

**TRANSLATION FROM GERMAN INTO ENGLISH**

In case of discrepancies between the English and the German versions the German version shall prevail.

# **PORTFOLIO SELECTION SICAV**

Investment Company with Variable Capital

(Société d'Investissement à Capital Variable, SICAV)

R.C.S. B 56.144

5, ALLÉE SCHEFFER  
L-2520 LUXEMBOURG

## **PROSPECTUS**

FEBRUARY 2024

The **PORTFOLIO SELECTION SICAV** umbrella fund currently consists of the following sub-fund:

### **Portfolio Selection SICAV - SMN DIVERSIFIED FUTURES FUND**

It is prohibited to provide any information or to make any representations other than those contained in this prospectus. Any purchase of shares on the basis of information or representations not contained in the prospectus is exclusively at the purchaser's risk.

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## DEFINITIONS AND INTERPRETATIONS

In this Prospectus, the following terms shall have the meaning assigned to them and shown on the opposite side.

"2004 Law"	Law of 12 November 2004 on the fight against money laundering and terrorist financing
"2010 Law"	Law of 17 December 2010 on Collective Investment Undertakings
"2013 Law"	Law of 12 July 2013 on Alternative Investment Fund Managers
"2019 Law"	Law of 13 January 2019 on the Register of Beneficial Owners
"AIF"	Alternative Investment Fund
"AIFM"	Manager of one or more alternative investment funds as defined by the AIFMD
"AIFMD"	Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and Commission Delegated Regulation (EU) No. 231/2013
"AIFMG"	Law on Alternative Investment Fund Managers, Austria
"Share"	A share in the company's capital carrying no indication of any nominal value that is attributed to a sub-fund
"Share Category"	A sub-fund (= share class) can have different categories of shares, which differ e.g. in terms of their different distribution policy, fee structure, currencies or collateral techniques
"Share Class"	Is equivalent to a separate sub-fund of the company
"AML/CFT Regulations"	Laws and regulations of the Grand Duchy of Luxembourg on the fight against money laundering and terrorist financing
"Distribution Share"	A share category that distributes dividends to its shareholders
"Bank Working Day"	Any day on which the bank in Luxembourg is open to the public and offers all substantial services
"Data Subjects"	Each shareholder or future investor, if this is a natural person, or, if the shareholder or future investor is a legal person, any natural person associated with the shareholder or future investor, from which information including personal data will be collected, stored and processed from time to time
"Valuation Date"	A Bank Working Day in Luxembourg on which the net asset value per share of the company (except for the 24th of December of each year)
"CNPD"	National Commission for Data Protection, Grand Duchy of Luxembourg
"CRS"	Common Reporting Standard of the Organisation for Economic Co-operation and Development
"CRS Law"	Luxembourg Law of 18 December 2015 implementing Directive 2014/107/EU of the Council, as amended
"CSSF"	Commission de Surveillance du Secteur Financier, Luxembourg Financial Sector Supervisory Commission
"CSSF Regulation 12-02"	CSSF Regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing
"Data Protection Law"	Luxembourg applicable data protection law (including but not limited to the Luxembourg law of 1 August 2018 on the organization of the National Commission for Data Protection and the General System of Data Protection, as amended) and the GDPR.

## PORTFOLIO SELECTION SICAV

"GDPR"	General Data Protection Regulation Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC
"Recipient"	Each data recipient of the controller
"EEA"	European Economic Area
"FATCA"	"Foreign Account Tax Compliance Act" is the short name for a part of a US law enacted on 18 March 2010 "U.S. Hiring Incentives to Restore Employment Act" - US tax reporting for foreign financial institutions
"FATCA Law"	Luxembourg Law of 24 July 2015 confirming the intergovernmental agreement between the Grand Duchy of Luxembourg and the United States of America in relation to FATCA, as amended
"FMA"	Financial Market Authority, the Austrian supervisory authority
"Company"	is equivalent to Portfolio Selection SICAV
"IGA"	Intergovernmental agreement between the Grand Duchy of Luxembourg and the United States of America dated 28 March 2014, entered into in order to ensure compliance with the FATCA provisions
"UCI"	Undertaking for collective investment in transferable securities (can also be an AIF)
"OGAW"	Undertaking for collective investment in transferable securities
"Personal Data"	Information relating to a person / Data Subject
"RBO"	Register Beneficial Owners
"sub-fund"	Entirety of the assets belonging to a single account cluster, without, however, assuming obligations and/or liabilities to different sub-funds
"Accumulation Share"	A category of shares whose earnings are accumulated, i.e. the value of an Accumulation Share remains consistently higher by the amount of the dividend payment than the value of a Distribution Share
"Sub-Recipient"	Agents and/or delegates of a recipient, to whom the recipient transfers personal data on his own responsibility and who process the personal data for the sole purpose of supporting the recipient in making its services available to the controller and/or to assist recipients in fulfilling their own legal obligations
"Controller"	Person responsible for the processing of personal data from a data protection perspective

## INTRODUCTION

"Portfolio Selection SICAV" ("**Company**") is a Luxembourg investment company established in the form of a public limited company with variable capital, which is subject to the provisions of Part II of the Luxembourg law of 17 December 2010 on collective investment undertakings.

Shares are issued exclusively on the basis of this Prospectus. The Prospectus shall not be valid unless it is accompanied by the latest audited annual report and the last semi-annual report if any such semi-annual report has been drawn up later than the last annual report. These reports form part of this Prospectus and can be obtained together with it from the Company's registered office, the depository, CACEIS Bank, Luxembourg Branch, and the paying agents in Austria as well as from the companies appointed for marketing.

No person is or has been authorised to give any information or to make any representations, other than those contained in this Prospectus. Any purchase of shares based on information, representations or statements not contained in this Prospectus is at the purchaser's own risk.

The Company with registered office at 5, allée Scheffer, L-2520 Luxembourg, and its Board of Directors are responsible for the accuracy of the information contained in this Prospectus and assure that, to the best of their knowledge, the information given is accurate and that no material facts have been omitted. The Prospectus may be updated at any time in order to take into account material changes (e.g. issuance of another compartment) which may have occurred since the date when it was published. For this reason, potential subscribers are recommended to check with the Company whether a more recent Prospectus has been issued.

