swisscanto Asset Management AG. Since it was founded as a public limited company in 1960 with its registered office in Berne, the fund management company has been active in the fund business and is subject in Switzerland to supervision by the Swiss Financial Market Supervisory Authority (FINMA). As at 30 June 2009 the company had a subscribed equity capital of CHF 5 million. The equity capital is divided into registered shares and is fully paid in. The sole shareholder is Swisscanto Holding Ltd., Berne, a company in which all cantonal banks own shares.

Swisscanto Funds Centre Limited, London was founded in 1987 by Swisscanto Holding Ltd., Berne. It is a financial services provider which is subject to the supervision of the UK Financial Services Authority. It is active in the fields of asset management, brokerage and fund & custody services, and has an equity capital of CHF 15 million.

The Portfolio Manager is entitled to remuneration at the customary rates. This will be paid by the fund management company from the all-in fee that is due to it and charged to the Fund. The Portfolio Manager is directed to invest the fund assets in the best interests of the unitholders. It will act in accordance with the provisions of the law and the contractual conditions. The fund management company takes ultimate responsibility for the actions of the Portfolio Manager.

The portfolio management agreement may be terminated at any time subject to a period of notice of three months.

Custodian bank, main paying agent, central management agent, registrar, transfer agent:
RBC Dexia Investor Services Bank S.A., 14, Porte de France, L-4360 Esch-sur-Alzette, Luxembourg

Custodian bank and principal paying agent:
The fund management company has appointed RBC Dexia Investor Services Bank S.A., a public limited company under Luxembourg law with its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, as custodian bank under a custodian bank agreement of 12 October 2009. The custodian bank agreement has been concluded for an indefinite period and may be terminated by either party at the end of any calendar month by giving 90 days' written notice.

RBC Dexia Investor Services Bank S.A. has been entered in the Luxembourg commercial register (RCS) as number B-47192 and was set up in 1994 under the name «First European Transfer Agent». It holds a banking licence under the Luxembourg law of 05 April 1993 on the financial services sector and specializes in custodian, fund management and related services. As at 31 December 2008, it had equity capital in excess of EUR 500 million.

RBC Dexia Investor Services Bank S.A. is a subsidiary of RBC Dexia Investor Services Limited, a company under the laws of England and Wales which is in turn controlled by Dexia Banque Internationale à Luxembourg S.A., Luxembourg, Grand Duchy of Luxembourg, and the Royal Bank of Canada, Toronto, Canada.

The assets of the Fund are held in safekeeping by the custodian bank. The function of custodian bank is governed by the statutory provisions, the custodian bank agreement and the contractual conditions. The custodian bank acts independently of the fund management company and exclusively in the best interests of the unitholders.

The custodian bank will carry out the usual banking duties in respect of the accounts and securities, and will attend to all the routine administrative duties in connection with the fund assets as prescribed by the laws of Luxembourg. As principal paying agent, the custodian bank is responsible for the payment and acceptance of monetary amounts in connection with the redemption and issuing of units as well as – provided distribution units have been issued – the payment of distribution amounts.

The custodian bank is entitled to remuneration at the customary rates. This will be paid by the fund management company from the all-in fee that is due to it and charged to the Fund.

Central administrator:
The fund management company has transferred its duties as the fund's central administrator (the «central administrator») to RBC Dexia Investor Services Bank S.A. (the «bank») under the central administration agreement of 12 October 2009. This agreement has been concluded for an indefinite period and may be terminated by either party by giving 90 days' written notice.

In its capacity as central administrator, the bank is required to keep the fund's books in accordance with generally accepted accounting principles and the laws of Luxembourg; to calculate on a regular basis the net asset value of the fund's units under the supervision of the fund management company; to draw up the fund's annual and semi-annual accounts and to prepare, for the auditor, the annual and semi-annual reports in accordance with the laws of Luxembourg and the requirements of the Luxembourg supervisory authority; to perform all other duties of the central administrator.

The central administrator is entitled to remuneration at the customary rates. This will be paid by the fund management company from the all-in fee that is due to it and charged to the Fund.

Registrar and transfer agent:
The fund management company has transferred its duties as the fund's registrar and transfer agent (the «registrar and transfer agent») to RBC Dexia Investor Services Bank S.A., whose registered office is at 14, Porte de France, L-4360 Esch-sur-Alzette, under the central administration agreement of 12 October 2009. This agreement has been concluded for an indefinite period and may be terminated by either party by giving 90 days' written notice.

The registrar and transfer agent is responsible for processing subscription and redemption applications, managing the unit register, and accepting unit certificates that are returned for the purpose of replacement or redemption.

The fund's registrar and transfer agent is responsible for taking appropriate measures to ensure compliance with the regulations governing the prevention of money laundering in accordance with the legislation in force in the Grand Duchy of Luxembourg and to observe and implement the circulars of the Luxembourg supervisory authority (the Commission de Surveillance du Secteur Financier, hereinafter «CSSF»).

Depending on the individual subscription or transfer application, the detailed identification of the client may not be necessary provided that the order is executed by a financial institution or authorized financial service provider and that this party is simultaneously established in a country that operates rules equivalent to those under the Luxembourg Money Laundering Act. A list of countries that operate rules equivalent to those under the Luxembourg Money Laundering Act is available on request from the registrar and transfer agent.

The registrar and transfer agent is entitled to remuneration at the customary rates. This will be paid by the fund management company from the all-in fee that is due to it and charged to the Fund.

Central order collecting point:
Swisscanto Funds Centre Limited, 4th Floor, 51 Moorgate, GB-London EC2R 6BH

See Swisscanto Funds Centre Limited (hereinafter referred to as «SFCL») under Portfolio Manager.

Independent auditing company:
KPMG Audit S.à.r.l., 9, Allée Scheffer, L-2520 Luxembourg

Legal advisors:
– Arendt & Medernach, 14, rue Erasme, L-2082 Luxembourg
– Hengeler Mueller, partnership in law, Bockenheimer Landstrasse 24, D-60323 Frankfurt am Main

