

Pricing Policy of SMN Investment Services GmbH

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Contents

- 1. INTRODUCTION 3**
- 2. PRICING COMMITTEE 3**
- 3. SCOPE OF ACTIVITIES 3**
- 4. PRICING STANDARDS 4**
 - 4.1. Frequency and timing of pricing 4**
 - 4.2. Pricing 4**
 - 4.2.1. Listed financial instruments and financial instruments traded in an organized market 4**
 - 4.2.2. Financial instruments not listed or not traded in organized markets or financial instruments without any marketable price 4**
 - 4.2.3. Unlisted bonds, bonded loans and other instruments 4**
 - 4.2.4. Futures and options..... 5**
 - 4.2.5. Credit balances on bank accounts, time deposits, trust units and loans... 5**
 - 4.2.6. Financial instruments in foreign denominations..... 5**
 - 4.2.7. Financial instruments not covered in this policy 5**
- 5. PRICING SOURCES AND PROCEDURES..... 6**
- 6. ESCALATION MEASURES 6**
- 7. NET ASSET VALUE AND SHAREHOLDER REGISTER 6**
- 8. VERIFICATION, UPDATE AND PUBLICATION..... 7**
 - 8.1. Verification 7**
 - 8.2. Updating..... 7**
 - 8.3. Effectiveness and publication 7**
- ANNEX 1..... 8**
- ANNEX 2 10**

1. INTRODUCTION

SMN as AIFM [Alternative Investment Fund Manager] pursuant to Article 17 Alternative Investment Fund Manager Act [Austria], shall ensure that for each AIF managed by SMN suitable and coherent procedures are established in order to enable proper and independent pricing of the AIF's assets in accordance with this Pricing Policy and the contractual terms and conditions (prospectus; offering memorandum, amongst others) or by-laws of the AIF.

This Pricing Policy shall be applied to all AIFs managed by the AIFM (Appendix 1) only to the extent as the respective contractual terms and conditions, its by-laws or local law do not provide any different pricing policy and/or responsibilities. SMN ensures the application of fair, reasonable and transparent pricing policies as well as the calculation and disclosure of the net asset value per unit of the AIF vis a vis the investors is effected in accordance with the contractual terms and conditions or the by-laws and applicable law of the AIF (Appendix 1).

SMN has made organizational arrangements for the pricing to be effected on an independent basis (separation from portfolio management) with the required expertise, care and diligence.

2. PRICING COMMITTEE

- Joseph WALDSTEIN (managing director & risk manager)
- Michael NEUBAUER (managing director & risk manager deputy)

When conducting their function as pricing committee of an AIF they have full decision authority with regard to the scope of activities listed in point 3.

3. SCOPE OF ACTIVITIES

The pricing officers have the following responsibilities:

- determine the pricing procedures and the pricing sources of the various investment classes
- verify - on a regular basis - the pricing / monitoring procedures as established (e.g. in case of outdated prices, significant price movements, stale prices) as well as the preferred pricing sources
- determine the hierarchy among established pricing procedures
- decide on the procedure to be followed in case of prices deviating from the standard procedure
- decide on pricing procedures in special cases (e.g. illiquid securities)

Upon being integrated, each instrument is allocated for pricing in accordance with its characteristic. This procedure comprises the decision on the data source, the update interval, the choice of pricing sources as well as the general procedures to be followed.

In addition to automated interfaces furnished via Bloomberg also additional suitable price and pricing sources are used in order to determine the price instruments. This occurs in cases where adequate pricing is not available through standard pricing sources.

4. PRICING STANDARDS

Pricing of assets shall take place as follows:

4.1. Frequency and timing of pricing

Pricing of assets shall take place for each calculation of the net asset value per share. This shall be done at least once a year.

	Open AIF	Closed AIF
Pricing	at intervals adequate to the assets held by the AIF and the frequency of its issuance and redemption	whenever the capital of the AIF involved is increased or reduced
Calculation		
Disclosure	investors shall be informed on pricing and NAV calculation in accordance with the respective contractual terms and conditions or the instrument of incorporation of the AIF	

Details of frequency of NAV calculation and disclosure are given in Annex 1 of each AIF.

4.2. Pricing

The following pricing methods and the pricing procedures and methods (pricing logic) listed in Annex 2 shall be applied to all assets of the AIF on a coherent (consistent) basis. If the policies need to be updated, the procedure pursuant to point 7. is to be followed.

4.2.1. Listed financial instruments and financial instruments traded in an organized market

Unless provided otherwise hereinafter, financial instruments admitted for trading on exchanges or admitted in a different organized market or included in it, as well as rights issues, are priced at the latest available market price which warrants reliable pricing.

4.2.2. Financial instruments not listed or not traded in organized markets or financial instruments without any marketable price

Unless provided otherwise hereinafter, financial instruments neither admitted for trading on exchanges nor admitted in a different organized market or included in it, or for which no market price is available, are priced at the current fair market value deemed reasonable upon careful estimate pursuant to suitable pricing models and taking into account the current market conditions. Fair market value shall mean such amount for which the respective financial instrument can be exchanged in a transaction among expert and independent counterparties willing to enter into the transaction.