This Prospectus constitutes neither an offer nor an invitation to offer or sales promotion by any person in any country in which advertising and selling are not allowed by law, or in which the person involved is not authorized to do so, in particular when it is not in possession of the permits required. The Prospectus is also not addressed to persons where the law prohibits making them such offers or invitations to offer.

Investments in financial instruments include commitments in markets which can be more volatile than traditional securities markets. Investors should therefore carefully consider the risks inherent in purchases of such shares. Reference is made to Chapter 8 "Risk factors to be considered"

Parties interested and potential subscribers are recommended to obtain information on the legal provisions and monetary (in particular exchange control) policy and on the taxes applicable in their country of citizenship or residence (for tax purposes). In doing so, the possibility of amendments to tax legislation, taxation practices and tax rates should be taken into account.

Investments in shares of the Company by members of the Board of Directors or the AIFM are permitted.

All figures in "EUR" refer to the single currency of the Member States of the European Monetary Union, and all figures in "USD" refer to the currency of the United States of America.

Please note that the value of the shares of the Company and the earnings from them may not only rise, but also decline, and that the shareholder may not or not fully recover his original investment.

An investment in shares of the Company is therefore only suitable for investors who are aware of these risks.

Until 31 December 2021, the Company will prepare a key investor information document for each retail share category in accordance with Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs). This document can be downloaded at <https://www.smn.at/produkte/detail/show/smn-diversified-futures-fund/> in the "Key Investor Information" section for each share category and requested free of charge via email at [office@smn.at](mailto:office@smn.at).

### United States of America

The shares of the Company have neither been filed for approval with any regulatory authority of the United States of America nor in any of its States, nor have they been approved or rejected by any of these regulatory authorities. Nor did any of these authorities examine the benefits yielded by this offer or the absence of errors or the adequacy of this Prospectus. Any statement to the contrary would be inadmissible and unlawful. In the United States of America, the shares of the Company are not offered to the public.

As to the FATCA provisions, reference is made to the further explanatory notes in point 2.1 of general Part I.

## PART I PORTFOLIO SELECTION SICAV

The following provisions concern the general part of the Company.

Part I of the Prospectus alone does not provide full information and should be read in connection with Part II of the Prospectus with regard to the respective sub-fund, in which an investor is interested, and the articles of incorporation of the Company.

### 1 OVERVIEW OF THE PARTIES

BOARD OF DIRECTORS	<p>CHAIRMAN: CHRISTIAN MAYER (founding member) <b>smn</b> Investment Services GmbH</p> <p>MEMBERS</p> <p>ALEXANDER SVOBODA</p> <p>DR. FRANZ GSCHIEGL</p>
REGISTERED OFFICE	5, allée Scheffer L-2520 Luxembourg
AIFM <sup>1</sup>	<p><b>smn</b> INVESTMENT SERVICES GMBH</p> <p>Rotenturmstraße 16-18 A-1010 Vienna</p>
DEPOSITARY	<p>CACEIS BANK, LUXEMBOURG BRANCH</p> <p>5, allée Scheffer L-2520 Luxembourg</p>
REGISTRAR, TRANSFER, CENTRAL ADMINISTRATION AND DOMICILE AGENT	<p>CACEIS BANK, LUXEMBOURG BRANCH</p> <p>5, allée Scheffer L-2520 Luxembourg</p>
AUDITOR	<p>DELOITTE AUDIT, Société à responsabilité limitée</p> <p>20, Boulevard de Kockelscheuer L-1821 Luxembourg</p>
LEGAL ADVISOR TO THE COMPANY	<p>ARENDDT &amp; MEDERNACH S.A.</p> <p>41A, avenue J. F. Kennedy L-2082 Luxembourg</p>
FISCAL AGENT IN AUSTRIA	<p>DELOITTE TAX Wirtschaftsprüfungs GMBH</p> <p>Renngasse 1, Freyung A-1013 Vienna</p>

<sup>1</sup> The AIFM also carries out the functions of "distribution coordinator".

## 2 SUMMARY

### 2.1 THE COMPANY

Portfolio Selection SICAV is an open-ended investment company with variable capital ("*société d'investissement à capital variable*"), founded on 9 September 1996 in the form of a Luxembourg public limited company for an indefinite period in accordance with Part II of the Luxembourg law of 30 March 1988 on undertakings for collective investment. Since 1 January 2011, the Company is subject to the provisions of Part II of the Law of 17 December 2010 on Collective Investment Undertakings

The Company is an AIF pursuant to the provisions of the AIFMD and articles 1 (39) and 4 of the 2010 Law.

The Company is subject to the provisions of the "Foreign Account Tax Compliance Act", a law of the United States of America of 18 March 2010 enacted within the framework of FATCA.

Provisions of FATCA require reporting to the Internal Revenue Service ("**IRS**"), the US federal tax authority, in cases of direct or indirect ownership of non-US accounts and non-US entities by US persons. Failure to make the required information available leads to taxation at source at the rate of 30 % on US source income (including and inter alia dividends and interest).

As part of the implementation process of FATCA, Luxembourg and the United States of America signed a Model I Intergovernmental Agreement ("**IGA**") on 24 July 2015, under which Luxembourg-based financial institutions have to provide information on financial accounts of U.S. Specified Persons for the purposes of the IGA to the competent authorities under certain circumstances. The IGA requires the Company to transmit to the Luxembourg tax authority's information on the identity, the investments and the income earned. The Luxembourg tax authorities will automatically forward this information to the IRS.

The Company has categorized itself as a "registered deemed compliant financial institution" vis-à-vis the U.S. Internal Revenue Service. Where applicable, the Company will be exempt from withholding tax under FATCA and payments made by the Company will not be subject to FATCA withholding tax. Accordingly, the Company has to obtain information on a regular basis about its shareholders and, in the event of a non-financial foreign entity for the purposes of the IGA, about the direct or indirect owners to maintain its FATCA status.

Notwithstanding anything to the contrary in this Prospectus and to the extent permitted by the laws of Luxembourg, the Company is authorized:

- to withhold any taxes or similar duties it is required by law to withhold with regard to all shares held in the Company;
- to request any unit-holder or beneficial holder of units to immediately deliver such personal data as may be required by the Company in order to comply with legal requirements and/or to immediately determine the amount to be withheld;
- any of such personal data must be forwarded to the competent tax or regulatory authorities, as required by law or any such authority;
- to withhold distribution of any dividends or proceeds from redemption to a unit-holder until the Company has sufficient information to determine the correct amount to be withheld.