SWISSCANTO (LU) BOND INVEST: Details

1 General Information about the Fund

1.1 Legal aspects

SWISSCANTO (LU) BOND INVEST (hereinafter referred to as the «Fund») is an open-ended investment fund under Luxembourg law and was founded under the name of CANTO ECU BOND FUND on 30 October 1991. The Fund is managed by the Luxembourg joint stock company SWISSCANTO (LU) BOND INVEST MANAGEMENT COMPANY S.A. The RBC Dexia Investor Services Bank S.A., has been entrusted with the duties of custodian bank. Swisscanto Asset Management Ltd., which has its registered office at Nordring 4, P.O. Box 730, CH-3000 Berne 25, Switzerland, acts as fund promoter.
Swisscanto Asset Management AG merged with Swisscanto Funds Management Ltd with effect from 21 December 2009, and the latter was renamed Swisscanto Asset Management AG. Since it was founded as a public limited company in 1960 with its registered office in Berne, the fund management company has been active in the fund business and is subject in Switzerland to supervision by the Swiss Financial Market Supervisory Authority (FINMA). As at 30 June 2009 the company had a subscribed equity capital of CHF 5 million. The equity capital is divided into registered shares and is fully paid in. The sole shareholder is Swisscanto Holding Ltd., Berne, a company in which all cantonal banks own shares.
The Fund, with the subfund that is now designated SWISSCANTO (LU) BOND INVEST EUR, was first offered for subscription in March 1993.
The Fund has been subject since 24 June 2005 to the statutory provisions of Part I of the UCI Act. Since 21 July 2006, the fund management company has been subject to Section 13 of the UCI Act.
The portfolios and other assets of the Fund are managed by the fund management company as segregated assets in the interests and for the account of the unitholders. The fund assets in their entirety are jointly owned by all the investors, who hold equal entitlements in proportion to their units. The assets of the Fund are separate from those of the fund management company. The contractual conditions make no provision for a meeting of unitholders. By subscribing for or acquiring units, the unitholder agrees to abide by the contractual conditions.
The dissolution, division or merger of the Fund cannot be demanded by unitholders, their heirs or other entitled parties. The Fund is not limited by either time or amount and its financial year ends on 31 January.
The fund management company is entitled to dissolve the Fund or individual subfunds at any time. The Fund must be dissolved and liquidated if its total net assets fall short of a quarter of the statutory minimum requirement for fund assets for more than six months. If the net assets of a subfund falls below CHF 500,000 or the equivalent, or should economic, legal or monetary circumstances change, the fund management company may decide to dissolve a subfund, merge two subfunds or incorporate a subfund into another open-ended investment fund in accordance with Part I of the Luxembourg UCI Act.
The decision to dissolve or liquidate the Fund will be published in the Luxembourg «Mémorial», and in other newspapers, including the «Luxemburger Wort» and the «Schweizerisches Handelsamtsblatt» (Swiss Official Gazette of Commerce). From the day on which the dissolution and liquidation decision is made, no further units will be issued or redeemed. In the event of the dissolution and liquidation of a subfund, this applies only to the subfund in question. Upon liquidation, the fund management company will realize the fund assets in the best interests of the unitholders and will instruct the custodian bank to distribute the net liquidation proceeds to the unitholders in proportion to their holdings. Any liquidation proceeds that it has not been possible to distribute to unitholders by the end of the liquidation proceedings will be deposited with the «Caisse des Consignations» in Luxembourg until their distribution becomes statute-barred.
If two or more subfunds are amalgamated or if one or more subfunds are incorporated into another open-ended investment fund under Luxembourg law, a unitholder in a subfund to be amalgamated or incorporated may, for a period of one month subsequent to the corresponding announcement, either request that his/her units be redeemed free of charge or that they be converted into units of another subfund. Upon the expiry of this period, the amalgamation will become binding on all unitholders who do not take up these options.
No provision is made for a merger with an investment fund established under a law other than that of Luxembourg.

The contractual conditions of the Fund were published for the first time on 30 October 1991 in the «Mémorial». The notice concerning the latest amendment was published on 31 March 2010. The version of the contractual conditions currently in effect as at 22 February 2010 has been entered in the Luxembourg commercial register, where it is open to inspection.

1.2 Structure of the Fund

Under one and the same investment fund («umbrella construction»), the investor is offered subfunds with different investment policy. The totality of the subfunds constitutes the Fund. The fund management company may decide at its discretion to create further subfunds. The fund management company will notify the unitholders and amend the sales Prospectus accordingly.
The Fund presently consists of the following subfunds, which are designated by the fund name (SWISSCANTO (LU) BOND INVEST) with a subfund-specific suffix.

Subfund designation	Currency of account	Currency classes[1]	Unit classes[2]	Max. commission	Max. annual management fee[3]
1. SWISSCANTO (LU) BOND INVEST AUD	AUD	–	A, B	5.0%	1.0%
2. SWISSCANTO (LU) BOND INVEST CAD	CAD	–	A, B	5.0%	1.0%
3. SWISSCANTO (LU) BOND INVEST CHF	CHF	–	A, B, I	5.0%	1.0%
4. SWISSCANTO (LU) BOND INVEST EUR	EUR	–	A, B, I	5.0%	1.0%
5. SWISSCANTO (LU) BOND INVEST GBP	GBP	–	A, B, I	5.0%	1.0%
6. SWISSCANTO (LU) BOND INVEST USD	USD	–	A, B, I	5.0%	1.0%

7. SWISSCANTO (LU) BOND INVEST MEDIUM TERM CHF	CHF	–	A, B, I	5.0%	1.0%
8. SWISSCANTO (LU) BOND INVEST MEDIUM TERM EUR	EUR	–	A, B, I	5.0%	1.0%
9. SWISSCANTO (LU) BOND INVEST MEDIUM TERM USD	USD	–	A, B, I	5.0%	1.0%
10. SWISSCANTO (LU) BOND INVEST INTERNATIONAL	CHF	–	A, B	5.0%	1.0%
11. SWISSCANTO (LU) BOND INVEST OPPORTUNITIES SHORT TERM EUR	EUR	–	B	5.0%	1.0%
12. SWISSCANTO (LU) BOND		H EUR[4]	B, J	5.0%	1.2%
INVEST GLOBAL CORPO-		H CHF[4]	B, J	5.0%	1.2%
RATE		H GBP[4]	J	5.0%	1.2%
	USD[4]	H USD[4]	B, J	5.0%	1.2%

[1] Investments in currency classes with the designation H are for the most part hedged against the risks of exchange rate fluctuations between the subfund's currency of account or the investment currency on the one hand and the currency of the class in question (reference currency) on the other (see notes relating to the specific subfunds).
[2] Upon entry into force of the present sales Prospectus, these unit classes had been issued or the launch dates were known.
[3] The management fee actually charged will be stated in the respective annual or semi-annual report.
[4] The currency of account for the GLOBAL CORPORATE subfund is the USD. The currency classes H EUR, H CHF, H GBP and H USD will be denominated in the reference currency, i.e. H EUR in EUR, H CHF in CHF, H GBP in GBP and H USD in USD.

The terms of issue of the currency class H USD of the GLOBAL CORPORATE subfund are as follows:

Subfund	Currency of account	Currency classes	Unit classes	Issue price	Initial subscription period	Payment (settlement date)	Value date
SWISSCANTO (LU) BOND INVEST GLOBAL CORPORATE	USD[4]	H USD[4]	B, J	100 USD	21.06.10	22.06.10	24.06.10

The currency class H GBP of the GLOBAL CORPORATE subfund will be established at a later date. The sales Prospectus and the simplified sales Prospectus will be updated accordingly.

The fund management company is authorized to offer the following classes of unit (hereinafter referred to as «unit classes») for each subfund:

a) Class A units, which are open to subscription by all investors and confer the right to an annual distribution;
b) Class B units, which are open to subscription by all investors and do not confer the right to an annual distribution but re-invest all increases in value;
c) Class I units, which are open to subscription only by institutional investors with professional treasury operations – i.e. by banks and securities traders, fund management companies, insurance companies, pension funds, institutions under public law and commercial and industrial companies as well as service companies; pension and similar institutions, as well as charitable foundations, are also regarded as institutional investors provided they have professional treasury operations. Class I units confer the right to an annual distribution;
d) Class J units, which are open to subscription only by institutional investors with professional treasury operations – i.e. by banks and securities traders, fund management companies, insurance companies, pension funds, institutions under public law and commercial and industrial companies as well as service companies; pension and similar institutions, as well as charitable foundations, are also regarded as institutional investors provided they have professional treasury operations. Class J units do not confer the right to an annual distribution but re-invest all increases in value.