4.2.3. Unlisted bonds, bonded loans and other instruments

For pricing bonds and instruments not admitted for trading on an exchange or in any other organized market or not included in it (e.g. unlisted bonds, commercial papers and deposit certificates), and for pricing of bonded loans, the prices agreed for comparable bonds, instruments and bonded loans and, as the case may be, the exchange prices of bonds of comparable issuers with corresponding time to maturity and interest will be used, if required with a discount to make up for lower liquidity.

4.2.4. Futures and options

Receivables and liabilities belonging to an AIF under futures contracts traded for the account of the AIF shall be priced at the latest available market price warranting reliable pricing. The margins provided for the account of the AIF shall be added to the value of the AIF, taking into account profits and losses occurring on the respective trading day¹.

The same applies to options and liabilities under options granted vis a vis third parties as admitted for trading on an exchange or in another organized market

4.2.5. Credit balances on bank accounts, time deposits, trust units and loans

Credit balances on bank accounts shall as a rule be priced at their nominal value plus interest accrued, except if it were unlikely that such amount will be fully paid out or received. In such case the pricing officer will be contacted in order to determine on the basis of the principle of prudence pursuant to the probability of collection an absolute or relative discount (*haircut*) to be deducted from the price in order to reflect the true value of such assets.

Time deposits shall be priced at the fair market value, provided that the time deposit is callable at notice and redemption upon termination is not effected at nominal value plus interest.

Units in funds and trust units are as a rule priced at their last established redemption price or at the last available, market price which warrants reliable pricing. If such prices are not available shares shall be priced at the current fair market value which is reasonable upon careful estimation pursuant to suitable pricing models, taking into account the current market conditions.

For reimbursement claims resulting from loan transactions, the respective market value of the financial instruments transferred as loans shall be relevant.

4.2.6. Financial instruments in foreign denominations

Financial instruments in foreign denominations shall be converted at the FX spot rate of the valuation day.

4.2.7. Financial instruments not covered in this policy

Whenever an AIF intends investing in financial instruments which so far are not covered by this policy, the pricing officer must determine beforehand the criteria required for this purpose, and the policy hereunder must subsequently be extended accordingly before any investment in such instrument is placed by the AIF.

¹ a trading day is not only a day when a futures or option position is sold/bought but also only held in the portfolio

5. PRICING SOURCES AND PROCEDURES

Upon being integrated, each instrument (pursuant to point 4.2) is allocated to a pricing procedure in accordance with its characteristics. This procedure comprises decision on the data source, the update interval, the choice of pricing sources as well as the general procedure to be followed. For this purpose pricing sources as available are resorted to which are characterized by a first class rating and high data availability and quality.

At the time of calculation of the NAV by the Central Administrative Agent of the AIF, the values of all pricing sources (*as available*) for all instruments are subjected to a deviation test on a daily basis. For this purpose, on the one hand the current price is compared with the price of the preceding day or the latest price of the last trading day, and the book accounting value including the amounts of the subsequent time series. In case of deviations among the prices, while the majority of the pricing sources are congruent, the value of those sources shall be used. If only 2 pricing sources are available (*primary and secondary*), the value of the primary pricing source shall be used for the time being until the effective value is determined in the course of the escalation steps (*point 6.*).

Taking into account point 4., the primary pricing source shall as a rule be used for pricing the portfolio. If it contains no values, the secondary pricing source shall be used.

Before integrating a new instrument in the portfolio, the procedure in analogy with point 3. shall be applied.

Pricing itself shall as a rule be effected automatically by smnBooks (SMN's *proprietary management software*) on a daily basis.

6. ESCALATION MEASURES

In case of discrepancies arising in the course of pricing assets of an AIF, the following procedure shall be applied:

Consult the pricing source(s):	<i>Make sure that the data obtained from the relevant pricing sources are free of errors.</i>
Inform SMN Management:	<i>In case it is not possible to clearly identify the source of the error within the time frame determined by the AIF's prospectus and operating memorandum in order to calculate the NAV, Management shall be informed accordingly and the next steps to be coordinated with Management.</i>
Inform the AIF Board of Directors:	<i>In coordination with the AIF's Board of Directors a price shall be fixed for such asset(s), to be communicated to the Central Administration Agent to proceed with the NAV calculation and to the Depository Bank to fulfil their NAV oversight duties. Any such decision shall be recorded in writing by a circular resolution of the AIF.</i>

Finally, the reason and the decision on the final pricing shall be documented.

7. NET ASSET VALUE AND SHAREHOLDER REGISTER

In conformity with the statutory provisions of Article 19 AIFMG in connection with recital (8o) of the Delegated Regulation (EU) No 231/2013 ("*Regulation*"), SMN shall ensure that for each AIF managed by SMN only one Custodian (*Depository Bank*) is appointed being responsible for NAV oversight (*amongst others according to the*

provisions of the AIFMG and the Regulation). In addition the Central Administration agent appointed by the respective AIF under agreement of the AIFM and the Custodian, is responsible for the NAV calculation per share and for keeping and maintaining a shareholder register in its function as Transfer Agent of the AIF.