It cannot be ruled out that other investors having fulfilled their information obligations may also be subject to tax or penalty or other payments at the expense of improperly cooperating investors. In such case, the Company will take all reasonable measures, (a) to obtain the information and supporting documents from investors, (b) to meet its obligations and to avoid costs or fees, (c) to refund any resulting taxes, penalties or damages from the uncooperative acting investor.

The Company treats all data received in accordance with the applicable Luxembourg data protection law, as amended. Investors are entitled to request information about their personal data and the correction of this data, which the company processes, stores and archives, at any time.

The Company and/or the investors can also indirectly be affected by the fact that a non-US financial entity fails to comply with the FATCA provisions, even if the Company complies with the FATCA requirements imposed on it.

All potential investors are advised to contact their tax consultant with regard to the possible implications of FATCA on their investment in the Company.

The distributor is obliged to inform the Company of any change of its FATCA classification within 90 days of such change.

Furthermore, investors are made aware that Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation of the European Council was adopted on 9 December 2014 and came into force on 1 January 2016. Its principal and general objective is to generalise the standard for the automatic exchange of information in the field of taxation and its common reporting standard within the European Union as of 1 January 2016 and to achieve effective taxation of income and capital from which individual persons have benefitted in a State other than the State of residence for tax purposes. In addition, Luxembourg has signed the Multilateral Agreement between the competent authorities on the automatic exchange of information under the CRS of the OECD ("**Multilateral Agreement**"). Under this Multilateral Agreement, Luxembourg automatically exchanges information on financial accounts with other participating jurisdictions. The Luxembourg CRS Law transposes the Multilateral Agreement as well as the DAC Directive, which introduces the CRS, into national law.



Under the CRS Law, the Company can be required, inter alia, to report the name, the address, the States(s) of residence, the tax identification number as well as the date and place of birth of every reportable person holding the account, and in the case of passive non-financial entities, of every controlling person who is a reportable person, having a direct or indirect holdings in the company, as well as information on the account balance or value of the reportable person or on amounts paid indirectly or directly by the company to such reportable person, to the Luxembourg tax authority. The Luxembourg tax authorities will automatically forward this data to the respective State of residence / participating jurisdiction. The company treats all data received in accordance with the applicable Luxembourg data protection law ("GDPR"), as amended.

The Company's ability to meet its obligations under the CRS Law depends on the cooperation of the investors, which are obliged to provide the Fund with any information, in particular with information on direct or indirect beneficial owners, on the investors, which, according to the Company, is required for the Company to meet its obligations. Each investor agrees to provide such information upon request.

Any investor who fails to provide such documentation upon request will have to pay the penalties imposed upon the Company due to his failure in accordance with the CRS Law and it will be at the Company's discretion to repurchase his shares.

It cannot be ruled out that other investors complying with their duties to provide information will have to pay the penalty imposed on the not duly cooperating investor, even if the Company takes any appropriate action to obtain the information and documentation from investors to comply with its obligations and to avoid costs and fees.

The subscribers are recommended to seek advice from their own tax advisors with regard to possible implications of the CRS Law and/or the consequences of their investment in the Fund.

Parties interested should obtain information and seek advice on the laws and regulations governing to the purchase, the holding and repurchase of shares.

## 2.2 THE UMBRELLA STRUCTURE

The Company has an umbrella structure offering investors the flexibility to shift in an economical and cost-efficient manner among a number of sub-funds (Share Classes; whenever more than one sub-fund has been established) or among a number of share categories of a sub-fund (whenever more than a Share Category has been established within a sub-fund), if their investment objectives change.

The Company's consolidated currency is EURO and the reference currency of a sub-fund is, unless otherwise specified by Part II for the respective sub-fund, also EURO. The net asset value per share in a Share Category of a sub-fund is ascertained in the currency specified in Part II for such Share Category of the respective sub-fund. The net assets of a sub-fund are ascertained in the reference currency of the respective sub-fund.

Upon issuance of this Prospectus, subscriptions, redemptions and conversions are possible also in USD.

The following sub-fund is currently established:

### **"PORTFOLIO SELECTION SICAV - SMN DIVERSIFIED FUTURES FUND"**

hereinafter referred to as "**smn** Diversified Futures Fund".

The Board of Directors can decide to issue other classes of shares (sub-funds) with different investment objectives.

The aggregate of the sub-funds produces the Company. Through the shares held in one or more sub-funds, each investor holds a share in the Company.

In relation to third parties, each sub-fund is a separate entity. The rights and obligations of a sub-fund's shareholders are separate from those of shareholders of other sub-funds. Each sub-fund is liable with its assets only for the liabilities relating to it.

The net asset value of the Company is always equivalent to the total of the net assets of all sub-funds.

### 2.3 THE INVESTMENT OBJECTIVE

The Company's investment objective is to constantly increase the capital invested at an above average interest rate, with the majority of the investment consisting of non-securitized derivatives of securities, commodities, currencies, interest and share indices ("Futures") within the scope of the investment strategies pursued by the various sub-funds.

For better reading purposes, the following terms are defined hereinafter.

"Financial Instruments" means the following financial products:

- |                              |                            |
|------------------------------|----------------------------|
| - futures                    | - swaps                    |
| - forwards                   | - credit derivatives       |
| - options and exotic options | - contracts for difference |

"Underlying" means:

- |                         |                           |
|-------------------------|---------------------------|
| - securities            | - interest                |
| - exchange traded funds | - indices                 |
| - commodities           | - "financial instruments" |
| - currencies            |                           |

The results of the Company are in general independent of the current economic situation. The Company may make profits in positive as well as in negative stages of economic cycles, both in a context of high and low inflation. This is possible because in each derivatives market both long as well as short positions can be entered; therefore, the Company can benefit both from rising and falling prices. An investment in shares of the Company can be an important element of diversification in a traditional investment portfolio - consisting of shares and bonds.

When trading in derivatives, only a small part of the contract amount need be deposited as margin (normally between 1% and 5%). In general, the resulting leverage can lead to considerable profit or loss.