The Board of Directors is authorized at any time to issue units of the other unit classes provided for in this sales Prospectus, and to announce this fact in accordance with the provisions set out in Section 6.
The Board of Directors is authorized to create further unit classes at any time. The Board of Directors may also decide, where appropriate for economic or legal reasons, to cancel one class of units and to exchange outstanding units within a subfund for units of other unit classes. Such resolutions on the part of the Board of Directors will be published in accordance with the provisions laid down in Article 14 of the contractual conditions.

1.3 Investor profile

The subfunds are directed primarily towards private investors. A number of subfunds also issue classes of units which may be subscribed for only by institutional investors with professional treasury operations.
The subfunds are designed in particular for private investors domiciled in Luxembourg, Switzerland, the Federal Republic of Germany, Austria and the Principality of Liechtenstein, as well as other countries in which the subfunds are authorized for public distribution.
The Fund is suitable for investors wishing to invest in interest-bearing securities. It is expressly pointed out that changes may take place in the net asset value that may be triggered by factors such as – but not restricted to – fluctuations in interest rates or currencies.

1.4 Risk notice

The asset value of the units may rise or fall. When redeeming their units, unitholders may therefore receive less than they originally paid for them. There is no guarantee of a return on investment.
In addition to the general market risks that are associated with investments, there exists a counterparty risk and the currency and transfer risk inherent in investments abroad.
Investment risk is reduced in that, in accordance with the investment policy, the investments are geared towards ensuring a reasonable distribution of risk, as well as the «preservation of capital» and liquidity and the generation of an appropriate return on investment.
Nevertheless, it must be emphasized that even fixed-interest investments are subject to risks. The prices of fixed-interest investments may both rise and fall against the original price. This depends, in particular, on the development of money and capital markets, or on the specific developments affecting the issuers in question. The credit risk associated with an investment in fixed-interest securities cannot be completely ruled out, even where investments are chosen with care.
The Fund takes up additional risk positions by using derivatives in the pursuit of its investment objective. Derivatives are rights or obligations the valuations of which are derived mainly from the price, price fluctuations and expected price of an underlying instrument. Investments in derivatives are subject to general market risk, management risk, credit risk and liquidity risk. However, because of the specific structuring of derivative financial instruments, the risk in question may be of a different nature and may in some cases be greater than the risks associated with investments in the underlying instruments. The use of derivatives therefore not only requires an understanding of the underlying instrument, but also a sound knowledge of the derivatives themselves.
Exposure on the futures and options market and to swaps and foreign exchange transactions is associated with investment risks and transaction costs to which the Fund would not be subject had it not applied such strategies. These risks include among others:

– the risk that the fund management company's forecasts about future trends in interest rates, securities prices and the foreign currency markets prove in retrospect to be incorrect;
– the incomplete correlation between the prices of futures and options contracts, on the one hand, and movements in the prices of the securities or currencies they are intended to hedge, on the other, means that a complete hedge may not be possible in some circumstances;
– the potential absence of a liquid secondary market for a specific instrument at a given point in time may mean that a derivative position cannot, under certain circumstances, be neutralized (closed out) at a profit, even though this would make sense from an investment policy perspective;
– the risk that the securities underlying derivative instruments cannot be sold at a favourable point in time, or that they must be bought or sold at an unfavourable point in time;
– the use of derivatives may potentially result in a loss which may be impossible to predict and which may even exceed margin payments;
– the risk of insolvency or payment default on the part of a counterparty.

Unit classes hedged against foreign exchange risk:
A subfund does not hold a special portfolio of assets for each unit class of the same subfund. The assets and liabilities of each unit class are allocated pro rata. In the case of unit classes in which the greater part of the investments is hedged against currency risk the subfund can incur liabilities related to currency hedging transactions entered into with respect to and to the benefit of a single unit class. The costs, profits and losses in connection with these currency hedging transactions are allocated to the respective unit class. However, it cannot be ruled out that in exceptional cases the currency hedging transactions for one unit class may negatively affect the net asset value of the other unit classes.

1.5 Historical performance

Please refer to Section 2.5 of the simplified sales Prospectus for the historical performance of the subfunds.

2 Investment objective and investment policy

2.1 Investment objective

The primary investment objective of the Fund is to achieve an appropriate return on investment while observing the investment principles of capital preservation and liquidity.

In order to achieve this objective, the greater part (but in any event at least two thirds) of the total assets of each subfund with the exception of the GLOBAL CORPORATE subfund will be invested in accordance with the principle of risk diversification in bonds issued by top-rated borrowers or those guaranteed by top-rated guarantors (incl. zero bonds), or in other fixed- or variable-interest rate securities (notes and similar, as well as securities issued on a discount basis).
The GLOBAL CORPORATE subfund invests its total assets (at least 51%) in bonds, notes and other fixed or variable-interest debt instruments and rights of Swiss and foreign non-government issuers (non-government bonds).

2.2 Subfund-specific investment policy

The subfunds bearing a currency code as a suffix invest primarily in bonds denominated in that currency. With the exception of the INTERNATIONAL, OPPORTUNITIES SHORT TERM EUR and GLOBAL CORPORATE subfunds, the subfunds will invest at least 80% of the net assets (in any event at least two thirds of the total assets of each subfund) in fixed- or variable-interest securities (bonds, notes and similar), that are denominated in the currency of the subfund name. They may invest a maximum of 20% of the net assets in currencies other than those denominated in the currency of the subfund name, provided they are hedged against the latter.

The investments of the subfunds with the suffix MEDIUM TERM are additionally restricted to fixed or variable-interest securities of medium duration. The remaining term to maturity of the individual investments may not exceed five years at the time of purchase. In the case of variable-interest securities, the date of the next interest adjustment is in each case regarded as the maturity date.

There are no restrictions on investment currencies in the case of the INTERNATIONAL subfund. No currency hedges need to be undertaken.

In the case of the OPPORTUNITIES SHORT TERM EUR subfund, the investment currency is the euro (EUR) and at least two thirds of the subfund's total assets are invested in fixed- or variable-interest securities denominated in this currency. At least 60% of the subfund's net assets are invested in bonds from private, public-private and public-sector issuers which issued their bonds prior to 1 March 2001 and – in the case of securities issued by governments or related institutions – have not made any follow-up issues in these securities («grandfathered bonds») from 1 March 2002. Investments, the earnings of which are considered interest income in the sense of the relevant EU Directive (2003/48/EC) on the taxation of interest income may not exceed 40% of subfund assets (including cash and cash equivalents) at any time. The suffix «Short Term» in the name of a subfund relates to the average duration of the portfolio. This may not exceed three years. Taking derivative financial instruments into account, the remaining term to maturity of individual investments may not exceed five years. In the case of variable-interest securities, the date of the next interest adjustment is in each case regarded as the maturity date.