SMN shall ensure that

- the Central Administration agent has a shareholder register available for the AIF which is updated on an ongoing basis. Ongoing means that on each day on which shares of the AIF can be traded and thus the net asset value per share will be calculated, the shareholder register shall be updated as well;
- the Central Administration Agent subject to the NAV oversight of the Custodian fully documents the procedures and methods for pricing of the net asset value per unit;
- in coordination with the Central Administration agent, under oversight of the Depository Bank and in conformity with national law of the home country of the AIF corrective measures are in place in case of an incorrect calculation of the net asset value (*e.g. for Luxembourg, circular of CSSF 02/77 dated 27 November 2002*).

8. VERIFICATION, UPDATE AND PUBLICATION

8.1. Verification

This policy shall be checked by risk management at least once a year as for being up-to-date, its functionality and market conformity accordingly and updated whenever required. This check process comprises also control of the procedures and methods of calculation of the net asset value per share by the Central Administration Agent.

8.2. Updating

In case of findings resulting from periodic checks or if necessary to update this Policy is required (*e.g. due to a new or modified investment strategy of an AIF managed or an intended investment in new assets which so far were not taken into account by the policy hereunder, or discontinuance of a pricing source [incomplete listing]*), a pricing officer shall work out adequate proposals for amending the policy hereunder and submit it for approval by SMN's management.

8.3. Effectiveness and publication

SMN's present Pricing Policy shall become effective and replace the previous version as of being signed by SMN's management and its publication. The respective updated version shall be published on the internet on the website <http://www.smn.at>.

ANNEX 1

AIF	
Name of the AIF	Portfolio Selection SICAV - SMN Diversified Futures Fund
Home country of the AIF	Luxembourg
type	<input checked="" type="checkbox"/> open <input type="checkbox"/> closed
Pricing officer	
type	<input checked="" type="checkbox"/> internal <input type="checkbox"/> external
Parties involved in the pricing procedure	
AIFM	SMN
Broker	1) Societe Generale 2) Morgan Stanley & Co International PLC
Central administration agent	CACEIS Bank, Luxembourg Branch
Pricing principles of the AIF [●] defined?	
in the offering memorandum [prospectus]	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
in the by-laws	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
in an independent pricing policy	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
NAV calculation	
office in charge	CACEIS Bank, Luxembourg Branch
date of calculation	once a week (every Friday) additional at the end of each month
Pricing	
responsibility	SMN
date of calculation	for each NAV (cf above)
NAV publication 1	
responsibility	SMN Investment Services GmbH
via	www.smn.at
AIF Specifics	
investment strategy	<i>cf the AIF's approved offering memorandum [prospectus]</i>
assets	<i>cf risk profile of SMN Risk Management Policy</i>

AIF	
Name of the AIF	IMF International Momentum Fund - IMF XL Fund
Home country of the AIF	Luxembourg
type	<input checked="" type="checkbox"/> open <input type="checkbox"/> closed
Pricing officer	
type	<input checked="" type="checkbox"/> internal <input type="checkbox"/> external
Parties involved in the pricing procedure	
AIFM	SMN
Broker	1) Societe Generale 2) Morgan Stanley & Co International PLC
Central administration agent	CACEIS Bank Luxembourg
Pricing principles of the AIF [●] defined?	
in the offering memorandum [prospectus]	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
in the by-laws	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
in an independent pricing policy	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
NAV calculation	
responsible	CACEIS Bank Luxembourg
date of calculation	at the end of each month
Pricing	
responsible	SMN
date of calculation	for each NAV (cf above)
NAV publication 1	
responsible	SMN Investment Services GmbH
via	monthly reporting
AIF Specifics	
investment strategy	<i>cf the AIF's approved offering memorandum [prospectus]</i>
assets	<i>cf risk profile of SMN Risk Management Policy</i>

ANNEX 2

<i>Type of instrument</i>	<i>Pricing logic</i>	<i>Pricing source</i>	
		<i>primary</i>	<i>secondary</i>
<i>Futures (exchange traded)</i>	closing price	CSI	Bloomberg
<i>Forwards (OTC)</i>	snapshot 4 pm GMT	Bloomberg	Central Administration Agent of the AIF
<i>Forwards (OTC-NDF)</i>	snapshot 4 pm GMT	Bloomberg	Central Administration Agent of the AIF
<i>Spot(OTC)</i>	snapshot 4 pm GMT	Bloomberg	Central Administration Agent of the AIF
<i>Bonds (OTC)</i>	mid price	Bloomberg	Central Administration Agent of the AIF
<i>Target funds (exchange traded)</i>	closing price	Bloomberg	Central Administration Agent of the AIF
<i>Target funds (OTC)</i>	reference price	Bloomberg	Central Administration Agent of the AIF
<i>Stocks (exchange traded)</i>	closing price	Bloomberg	Central Administration Agent of the AIF