### 2.4 PARTIES

#### 2.4.1 The Board of Directors

The Company is managed by a Board of Directors consisting of at least three members. It is the Board of Directors' responsibility to determine the business and investment policies of the Company and of each sub-fund in accordance with the principle of risk spreading, as well as the principles on which the Company's management shall be based. The Board of Directors has overall responsibility for the investment policy of the Company. The Board of Directors reserves the right to modify any business practice or policy specified in the sales documents.

The Board of Directors exercises all powers not reserved to the general meeting of shareholders by law or by the articles of incorporation. It has all powers to issue instructions and to exercise all administrative functions expedient or required for the achievement of the Company's objectives.

The Company enters into binding obligations vis-à-vis third parties by means of the joint signature by two members of the Board of Directors or by means of the joint or sole signature by one or more persons (which may also be a member of the Board of Directors) authorised to do so by the Board of Directors. In the context of the Company's daily management, each managing director, or any other person in charge of daily management decisions of the Company, is authorized to legally bind the Company vis-à-vis third parties by his (her) sole signature.

The Board of Directors will entrust the auditor with the task of verifying compliance with the investment techniques and restrictions as described in the Prospectus.

The Board of Directors or a person authorized by it will make available to the Depositary all information required for the Company's accounting and for ascertaining the net asset value of the shares of all share categories of each sub-fund.

The members of the Board of Directors, who need not be shareholders of the Company, are elected for a term of office not exceeding six years. Re-election is admissible. The members of the Board of Directors are elected by the shareholders in a general meeting of shareholders such meeting also decides on the number of members of the Board of Directors and on the duration of their term of office. Any member of the Board of Directors may be removed from office without reason or be replaced at any time upon resolution of the general meeting of shareholders. In case of a vacancy in the Board of Directors, the remaining members of the Board of Directors may fill the vacancy on a temporary basis; in their subsequent meeting, the shareholders will adopt a resolution on the final appointment for this vacancy in the Board of Directors.

The Board of Directors shall elect from among its members a chairperson as well as a number of deputy chairpersons. The chairperson shall chair the meetings of the Board of Directors and the meetings of the shareholders. In the absence of the chairman, the shareholders or the members of the Board of Directors may by unanimous vote resolve that a different member of the Board of Directors or – in the case of a meeting of shareholders – another person shall chair the meeting.

The Board of Directors may delegate its powers for the daily management of the Company and its powers to support the Company's corporate policy and objects to one or more than one member of the Board of Directors ("Managing Directors") or to other persons or corporate bodies who or which need not be members of the Board of Directors. Any delegation to a member of the Board of Directors requires the consent of the general shareholders' meeting.

The members of the Board of Directors may receive a remuneration from the assets of the respective sub-fund. The Company may, moreover, remunerate each member of the Board of Directors or any of its senior employees (their heirs, executors and administrators) for justified expenses incurred by them in connection with any lawsuit, proceedings or legal action in which they are involved as a consequence of their present or future position as a member of the Board of Directors or senior employee of the Company or of another company in which the Company is a shareholder or a creditor and in which they are not entitled to any remuneration, unless they are found guilty of gross negligence or violation of their duties of office. In such cases, remuneration is paid only in connection with matters on which the Company has been given information by a lawyer that the person to be remunerated is not guilty of any violation of duties. The aforementioned right to remuneration does not exclude other claims asserted by the same person.

#### 2.4.2 Alternative investment fund manager

The Company is an alternative investment fund (AIF) pursuant to the provisions of the 2013 Law and subject to supervision by CSSF. The Board of Directors has appointed SMN Investment Services GmbH as external AIFM of the Company for the purposes of Section 3 AIFMG and Section 4 of the 2013 Law. With the approval and under the supervision and control of the Board of Directors, the AIFM assumes the portfolio, risk and liquidity management, valuation, distribution ("**Distribution Coordinator**") as well as other services, in so far as they have been agreed between the Board of Directors and the AIFM, in accordance with the 2013 Law and the AIFMG as well as the investment policy and investment objectives laid down in the Prospectus and the articles of incorporation.

SMN Investment Services GmbH is a limited liability company pursuant to the laws of Austria, having its registered office at Rotenturmstraße 16-18, 1010 Vienna, Austria, with the approval and under the supervision of the FMA as AIFM in accordance with the provisions of AIFMG of 27 August 2014. The AIFM has been appointed by the Board of Directors of the Company in accordance with the provisions of the articles of association of 20 September 2014 as AIFM of the Company.

The AIFM has the capital base required by law to cover potential liability risks arising from negligence in its capacity as AIFM.

#### 2.4.3 Depositary and Paying Agent

##### (a) Depositary

CACEIS Bank, Luxembourg branch, is a branch of CACEIS Bank, a limited liability company (société anonyme) established under French law, having its registered office at 5, allée Scheffer, L-2520 Luxembourg, registered in the Luxembourg companies and trade register (Registre de Commerce et des Sociétés de Luxembourg) under number B 209.310. CACEIS Bank, Luxembourg branch, was appointed depositary by the management company in accordance with a custody agreement dated 20 September 2014, as amended, (the "Custody Agreement") and the related laws and the provisions of the AIFM rules.

Investors are requested to use the Custody Agreement to obtain a better understanding and increased knowledge of the limited duties and liability of the Depositary. We refer the investors to the provisions of the Custody Agreement.

The Depositary was entrusted with the custody of the sub-fund's assets and/or with the keeping of records of the sub-fund's assets and it is obliged to fulfil the obligations provided by Part II of the 2010 Law and the AIFM Law. In particular, the Depositary must ensure effective and appropriate supervision of the AIF's cash flows.

In accordance with the AIFM rules (in particular Article 21.9 of the AIFM Directive and Articles 92 to 97 of the AIFM Regulation), the Depositary will:

- (i) ensure that the sale, issue, re-purchase, redemption and cancellation of units or shares of the AIF are carried out in accordance with the applicable national law and the AIF rules or instruments of incorporation;
- (ii) ensure that the value of the units or shares is calculated in accordance with the AIFM rules, the AIF's instruments of incorporation and the procedures referred to in Article 19 of the AIFM Directive;

- (iii) comply with the AIF's instructions, unless they conflict with the AIFM rules or the AIF's instruments of incorporation;
- (iv) ensure that in transactions in which the AIF's assets are involved any remuneration will be transferred to the AIF within the normal time;
- (v) ensure that the revenue of AIF is used in accordance with the AIFM rules and the AIF's instruments of incorporation.