The GLOBAL CORPORATE subfund invests at least 51% of its total assets in bonds, notes and other fixed or variable-interest debt instruments and rights of Swiss and foreign non-government issuers (non-government bonds).
The subfund's currency of account is the USD. The subfund may use forward currency transactions and currency swaps to manage its currency exposure in the interests of hedging and of efficient management.
The GLOBAL CORPORATE subfund offers different currency classes:
In the currency class H EUR the greater part of the investments are hedged against the EUR, in the currency class H CHF against the CHF, in the currency class H GBP against the GBP and in the currency class H USD against the USD. However, it cannot be guaranteed that investments will be completely hedged. The costs, gains and losses related to these currency hedging transactions will be credited or debited to the respective unit class with the designation H.

Derivative financial instruments (futures, interest swaps) and special investment techniques and financial instruments may be used to achieve the investment objective. Their use is subject to the restrictions set out in Section 2.3.1 f) «Derivative financial instruments (derivatives)».
Each subfund may also hold liquidity, money market instruments and fixed-term deposits within the framework of statutory and contractual restrictions.

2.3 Provisions applicable to all subfunds

2.3.1 Authorised investments

a) Securities and money market instruments
The Fund may invest in securities and money market instruments that are admitted to trading on a stock exchange or traded on another recognized and regulated market that is held regularly and is open to the public in a Member State of the European Union or a state in Europe, Africa, Asia, Oceania or America.
The terms «variable and fixed-interest securities» and «money market instruments» refer to bonds, notes, convertible bonds, convertible notes, bond cum warrants, bond and money market funds, as well as certificates on interest-bearing securities and money market instruments, bond indices etc.

b) New issues
The Fund may invest in securities and money market instruments originating from new issues provided the conditions of issue include the obligation to apply for official listing on a stock exchange or other recognized and regulated market that is held regularly and open to the public in a Member State of the European Union or a state in Europe, Africa, Asia, Oceania or America, and providing admission to trading takes place within a year of issue.

c) Money market instruments (unlisted)
The Fund may invest in money market instruments which are not traded on a stock exchange or on another regulated market provided their issue or their issuers are subject to investment and investor protection regulations, on condition that these money market instruments satisfy the conditions laid down in Article 41 (1) h) of the UCITS Act.

d) Liquidity
The Fund may invest in demand and time deposits. These are deemed to be deposits with credit institutions domiciled in an EU Member State or in a third-party state which can be terminated at any time or within a period of no more than 12 months. In the case of credit institutions domiciled in third-party states, investments are permissible only if these credit institutions are subject to supervisory regulations which are equivalent to those under Community law. Borrowers in such cases must be top-rated banks.

e) Investments in fund units
The Fund may invest in units of undertakings for collective investment in transferable securities (UCITS) of the open-ended type under the terms of the investment directive of the European Union dated 20 December 1985 (85/611/EEC) and/or in other undertakings for collective investment (other UCI) under the terms of Art. 1 para. 2, first and second bullet points of the aforementioned Directive. Investments in such Funds are permissible only if they are domiciled in a Member State of the European Union or in a third-party state, and provided:
- these other UCI have been authorized for sale under statutory provisions which subject them to supervision by authorities which are deemed by the CSSF to be equivalent to those under Community law, and providing sufficient assurance exists of cooperation between these authorities;
- the level of protection afforded to unitholders in other UCI must be equivalent to the protection that is required for unitholders in a UCITS. In particular, the rules on separate safekeeping arrangements for fund assets, the taking up of loans, the granting of loans and the short selling of securities and money market instruments must be equivalent to the requirements set out in Directive 85/611/EEC;
- the business operations of other UCI are the subject of semi-annual and annual reports which permit a judgement to be made about assets and liabilities, income and transactions during the reporting period;
- the UCITS or the other UCI in which units are to be acquired may not be permitted, under the terms of their deeds of foundation, to invest more than 10% of their fund assets in the units of other UCITS or UCI.

The Fund may, specifically, also invest in units in investment funds under Swiss law (securities and other funds).
The acquisition of units in UCITS or other UCI is permitted only if such undertakings pursue an investment policy similar to that of the subfund in question, or individual segments of this policy.
The Fund may acquire units of UCITS or other UCI that are managed directly or indirectly by the fund management company itself or by a company with which it is affiliated by way of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes. In this connection the fund managament company and the other companys may not charge any issue or redemption commission.

f) Derivative financial instruments («derivatives»)
The Fund may invest in derivative financial instruments («derivatives»), including instruments that are settled in cash, which are traded on one of the regulated markets described above and/or derivative financial instruments which are not traded on a stock exchange («OTC derivatives»), provided:
- the underlyings are instruments as defined in Art. 41, para. 1 of the UCI Act, financial indices, interest rates, exchange rates or currencies in which the UCITS may invest according to the investment objectives stated in its deeds of foundation;
- counterparties in OTC derivatives transactions are institutes in one of the categories that have been authorized by the CSSF, are subject to supervision by the authorities and
- the OTC derivatives are reliably and verifiably valued on a daily basis and can be sold, liquidated or closed out by a countertrade at the initiative of the UCITS at any time at an appropriate time value.

g) Other investments
The Fund may, in compliance with the investment restrictions, invest in investments other than the aforementioned permissible ones, in particular in securities or in vested rights, if such rights can be judged to be equivalent to securities specifically because they can be transferred, sold and valued at any time.

2.3.2 Investment restrictions

The following rules must be observed for investments made by the Fund:

a) Taking assets under management as a whole, the Fund may not acquire more than 10% of the outstanding securities or money market instruments of any single issuer or hold more than 25% of the units in UCITS or other UCI (fund).

b) Subject to the exceptions mentioned explicitly, no more than 10% of the net assets of a subfund may be invested in securities and money market instruments from the same issuer. The total volume of the securities and money market instruments from issuers in which more than 5% of net assets is invested may not exceed 40% of the net assets of any subfund.

c) Investments must not confer rights on the fund management company that enable it to exert significant influence over an issuer's business operations.

d) The 10% restriction stipulated in b) may be raised to a maximum of 25% in the case of specific debt instruments issued by a credit institution which has its registered office in a Member State of the European Union, this credit institution being subject to special supervision by the authorities under the terms of statutory provisions protecting the holders of these debt instruments. Specifically, the proceeds of the issue of these debt instruments must be invested, in accordance with statutory provisions, in assets which will provide sufficient cover for the liabilities arising in connection with the debt instruments for the entire term of these securities. The assets in which the proceeds are invested must be earmarked primarily for repaying the principal and paying the interest in the event of the issuer's default. Should a subfund invest more than 5% of its net assets in debt instruments, as defined in this paragraph, that are issued by one and the same issuer, the combined value of these investments may not exceed 80% of the value of the subfund's net assets.

e) The 10% restriction stipulated in b) may be raised to a maximum of 35% if the securities and money market instruments in question are issued or guaranteed by: a Member State of the EU or its regional organizations, another western European member state of the OECD, the United States of America, Canada, Japan, Australia or New Zealand, or an international organization of a public law nature to which one or more EU Member States belong. These securities and money market instruments are not taken into account in calculating the 40% limit mentioned in b).

f) The 10% restriction stipulated in b) may be raised to a maximum of 100% if the securities and money market instruments in question are issued or guaranteed by a state, provided:
- the state is a member of the EU or is an OECD state;
- the subfund holds securities and/or money market instruments from at least six different issues; and,
- securities and/or money market instruments from a single issue do not exceed 30% of the net assets of a subfund.

g) In the case of transactions with OTC derivatives, the risk per counterparty may not exceed 10% of the net assets of a subfund where the counterparty is a credit institution pursuant to the UCITS Act. In all other cases, the risk per counterparty may not exceed 5% of the net assets of a subfund.

h) A maximum of 20% of the net assets of a subfund may be invested in deposits with one and the same institution.

i) The overall risk arising from the use of derivative financial instruments may not exceed 100% of the net assets of a subfund and therefore the overall risk of the subfund may not exceed a total of 200% of the net assets of a subfunds on a lasting basis. The overall risk of the subfund may not be increased by more than 10% through the taking up of temporary loans, with the result that the overall risk may never amount to more than 210% of the net assets of a subfund. With regard to investments in derivative financial instruments, the overall risk of the corresponding underlyings, provided they are not index-based derivatives, may not exceed the limits given under b), d), f), g), h), j), l) and n).

The following maximum investments apply to each subfund:

j) 10% of the net assets in units of other UCITS and/or other UCI as described in Section 2.3.1 e);

k) 20% of the net assets in demand and time deposits as described in Section 2.3.1 d);

l) One third of the net assets in money market instruments as described in Section 2.3.1 c);

m) 10% of the net assets in other investments as described in Section 2.3.1 g);

n) Subject to the exceptions stated under d), e) and f) and notwithstanding the upper limits laid down in b), first clause, g) and h), each subfund may invest a maximum of 20% of its net assets in a combination of the following with one and the same institution:
- securities and money market instruments issued by this institution,
- deposits with this institution and/or
- risks from transactions in OTC derivatives acquired from this institution.

Should the limits laid down in Sections 2.3.1, 2.3.2 and 2.3.4 be exceeded unintentionally, priority must be given to bringing investments down to below the set percentages while safeguarding the interests of unitholders.

Unless it is stated specifically that they relate to the assets of the Fund in their entirety, the percentage restrictions stated above refer to the assets of each individual subfund. These restrictions do not apply in the event that subscription rights are exercised.

Irrespective of their obligation to ensure compliance with the principle of risk diversification, newly authorized subfunds may deviate from the investment restrictions for a period of six months following their authorisation.

2.3.3 Unauthorized investments

The Fund may not:

a) purchase equities or equity securities and participation rights with the exception of units in other UCITS and UCIs as described in Section 2.3.1 e);

b) grant pre-emptive or other subscription rights to units of the Fund;

c) use the Fund assets as surety for securities issues;

d) grant loans or act as guarantor for third parties;

e) invest directly in real estate, commodities, precious metals or commodities contracts, or in securities issued by the fund management company;

f) sell securities short;

g) pledge, transfer as security, assign or otherwise encumber the assets of the subfunds. The customary margin deposits on options, futures and forward transactions are not deemed to be liens within the meaning of this provision.

The fund management company may determine further investment restrictions at any time in the interests of the unitholders, provided such restrictions are necessary to comply with the laws and regulations of the countries in which the Fund's unit certificates are offered and sold.

2.3.4 Investment techniques and instruments

a) Repos and securities lending

For the efficient management of the fund's assets, the fund management company may use the techniques and instruments of securities lending and repo transactions in accordance with the provisions of CSSF Circular 08/356. Should the fund management company in this connection obtain guarantees in the form of cash, this may be reinvested for the Fund in accordance with the rules of the aforementioned circular.

b) Loans

The Fund may not take out loans or temporarily overdraw its accounts, unless the funds are intended for the purchase of foreign exchange in the form of a back-to-back loan, or the overdraft is short-term in nature and amounts to no more than 10% of net assets.

c) The GLOBAL CORPORATE subfund may use derivative financial instruments for the following purposes in particular:

1. Managing currency exposure

Through the use of forward currency transactions and currency swaps, the subfund may hedge as well as efficiently manage its currency exposure.
The subfund may also enter into a desired currency exposure in a currency permitted in the respective investment policy of the subfund by means of the currency link to a financial instrument via the use of forward currency transactions and currency swaps. In such cases the currency exposure does not necessarily have to be built up in relation to the subfund's currency of investment or account and can instead be achieved in relation to a chosen, permitted investment currency of the subfund. In addition, investments in currency classes with the designation H are for the most part hedged against the risks of exchange rate fluctuations between the subfund's currency of account and the reference currency of the currency class.

2. Managing interest-rate and currency risk

In addition to the above transactions, the subfund may enter into futures and options transactions as well as swap transactions (interest rate swaps and combined interest rate and currency swaps as well as total return swaps), both for hedging purposes and with a view to the efficient management of the portfolio.

3. Managing credit risk

For the subfund, securities (credit-linked notes; hereinafter «CLNs») as well as techniques and instruments (credit default swaps; hereinafter «CDSs») may be used for hedging purposes and with a view to the efficient management of credit risks.

A CLN is a structured debt security with an embedded CDS.
CLNs are issued by financial institutions which have a high rating and qualify as securities/money market instruments; in cases in which the CLNs are not listed or traded on a regulated market, investments in CLNs must be limited to the 10% level specified in Section 2.3.2 m). In cases in which the CLNs are listed or traded on a regulated market, the aforementioned 10% limit does not apply. In addition, the investment restrictions specified in Sections 2.3.2 b), d), e) h), g), n) and k) apply to CLNs. These statutory restrictions relate both to the issuer of the CLNs and to the CLNs' underlyings.

3 Participation in the Fund

3.1 Conditions for the issue, redemption and conversion of units

Units in a subfund are issued or redeemed on each bank business day in Luxembourg. A «bank business day» is any normal bank business day (i.e. days on which the banks are open during normal business hours in Luxembourg) with the exception of individual non-statutory holidays in Luxembourg. «Non-statutory holidays» are days on which banks and financial institutions are closed. Nor are units issued or redeemed on days on which the exchanges of the main countries in which the subfunds invest are closed or if the subfunds' assets cannot be properly valued. No issues or redemptions take place on days on which the fund management company has decided not to calculate the net asset value as described in Section 3.6.

The fund management company is entitled at its own discretion within the scope of its distribution activities to reject subscription orders and to temporarily or permanently suspend or limit the sale of units to natural persons or legal entities in certain countries or regions, or to permit subscriptions for monetary amounts. The fund management company may also repossess units at any time if they are in the possession of unitholders who are not permitted to acquire or hold units or particular classes of units.

The fund management company does not permit any market timing or activities which might be deemed equivalent to market timing. It reserves the right to refuse subscription and conversion orders from an investor whom the fund management company suspects of engaging in such activities, as well as to take the necessary steps in order to protect the other investors in the Fund.
Units are issued, redeemed and converted on the basis of applications received by the custodian bank or fund management company during usual local business hours but by no later than 4.00 p.m. Luxembourg time on a Luxembourg bank business day (order day), or on the basis of orders forwarded by a selling agent to the central order collecting point (SFCL) and received by the stipulated time.
The net asset value used for the calculation of the issue, redemption and conversion price is calculated on the following valuation day on the basis of the last known market prices. Orders received after such time will be treated in the same way as those received on the following bank business day.
Subscriptions, redemptions and conversions are therefore effected on the basis of an unknown net asset value (forward pricing).

The individual valuation principles are described in the following paragraph.