The Depositary may not delegate any duties referred to in subparas. (i) to (v) of this clause.

Pursuant to the provisions of the 2010 Law and the AIFM Law, the Depositary, under certain circumstances, may entrust correspondents or prime brokers/third-party custodians, as may be appointed from time to time, with the safekeeping of the assets or a part thereof in its custody and/or with the safekeeping of the records. Unless otherwise has been agreed upon, but only within the limits authorised by the AIFM Law, the Depositary's liability shall not be affected thereby. In particular under the terms of Article 19 subparagraph (14) of the AIFM Law, which includes the requirement that investors are duly informed about this exemption from liability and about the circumstances justifying such exemption before they make their investment, the Depositary may discharge itself from such liability in cases where the law of a third-party country requires that certain financial instruments must be kept safe by a local body, and no such local bodies exist which meet the requirements prescribed for such delegation as defined in Article 19 paragraph (11) letter (d) subparagraph (ii) of the AIFM Law.

#### (b) Paying agent

In addition, the Depositary will also act as paying agent in accordance with the depositary and paying agent agreement. The paying agent is responsible for accepting payments for subscriptions for units and for crediting these payments to bank accounts of the Company opened by the depositary and for distributing income and dividends to the unit-holders. The paying agent shall disburse to the former unit-holders the proceeds resulting from the purchase of units.

#### (c) General

Either party can terminate the depositary bank and paying agent agreement in writing giving three months' prior notice. Notwithstanding the foregoing, the depositary and paying agent agreement may be terminated, in exceptional cases, with a shorter period of notice in accordance with the depositary and paying agent agreement.

Upon termination of the depositary and paying agent agreement, the depositary must be replaced by a new depositary and paying agent, which will assume the depositary's responsibility and duties. In case of termination of the depositary and paying agent agreement, the depositary shall hand over or arrange for the handing over, at the sub-fund's expense, to the subsequent depositary and paying agent all financial instruments in physical form or documented transfer and cash funds of the sub-funds it holds or held by the depositary, as well as all notarised copies and other documents with regard to them as held by the depositary, effective and in force at the time of termination.

The depositary has no discretion in making a decision nor advisory duties in relation to the AIF's investments. The depositary offers the AIF services and is not responsible for preparing that public-offer prospectus; therefore, it does not assume any responsibility for the accuracy of the information provided in that offer prospectus or for the validity of the structure or the investments of the AIF.

The depositary is entitled to remuneration in accordance with Luxembourg banking practice, calculated on the basis of the average net asset value of each single sub-fund during the respective month. This fee is payable at the end of each quarter.

The depositary may delegate the duties of safekeeping to other banks, financial institutions and/or clearing agents to be carried out under its supervision and control. This shall affect its responsibility as depositary.

Bank deposits of the Company with the depositary or, as the case may be, with other credit institutions are not protected by any deposit guarantee schemes.

### 2.4.4 Registration, Domicile, Central Administration and Transfer Agent

In accordance with the agreement of 9 September 1996, last amended in 2010, entered into between the Company and Caceis Bank, Luxembourg branch, the latter has also been appointed registration, domicile, central administration and transfer agent of the Company. The agreement has been entered into for an indefinite period and may be terminated by either party with 3 months' prior notice.

In its capacity as central administration agent, CACEIS Bank Luxembourg will be in charge of the Company's accounts, of ascertaining the net asset value and of compliance with the statutory and administrative formalities the laws and regulations of Luxembourg require for a domicile agent. Details of the scope of these services are given in the respective agreement. Subject to prior consent of the Company, the bank may on its account and in compliance with all applicable legislation transfer to third parties part or all of its administrative duties it is obliged to perform on the basis of existing agreements.

For the above-mentioned services, CACEIS Bank Luxembourg S.A. will be reimbursed the expenses incurred and a fee customary in the market in Luxembourg.

#### 2.4.5 Clearing broker

For trading in futures contracts and OTC (over the counter) derivatives, the Company will use one or more clearing brokers.

Subject to prior approval by the depositary, the Company may appoint one or more clearing brokers ("Clearing Broker") for each sub-fund investing in futures and forward contracts. Each Clearing Broker will be entrusted with the execution, handling and settlement of all orders to deal in Futures and Forwards. Clearing brokers accept orders to purchase or sell futures contracts and, in return, receive assets of the respective sub-fund for hedging the margin for such contracts. Clearing brokers may also act as a counterparty of a sub-fund for OTC transactions, such as foreign exchange forward (FOREX) transactions. The Clearing Broker may also act as depositary of individual assets of a sub-fund.

The contract with the Clearing Broker regarding the relevant sub-fund usually provides that the Clearing Broker is not liable to the respective sub-fund for losses or expenses, unless such expense or loss arises due to gross negligence or intent on the part of the Clearing Broker or its employees.

For executing trading orders of the respective sub-fund, the investment manager of each sub-fund can - with the approval of the Board of Directors of the Company - use independent brokers which usually execute for him orders on certain exchanges. Such transactions are carried out on the basis of a give-up agreement with the respective broker companies. Additional brokerage fees may be incurred if the investment manager uses independent brokers, even if substantial benefits are attained by such transactions.

A Clearing Broker must be monitored by an internationally recognized and competent supervisory authority; the clearing broker usually has the status of a fully registered clearing broker or an equivalent registration as a futures broker in the respective jurisdiction. In addition, a Clearing Broker must be subject to due diligence carried out by the AIFM and the depositary in order to ensure compliance with the afore-mentioned requirements. The depositary will require each Clearing Broker to install an electronic interface for retrieval of the daily commitments and transactions of the Clearing Broker to enable the depositary to verify how the assets of the respective sub-fund have been invested and where and how they are available.

As a further safeguard to ensure compliance with obligations of a sub-fund to a Clearing Broker at any time, normally all assets of a sub-fund held in custody by a Clearing Broker or on his behalf, are mortgaged in favour of the Clearing Broker.