3.2 Net asset value, issue, redemption and conversion prices, swinging single pricing

In accordance with the contractual conditions and in accordance with Section 3.1, the net asset value (NAV) of the units is calculated by the fund management company for each separate subfund or for each unit class on the basis of the last known market prices.
The net asset value of a unit in a subfund or of a unit class or a currency class is expressed in CHF (Swiss Francs) for the INTERNATIONAL subfund in the subfund's currency of account, for the GLOBAL CORPORATE subfund in the reference currency of the currency class (i.e. H EUR in EUR, H CHF in CHF and H GBP in GBP) and for all other subfunds in the currency class of the subfund and is derived from dividing the net assets of the subfund or the unit class or the currency class by the number of units of that subfund or unit class or currency class in circulation.
The net asset value is rounded to the nearest 0.01 of the unit of account.
The net assets of a given subfund (subfund asset) correspond to the difference between the total assets of that subfund and the total liabilities that are attributable to it.
The total net assets of the Fund are expressed in CHF and correspond to the difference between the total assets of the Fund and its total liabilities. For the purpose of this calculation, the net assets of each subfund are converted into CHF, if they are not already expressed in CHF, and added together.
Distributions in favour of the distribution units have the effect of reducing the net asset value of the distribution units by the amount distributed. By contrast, the net asset value of capital growth units remains unaffected by this process.
The assets of each subfund or each unit class are valued as follows:

a) Securities quoted on the stock exchange are valued at their last known market prices. If a security is quoted on several stock exchanges, the valuation is based on the last known market price on that stock exchange where the securities held by the Fund were purchased. In the case of securities in which stock exchange trading volumes are low and for which there is a secondary market between traders that offers normal market prices, the fund management company may value this security on the basis of the prices set in the latter way. Securities traded on a regulated market are valued in the same way as stock market-listed securities.

b) Securities that are neither listed on a stock exchange nor traded on a regulated market are valued at the last available market price. If no such price is available, the fund management company will use other principles to determine the value of these securities on the basis of prices that it deems to be the probable realisable value of the securities.

c) Units in UCITS or other UCI shall be valued at their last published net asset value. If no net asset value is available, only buying and selling prices, the units of such UCITS and other UCI may be valued at the mean value of these buying and selling prices. Should no current prices be available, the fund management company will make a valuation according to other criteria, to be determined by the Board of Directors. The fund management company will base its calculation on the probable selling price, the level of which will be estimated with due care and to the best of the fund management company's knowledge.

d) Derivatives which are traded on a stock exchange or on another regulated market are valued at the last known prices on the corresponding stock exchanges on the valuation day. Derivatives which are neither traded on a stock exchange nor on another regulated market will be valued at a market value (fair value) which is appropriate given a careful assessment which takes into account all of the relevant circumstances.

e) Liquid funds and fixed-term deposits will be valued at their nominal value plus accrued interest.

f) Investments denominated in a currency other than that of the subfund are converted into the subfund currency at the relevant mean exchange rate. Futures contracts concluded for the purpose of hedging currency risks are taken into consideration in the conversion.

The Board of Directors may decide to have the net asset value of the subfunds calculated in accordance with the swinging single pricing method described below.
If, on a given bank business day, the total subscriptions or redemptions for all unit classes of a subfund result in a net inflow or outflow of assets, the net asset value of the subfund in question is increased or decreased (swinging single pricing, hereinafter «SSP»).
The maximum adjustment is 1% of the net asset value of the subfund concerned. This takes account of both the estimated transaction costs and the tax charges that arise for the subfund concerned as well as the estimated bid/ask spread for the assets in which the subfund invests. The adjustment leads to an increase in the net asset value if the net movements cause a rise in the number of units of the subfund in question. It leads to a reduction in the net asset value if the net movements cause a decline in the number of units.
The Board of Directors has decided to introduce the «SSP» method for all subfunds, effective 15 January 2010.

If the valuation criteria mentioned above cannot be applied owing to exceptional circumstances, or are found to be inappropriate, the fund management company may temporarily apply other, suitable, valuation principles.
In exceptional circumstances, additional valuations may be made on one and the same day and will apply to units issued and redeemed on that day.
In the event of substantial redemption applications, the fund management company may value the units on the basis of the prices at which the necessary sale of securities was effected.

3.3 Sale of units

The issue price must be paid within three bank business days of receipt of the subscription order. However, the fund management company may extend this period to a maximum of five bank business days if the three-day period proves too short. Issue prices are rounded to the next smallest currency unit.
The following are charged on the issue of units:

– a commission amounting to no more than 5% of the net asset value per unit. This is credited to the selling agent. However, the selling agent may charge a minimum fee of no more than CHF 80 or its equivalent in another currency;
– in the case of the conversion of units of one subfund into those of another, the selling agent may charge a maximum of 50% of the permitted issuing commission, up to the countervalue of the units submitted for conversion;
– any taxes and duties charged in connection with the issue.

The corresponding number of units will be transferred to investors immediately upon payment of the purchase price. The Board of Directors is authorized to accept subscriptions for monetary amounts and, on this basis, consent to the issue of odd lots (fractions of units) of up to four decimal places. In such cases, the fund management company is permitted to authorise a selling or paying agent to confirm the subscription of units to the unitholders in writing. The units are in bearer form. They do not take the form of actual certificates but exist purely as book entries. Physical units that have already been issued shall remain valid. They must be returned at the latest with the application for redemption.
Subscribers should note that they must present proof of their identity to the office receiving their subscription, unless they are known personally at that office. This ruling is intended to help combat the laundering of money originating from criminal activities, in particular from drug trafficking.

3.4 Redemption of units

In principle, the fund management company will redeem units of the Fund at any time at the redemption price, against surrender of the corresponding unit certificates.

Since care must be taken that the fund assets include an appropriate portion of liquidity, fund units will usually be paid out within five bank business days of calculation of the redemption price, unless the transfer of the redemption amount to the country in which the redemption has been applied for proves to be impossible owing to statutory provisions, such as foreign exchange and payment restrictions, or as a result of other circumstances beyond the control of the custodian bank.
Repayment for the units is made in the currency of the subfund, in CHF for the INTERNATIONAL subfund. No charge is made for redemption. Any taxes due on the redemption will be deducted from the redemption price. Redemption prices are rounded to the next smallest currency unit.
In the event of a substantial volume of redemption applications, the custodian bank and fund management company may decide not to settle a redemption application until the corresponding assets of the Fund have been sold without unnecessary delay. Priority must subsequently be given to these deferred redemption applications.
The unit in question expires upon payment of the redemption price.

3.5 Conversion of units

Unitholders in each subfund are entitled to convert some or all of their units into units of another subfund offered for subscription, or to convert units of one class into another class within the same subfund. Such conversions may be undertaken on any day on which the net asset value of the subfund is calculated. Institutional units may be converted into other institutional units only. Class A units may be converted only into class B units and vice-versa, as well as into class A or class B units of another subfund. They are subject to a corresponding conversion application to the fund management company for at least ten units of a subfund or unit class, in addition to the surrender of the unit certificates, if these have been issued. Conversion is further subject to the same time limits as apply to the issue and redemption of the subfunds in question.
The selling agent may charge commission on conversions at a maximum of half the issuing commission rate, up to the countervalue of the units submitted for conversion.
The fund management company will use the following formula to determine the number of units into which a unitholder may convert his/her existing units:

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

Where:
A = Number of units to be issued in the new subfund or new unit class
B = Number of units in the original subfund or of the original unit classes
C = Redemption price per unit of the original subfund or the original unit class
D = Net asset value per unit of the new subfund or the new unit class
E = Exchange rate between the currencies of the two subfunds or two unit classes on the date of conversion

Should the calculation of the number of new units result in fractions of units, the product is rounded down to the next full unit, unless the Board of Directors has approved the issue of fractions of units. The investor will receive payment for the fractions at the redemption price.
The fund management company will provide the unitholder with the details of the conversion.

3.6 Suspension of net asset value calculation and the issue, conversion and redemption of units

The fund management company is entitled temporarily to suspend the calculation of net asset value, as well as the issue, conversion and redemption of units for one or more subfunds, in the following cases:

a) If stock exchanges or markets that serve as the basis for the valuation of a substantial proportion of a subfund's assets, or foreign exchange markets for the currency in which the net asset value or significant proportion of a subfund's assets are denominated are closed (apart from the usual public holidays), or if business is suspended or restricted on such markets, or if they are temporarily exposed to major fluctuations;
b) If it is not possible to dispose of a subfund's assets effectively owing to political, economic, military or other emergencies which are beyond the control of the fund management company, or if such action would be detrimental to the interests of the unitholders;
c) In the event of a breakdown in communication links or if the net asset value of a subfund cannot be determined with sufficient accuracy;
d) If restrictions on foreign exchange transactions or other asset transfers make it impossible for a subfund to transact its business, or if the purchase and sale of fund assets cannot be effected at normal exchange rates.

4 Application of net income and capital gains

4.1 Distribution units

Fund units in classes A and I are issued as distribution units.
Under Article 14 of the contractual conditions, the fund management company will decide after closing the annual accounts whether and to what extent distributions are to be made on distribution units. The Fund intends to distribute an amount that will represent a market-level return for the subfund and to pay distributions within four months of the close of the financial year.
The fund management company is entitled to suspend distributions.
Distributions will be made against the surrender of coupons. Payment will be made in the manner described under «Redemption of units».
Claims for distributions and allotments that are not enforced within five years of their due date will become statute-barred and the assets will revert to the corresponding subfunds or unit classes.

4.2 Capital growth units

Fund units in classes B and J are issued as capital growth units. No distributions are planned for these unit classes. After the deduction of general costs, earnings will be used to increase the net asset value of the units (capital growth).

5 Taxes and charges

In the Grand Duchy of Luxembourg, the assets of the Fund are subject to a «taxe d'abonnement» at 0.05% p.a. (0.01% p.a. for institutional units) of the net value of the assets, payable quarterly. The Fund's earnings are not taxed in Luxembourg. At present, no tax is deducted at source on distributions by the Fund; (although this statement is made notwithstanding the EU directive on the taxation of interest income [see below]). Under current legislation, unitholders do not have to pay income tax, wealth tax or any other tax in Luxembourg, unless they are or have been resident in Luxembourg or operate a business there to which the units belong.
In the case of distribution units, distributions are subject to the various national provisions implementing the EU interest taxation Directive (2002/48/EC); whether or not the redemption of units is also subject to these provisions will be determined annually on the basis of a review of the individual assets of the subfunds (asset test). Potential unitholders should find out about the laws and regulations that apply to the subscription, purchase, ownership and sale of units at their place of residence and, if necessary, take expert advice.
In addition to the «taxe d'abonnement» mentioned above, the fund management company also charges the Fund an all-in fee for management and administration and for the sale of fund units. This all-in fee is currently a maximum of 1.2% p.a. for the GLOBAL CORPORATE subfund and a maximum of 1.0% p.a. for all other subfunds.

The fee is charged on the average net assets of the subfund in question at the end of the month and is payable pro rata.
In return, the fund management company will bear all costs regularly incurred in connection with the administration and distribution of the Fund, such as:
– costs of administering the Fund;
– commissions and costs charged by the custodian bank and the paying agents;
– costs of distribution;
– all costs imposed by law or by regulations, in particular all costs for publications of all types (such as price publications and the promulgation of notices to investors), as well as the fees due to the supervisory authorities;
– printing the regulations and sales Prospectuses, as well as the annual and semi-annual reports;
– fees associated with any listing of the Fund and with its distribution both domestically and abroad;
– administrative costs, especially those for bookkeeping and calculating the net asset value;
– costs of paying annual income out to the investors;
– fees paid to the auditors;
– advertising costs.

The all-in management fee does not cover taxes levied on the fund assets, the usual transaction fees charged on purchases and sales or the costs of extraordinary action taken in the interests of the unitholders.

The total all-in fee actually paid by the Fund to the fund management company is published in the semi-annual and annual reports of the Fund.

The all-in fee payable to the fund management company will first be drawn from investment income, then from profits realised on securities transactions, and then from the invested assets. The assets of each individual subfund are liable for all claims against that subfund. These costs will be charged separately to each subfund. Costs borne by the Fund which cannot be allocated to a single subfund will be charged to the individual subfunds in proportion to their net assets. The assets of a single subfund shall not be liable for claims against the assets of another subfund.

6 Information to unitholders

The annual audited accounting reports will be made available to unitholders free of charge not later than four months from the end of the financial year (31 January) from the registered office of the fund management company and from the selling and paying agents. Unaudited semi-annual reports will be made available in the same way within two months of the end of the reporting period (31 July). Separate accounts will be drawn up for the individual subfunds. The total of the subfunds – after conversion into the currency of the Fund (CHF) – constitutes the fund assets.

In the event that liabilities from transactions involving derivative financial instruments, loans and/or securities lending exist at the end of the financial year, they are to be explicitly stated in the accounting report, i.e. the strike price of current options, any liabilities associated with forward transactions and financial futures, the value of loans, the extent of repos and the liabilities from forward exchange dealings must be stated in total for each type of transaction.

Other information on the Fund or the fund management company, as well as on the net asset value and the issue and redemption prices of the units is available at the registered office of the fund management company on all bank business days.

The issue and redemption prices, i.e. the net asset value of all unit classes, together with the note «excluding commission», as well as any notifications relating to a suspension of net asset value calculations will be published on every bank business day on the Internet platform of Swiss Fund Data AG on www.swissfunddata.ch.

Notifications to unitholders will be published in a Luxembourg daily newspaper and, where necessary , in the foreign print media or electronical media mentioned in Section 7.

The fund management company may also place notices in other newspapers of its choice.
The fund management company may amend these provisions in whole or in part at any time in the interests of the unitholders and with the consent of the custodian bank. Unless otherwise specified, amendments to the contractual conditions enter into force upon signature. In addition, the following documents are available for inspection at the head office of the fund management company during normal business hours. Copies are available free of charge from this office:
– contractual conditions
– memorandum and articles of association of the fund management company
– custodian bank agreement between the fund management company and the custodian bank.

The latest versions of the full sales Prospectus, the simplified sales Prospectus and the annual and semi-annual reports are available on the Internet on www.swisscanto.ch.