To the extent required by law, the Clearing Broker and its correspondents and/or nominees must ensure that assets in held in custody by them as a margin, guarantee or collateral for futures contracts or commodity transactions on behalf of the sub-fund are kept in accounts which clearly separate them from the Clearing Broker's assets. The assets the Clearing Broker must keep separate from its own assets need not necessarily also be separated from the assets of the Clearing Broker's other clients. To the extent required by law, the Clearing Broker must (i) carefully and diligently select the correspondents and/or nominees and (ii) monitor the correspondent agencies and/or nominees on an ongoing basis in order to ensure that they perform their task in a satisfactory manner.

Assets of a particular sub-fund kept by the Clearing Broker for margin, guarantee or collateral for over-the-counter transactions, such as e.g. forex transactions, are not necessarily covered by these protective provisions because assets kept in this manner may be commingled with the Clearing Broker's assets ("commingled" – non-separable assets). In the event of the Clearing Broker's insolvency, the assets of the respective sub-fund are part of a pro rata disbursement of the remaining assets of the Clearing Broker, after the claims of all priority creditors have been satisfied.

To the extent required by law, assets of the sub-fund kept in custody by the Clearing Broker as margin, guarantee or collateral for futures and options transactions can be re-invested by the respective Clearing Broker with third parties ("right to re-use"), but in any case, via accounts separated from the Clearing Broker's assets and kept in the name of the Clearing Broker's customers ("omnibus account" – collective safekeeping; on behalf of the customer). The Clearing Broker may be granted a certain extent of discretion with regard to the investment of such assets, however is only allowed to invest in financial instruments admissible pursuant to applicable law.

There are no special rules with regard to the investment of assets as collateral for foreign exchange forward transactions. In the event of the Clearing Broker's insolvency, such assets may not be subject to the same safeguards as other assets of the relevant sub-fund.

#### 2.4.6 Risk Management and Liquidity Risk Management

In accordance with Article 14 of the 2013 Law and Articles 38 et seq. of Regulation (EU) No. 231/2013, the AIFM's risk management function shall be independent, hierarchically and functionally, of the operating units. In accordance with the 2013 Law and other applicable provisions, in particular Regulation (EU) No. 231/2013, the AIFM uses for the Company a risk management process which measures and controls the "global exposure" of the Company by means of the so-called "commitment approach". Under this approach, investments in derivative financial instruments are converted into the respective underlying assets.

The AIFM uses a procedure that enables him to identify the liquidity risk of the Company and to ensure that the liquidity profile of the Company's investments is consistent with the underlying liabilities. The AIFM regularly performs stress tests under normal and extraordinary conditions of liquidity enabling the AIFM to assess and to accordingly monitor the Company's liquidity risk.

#### 2.4.7 Valuation

The AIFM values the Company's assets. To this end, the AIFM has established valuation methods and procedures to ensure that each valuation of the Company's assets is carried out objectively and with the required expertise, care and diligence. In accordance with the laws in force, the AIFM ensures that the valuation is functionally independent of portfolio management and that the remuneration policy and other measures ensure the mitigation of conflicts of interest. For the valuation of the Company's assets, the AIFM may from time to time also appoint an external valuer whenever this is justified by special circumstances and/or special types of assets. In such cases, the Prospectus will be updated in order to reflect such appointment and to inform the shareholders of the entity appointed.

### 3 OPERATIVE MATTERS

#### 3.1 THE SHARES

The Company's Board of Directors is authorized to issue an unlimited number of no-par-value shares. As of the date of their issue, the shares grant to shareholders equal rights to the net assets of the relevant sub-fund. They do not grant to shareholders any preference or pre-emptive right.

The Board of Directors of the Company may decide for each sub-fund, for example, whether registered and/or bearer shares, or Distribution Shares or Accumulation Shares, or shares with differing fee structures or other characteristics (Share Category) are issued.

The Company's general meeting or the members of the Board of Directors may, at any time, allocate additional rights to the shareholders of a particular class of shares (i.e. of a particular sub-fund) (or several Share Classes), however cannot impose on them any additional duties or obligations, provided that the rights of all other shareholders regarding voting rights, dividends, repurchase, remaining assets after liquidation of the Company or appropriation of the capital of a particular sub-fund shall thereby not be modified, diminished or cancelled.

The Company accepts only one holder per share. If one or more than one share is jointly owned or its ownership is disputed, all persons claiming ownership of such share(s) shall appoint one single agent representing such share(s) to the Company. Non-appointment of such agent shall result in the suspension of all rights attaching to such share(s).

##### 3.1.1 Form of shares

###### 3.1.1.1 *Registered shares*

Ownership of registered shares, where they are intended for the relevant sub-fund, is based on the registration in the Company's shareholders' register. This shareholders' register shall contain the name of each owner of registered shares, his domicile or his domicile of choice notified to the Company, the number of registered shares he owns and the amount paid up for each share. The registration of the owner in the register of shares serves as evidence of the holder's right of ownership to these registered shares.

Holders of registered shares must notify to the Company an address to which information and notifications can be sent. This address shall also be recorded in the register of shares. If a shareholder does not notify an address, the Company shall be authorized to have an entry to this effect made in the register; it will then be assumed that the shareholder's address shall be the Company's registered office or a different address to be determined by the Company from time to time, until such shareholder notifies a different address to the Company. A shareholder may at any time change the address specified in the register of shares by given written notice to the Company to that effect at its registered office or at another address determined by the Company from time to time.

The Board of Directors decides whether only confirmations of registration or share certificates will be issued. The confirmation of registration will be sent to the shareholder, or, upon his request, a share certificate if the Board of Directors has decided to issue such certificate for the relevant sub-fund. Registered shares will be issued down to three decimals. The fractions of shares will be rounded in accordance with usual Luxembourg banking practices. Such fractions of shares do not entitle their holders to vote, but to a pro rata share in the net assets of the relevant class of shares (i.e. of the relevant sub-fund) and Share Category (in case more than one has been issued), in accordance with the rules established by the Company with regard to the calculation of share prices.

#### 3.1.1.2 *Bearer shares*

Bearer shares will be issued down to three decimals. It is currently not intended to issue physical share documents. Bearer shares come into existence in the form of a book entry at the central administration agent and are transferred through an international clearing agent against payment of the purchase price to the deposit account of the respective holders.