7 Specific provisions governing the sale of units abroad

7.1 In Switzerland

7.1.1 Representative and paying agent

Under the terms of an agreement between the fund management company, the custodian bank and the Basler Kantonalbank, the latter has been appointed as the Fund's representative and paying agent in Switzerland.
Selling agents in Switzerland: Basler Kantonalbank, Spiegelgasse 2, CH-4002 Basle, as well as all cantonal bank branches in Switzerland and Bank Coop AG, Basle.

7.1.2 Location where the relevant documents may be obtained

The sales Prospectus, simplified sales Prospectus, contractual conditions and the annual and semi-annual reports can be obtained free of charge from the representative and from the other selling agents and the paying agent.

7.1.3 Publications

a) In Switzerland, any announcements concerning the Fund will be made in the «Schweizerisches Handelsamtsblatt» (Swiss Official Gazette of Commerce) and on the Internet platform of Swiss Fund Data AG on www.swissfunddata.ch.
b) Issue and redemption prices, i.e. the net asset value of all unit classes together with the note «excluding commission», will be published on each bank business day on the Internet platform of Swiss Fund Data AG on www.swissfunddata.ch.
c) If, in the case of a subfund pursuant to Section 7.1.5, the net asset value is calculated using the swinging single pricing method (hereinafter «SSP» method), this means the published net asset value is a modified net asset value.

7.1.4 Payment of reimbursements and trailer fees

a) In connection with distribution in Switzerland, the fund management company may pay reimbursements to the following qualified investors which from a commercial perspective are holding the units of collective investment schemes for third parties:
– life insurance companies
– pension funds and other financial provision institutions
– investment foundations
– swiss fund management companies
– foreign fund management companies
– investment companies

b) In connection with distribution in Switzerland, the fund management company may pay trailer fees to the following selling agents and sales partners:
– authorized selling agents in the sense of Art. 19 para. 1 CISA
– selling agents exempt from the duty to obtain authorization in the sense of Art. 19 para. 4 CISA and Art. 8 CISO
– sales partners which place fund units of collective investment schemes exclusively with institutional investors with professional treasury facilities
– sales partners which place units of collective investment schemes exclusively on the basis of a written portfolio management agreement.

7.1.5 Calculation of the net asset value in connection with the application of swinging single pricing

In accordance with Section 3.2 of the sales Prospectus, the Board of Directors has decided to introduce the «SSP» method of calculating the net asset value, effective 15 January 2010.
With the «SSP» method, the incidental expenses (transaction costs) incurred by subscriptions and redemptions for the purchase and sale of investments (standard brokerage fees, commissions, tax charges, bid/ask spreads, etc.) are also taken into account for the calculation of the net asset value. The flow of net capital due to subscriptions and redemptions determines the volume necessary for the portfolio adjustment. The maximum adjustment is 1% of the net asset value of the subfund in question.
The transaction costs incurred by subscriptions and redemptions on the trading day must be borne by the investors applying for these subscriptions or redemptions. If the subscriptions on a given valuation day exceed the redemptions, the fund management company adds the transaction costs incurred by the subscriptions and redemptions to the calculated net asset value (valuation net asset value; this is a modified net asset value). If the redemptions on a given valuation day exceed the subscriptions, the fund management company subtracts the transaction costs incurred by the subscriptions and redemptions from the calculated valuation net asset value (this is a modified net asset value). The surcharge or discount on the valuation net asset value in the case of the transaction costs incurred on the subscriptions or redemptions is made at a flat rate in each case and is based on an average value from a previous period of one year maximum.

7.1.6 Place of performance and jurisdiction

For units sold in and from Switzerland, the place of performance and jurisdiction will be the registered office of the representative.

7.2 In the Federal Republic of Germany
Additional information for unitholders in the Federal Republic of Germany

The Fund's paying agent («German Paying Agent») and office for enquiries («Enquiries Office») in the Federal Republic of Germany is:
DekaBank
Deutsche Girozentrale
Mainzer Landstrasse 16
D-60325 Frankfurt am Main
(hereinafter the «German Paying Agent and Enquiries Office»).
Applications for the redemption and exchange of units in a subfund that may be sold publicly in the Federal Republic of Germany may be lodged with the German Paying Agent and Enquiries Office.
On request, all payments intended for the unitholder (including redemption prices and any distributions) may be routed through the German Paying Agent and Enquiries Office.
Paper copies of the sales Prospectus, simplified sales Prospectus, contractual conditions, audited annual reports and unaudited semi-annual reports are available free of charge from the German Paying Agent and Enquiries Office. The net asset value per unit of each subfund or each unit class, as well as the issue, redemption and any conversion prices, may also be obtained free of charge from the German Paying Agent and the Enquiries Office. In addition, the issue and redemption prices as well as any communications to unitholders will be published daily in the «Börsen-Zeitung» newspaper, Frankfurt am Main.
Furthermore, the documents listed under Section 6 above are open to inspection at the German enquiries office during usual business hours. Copies of the documents can also be obtained free of charge from this office.

Particular risks attached to obligations to provide evidence for tax purposes in Germany:
It is the intention of the fund management company to provide details of the taxation basis for Germany in accordance with the Investment Tax Act («Investmentsteuergesetz»). The fund management company must provide evidence of the correctness of this taxation basis at the request of the German finance administration. The foundations for calculating this statement may be interpreted in different ways and no assurance can therefore be given that the German finance administration will acknowledge every material aspect of the calculation method used by the fund management company. Should past mistakes come to light, corrections will not be made with relation to the past but instead taken into account in the preparation of the statement for the current financial year. The correction may be to the advantage or disadvantage of unitholders receiving a distribution or having a capital growth contribution credited to them during that financial year.

7.3 In Austria

The following information is directed at potential investors in the Republic of Austria. It complements and clarifies the statements made in this sales Prospectus with regard to the sale of fund units in Austria.

Paying agent and office for enquiries in Austria:

Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft
Hypo-Passage 1
A-6900 Bregenz

Units may be subscribed for and redeemed via the paying agent.

The sales Prospectus, simplified sales Prospectus and the contractual conditions, as well as the semi-annual reports and audited annual reports, can be obtained free of charge from the aforementioned paying agent and office for equiries. Information on issue and redemption prices may also be obtained here.

Issue and redemption prices will be published in the «Der Standard» newspaper and any announcements will appear in the official gazette supplement («Amtsblatt») that accompanies the «Wiener Zeitung» newspaper.

7.4 In the Principality of Liechtenstein

Representative and paying agent in Liechtenstein: Valartis Bank (Liechtenstein) AG, Schaaner Strasse 27, FL-9487 Gamprin-Bendern.

The sales Prospectus, simplified sales Prospectus, contractual conditions and the annual and semi-annual reports are available in German free of charge from the paying agent in Liechtenstein.

Notices and changes to the sales Prospectus will be published on the Internet platform of Swiss Fund Data AG on www.swissfunddata.ch. Net asset values will be published at least twice a month on the Internet platform of Swiss Fund Data AG on www.swissfunddata.ch. The place of performance and jurisdiction is Vaduz.

Fund management company:
SWISSCANTO (LU) BOND INVEST MANAGEMENT COMPANY S.A.

Custodian bank:
RBC DEXIA INVESTOR SERVICES BANK S.A., LUXEMBOURG

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