Before shares are issued as bearer shares and before registered shares can be converted into bearer shares, the Company may demand evidence considered sufficient to prove that the issue or conversion does in "unauthorized persons" (as defined in Part I, point 3.1.6) becoming holders of the shares.

#### 3.1.1.3 *Conversion of registered and bearer shares*

Whenever registered and bearer shares are issued for a sub-fund, the shareholder is at any time entitled to request conversion of registered shares into bearer shares and vice versa at his expense.

Registered shares are converted into bearer shares by cancelling a registered share certificate, as the case may be, and by issuing one or more bearer shares replacing the registered shares, and by having such cancellation recorded in the register of shares. Bearer shares are converted into registered shares by handing over the bearer shares to the central administration agent, by cancelling the book entry with the central administration agent and by issuing an entry confirmation for the entry in the register of shares, or, in so far as the Board of Directors has decided to issue registered certificates, by issuing a registered share certificate.

#### 3.1.2 *Transferability*

Shares issued by the Company are freely transferable.

Registered shares are transferred

- (i) if share certificates have been issued, by handing over to the Company the certificate(s) regarding such shares, as well as all other evidence of transfer considered sufficient by the Company; and
- (ii) if no share certificates have been issued, through a written statement of transfer to be entered in the register of shares and bearing the date and the signature of the transferor and the transferee (or of persons authorized to this effect).

Any transfer of registered shares must be registered in the register of shares; any such entry must be signed by one or more members of the Board of Directors or by one or more persons authorized to this effect by the Board of Directors.

Bearer shares are transferred by transfer from the deposit account of the transferor to the deposit account of the new holder of the bearer shares.

#### 3.1.3 *Distribution and accumulation shares*

Whenever Distribution and Accumulation Shares are issued for a sub-fund, the shareholder can choose between the two Share Categories and exchange them at any time at his expense. In so far as only Distribution or only Accumulation Shares are issued, the shareholder can only acquire the Share Category provided for the respective sub-fund he desires.

#### 3.1.4 *Profit participation right*

Share issued by the Company of a Share Category in a sub-fund are entitled to equally participate in profits and dividends of the respective Share Category in the relevant sub-fund, and, upon the sub-fund's termination, in the net assets to be attributed to the respective Share Category in the sub-fund to which they relate.

### 3.1.5 Voting right

All shares in a sub-fund have the same rights. Each shareholder is entitled to one vote for each full share he owns in meetings of the shareholders of the Company and of the respective sub-fund.

### 3.1.6 Restrictions on the acquisition of shares

The Company may restrict or prevent ownership of shares by a person, a company or an entity, in full or in part, if in the opinion of the Company this is necessary to ensure that no shares are bought by a person or on behalf of a person under circumstances which

1. would result in a violation of the laws or requirements of a country or a government authority or an authority authorized to issue regulations on the part of such person or the Company, or
2. would have adverse tax or other financial consequences for the Company, including the obligation to register pursuant to a securities, investment or similar law or a similar requirement of a state or an authority (referred to as "unauthorized persons").

In this connection, the Company may:

- refuse to issue and transfer shares if, in its discretion, such issue or transfer would result in unauthorized persons obtaining beneficial ownership of such shares;
- at any time, request a person to provide all information it deems necessary to be provided by such person, together with an affidavit, in order to ascertain whether an unauthorized person is or becomes the beneficial owner of such shareholder's shares;
- redeem all or part of the shares held by such shareholder if, in the opinion of the Company, an unauthorized person is, either alone or jointly with other persons, the beneficial owner of the shares; and
- refuse acceptance of the vote cast by an unauthorised person in a shareholders' meeting of the Company with regard to such shares in respect of which such person has been excluded from ownership.

### 3.1.7 Distribution policy and dividends

Upon proposal of the Board of Directors, the general meeting of shareholders decides on the appropriation of the annual net profits of both Distribution and Accumulation Shares.

Dividends may be distributed without taking into account realised or unrealised profits or losses.

If, after any such distribution, the net assets of the Company are not lower than the amount of EUR 1,250,000.00, dividends can also include a distribution of capital.

The annual net profits of each sub-fund are allocated to the Distribution and Accumulation Shares on the basis of the net asset value of the relevant Share Category.

Profits of Distribution Shares are paid out to shareholders in the form of cash dividends. Profits of Accumulation Shares are capitalized for the credit of such shares.

The Board of Directors may determine the payment of interim dividends for the Distribution Shares of each sub-fund.

Distributions are made in a currency and at a time and place determined by the Board of Directors on a case by case basis. The dividends declared are published on the AIFM's website at [www.smn.at](http://www.smn.at).

Dividends eligible for distribution are first expressed in the reference currency of the sub-fund, and on the ex-dividends date converted, published and paid out at applicable exchange rates into the various currencies into which the net asset value per share and Share Category of the various sub-funds will be translated.

Shareholders are paid dividends in the currency in which they had subscribed for shares, or, upon request and at the expense of the shareholder, in a different currency expressed at applicable rates of exchange.

Dividends are paid by bank transfer to an account specified by the shareholder. Dividends unclaimed after 5 years shall be forfeited and revert back to the relevant sub-fund. No interest shall become payable on declared dividends held in custody by the central administration agent.

### 3.1.8 Issue, redemption and conversion of shares

The price for issue, redemption and conversion of the shares of a Share Category of a sub-fund will be calculated in the currency of the relevant Share Category. Subscriptions, redemptions and conversions of shares can therefore take place in each currency in which the net asset value per share of the Share Category of the sub-fund is calculated as reference currency (see Part II, point 1.3 of the Prospectus) and will be settled with the shareholder in such currency.



Shares of a Share Category of a sub-fund can be issued on any Valuation Date at the current net asset value plus a premium defined for each Share Category of a sub-fund (see sub-fund-specific Part II of the Prospectus), which will accrue to the Distribution Coordinator. Upon decision by the Distribution Coordinator, the premium may, however, be paid in part or in full as a commission to the selling agents or brokers.

Shares will be redeemed at the calculated net asset value of shares of a Share Category of a sub-fund. Each shareholder also has the right to demand conversion of part or all of his shares of a sub-fund into shares of a different sub-fund. Such conversion is effected by charging a conversion fee defined for each Share Category of a sub-fund (see sub-fund-specific part of this Prospectus) which will accrue to the original sub-fund.

### 3.1.9 Conversion of shares

Shareholders are at any time entitled to switch among the shares of the various sub-funds of the Company (whenever more than one sub-fund has been established), i.e. they are entitled to convert their shares. Both individual as well as all shares of a sub-fund may be converted. In so far as the Board of Directors has decided to issue both Accumulation and Distribution Shares for the relevant sub-funds, the shareholder has the right to request conversion of the Accumulation or Distribution Shares into Accumulation or Distribution Shares of the new sub-fund.

The written and irrevocable requests for conversion must be received by the Company not later than by midnight (Luxembourg time) five (5) days before the relevant Valuation Date. The relevant statement shall specify the new sub-fund and the number of shares to be converted. If share certificates of the sub-fund to be converted were issued, they shall be enclosed to the request for conversion.

The number of shares of the sub-fund requested to be issued upon conversion is based on the net asset value of both sub-funds involved. An administrative fee of 0.5% (conversion fee) is charged for the conversion and will accrue to the original sub-fund.

The number of shares to be issued is calculated as follows:

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

where:

- A is the number of shares of a Share Category of the new sub-fund to be allocated,
- B is the number of shares of a Share Category of the original sub-fund to be converted upon request of the shareholder,
- C is the net asset value per share of the relevant Share Category of the original sub-fund,
- D is the management fee,
- E is the net asset value per share of the Share Category of the new sub-fund.

This formula, upon appropriate adaptation, will also be used to convert Distribution Shares into Accumulation Shares and vice versa.

If, after a request for conversion, the number or the aggregate net asset value of the shares held by a shareholder in a sub-fund, irrespective of in which category, should drop below a minimum number or a minimum net asset value, respectively, as established by the Board of Directors, the Board of Directors may resolve that the shareholder's request is to be considered as a request for conversion of all shares of this shareholder in this class.

### 3.1.10 Compulsory redemption of shares

The Company may impose restrictions for all shares or shares of individual sub-funds or terminate them, and - if required - demand redemption of shares if any acquisition of shares by individual persons would violate the laws or the requirements of a country or a government or authority, or, if through such acquisition the Company would incur fiscal or other financial disadvantages, including the necessity of admission pursuant to the laws or requirements of a country or an authority.

In this connection, the Company may require a shareholder to give such information he deems necessary to determine whether he is the beneficial owner of the shares in his possession.

The shares are redeemed by repurchasing them at the net asset value less a discount of 0.5% to accrue to the relevant sub-fund, such redemption becoming effective as of notification of such mandatory repurchase by the Company to the person concerned. The relevant Valuation Date is the day after the circumstances justifying such repurchase have become known.

### 3.2 "MARKET TIMING" UND "LATE TRADING"

Investors should note that the Board of Directors has taken steps to prevent business practices known as "market timing" with regard to any investment in the Company.

The Board of Directors will, moreover, ensure, that the deadlines specified in the Prospectus for subscription, exchange and redemption of shares will be strictly complied with thereby ensuring that business practices known as "late trading" and "market timing" will not become possible, because all subscriptions, redemptions and share conversions will take place at a price not known to clients in advance.

The Board of Directors is authorized to reject requests for subscription and conversion on a case by case basis, should it have reason to assume business practices. The Board of Directors is also authorized to take further measures to combat such business practices in the interest of the shareholders and in compliance with the provisions of the laws of Luxembourg.

### 3.3 MONEY LAUNDERING

In connection with anti-money-laundering provisions, it is noted that subscribers of shares must identify themselves. This may occur either directly with the depositary bank itself or with the distributor handling the subscriptions.

The Company will take appropriate measures to ensure compliance with the anti-money-laundering provisions and terrorist financing in accordance with the relevant laws and regulations of the Grand Duchy of Luxembourg in particular the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (the "2004 Law") and the Grand Ducal Regulation of 10 February 2010, which contains details of certain provisions of the 2004 Law and observation and implementation of CSSF Regulation No. 12-02 of 14 December 2012 on fighting against money laundering and terrorist financing (the "CSSF Regulation 12-02") and other relevant circular letters of the Luxembourg Financial Sector Supervisory Commission ("*Commission de Surveillance du Secteur Financier*") (in particular circular letter 19/730), as amended (collectively hereinafter "AML/CFT Regulations").

These measures in particular include, that the central administrative agent requests the submission of necessary documents and information for identification of potential investors (including persons acting for them and the beneficial owners), which will be considered as necessary to perform the identification, the verification of the identity of the investors, information about the purpose and intended type of business relationship and the origin of the funds. A retail customer, for example, may be requested to submit a certified copy of his valid personal ID card or of his valid passport. These certificates may be issued for example by the embassy, the consulate, a notary, a police officer or any other competent authority. Institutional investors may be requested to submit a certified copy of a current extract from the commercial register containing all changes of names or a consolidated version of the articles of association as well as a list of all shareholders, including certified copies of their valid personal ID cards or passports.

The Company, the central administrative agent and, where appropriate, other agents of the Company may also request additional information and documents that are necessary to verify the identification of potential investors. In addition, the Company, the central administrative agent and, where appropriate, other agents of the Company, may from time to time request the investor to provide additional or updated identification documents in order to perform the ongoing verification requirements in accordance with the AML/CFT regulations.

In the event of a delay or failure to submit such requested documents for identification purposes as well until potential investors or beneficiaries of a transfer have been finally identified by the central administrative agent, the central administrative agent reserves the right to refuse to issue shares or to accept shares through security transfers. This procedure also applies to payments upon redemption of shares. Such payments will not be effected until full compliance with the duty of identification and submission of relevant documents on fighting against money laundering and terrorist financing. In all such cases, the central administrative agent cannot be held responsible for any interest for delay, costs or any other form of compensation.

If proof of identification is submitted late or if the proof of identification submitted is insufficient, the central administrative agent may take appropriate measures.

Subscribers intending to subscribe for shares of the Company must provide the central administrative agent with all information reasonably requested by the latter to verify the applicant's identity in compliance with all applicable international and Luxembourg laws, regulations and anti-money laundering provisions, and in particular with the 2004 law and the CSSF Regulation 12-02. If the subscriber fails to submit such information, the management company may refuse to accept the subscription for shares in the Company.

In particular, applicants must state in subscription application forms whether they invest for their own account or for the account of a third party.

Except for subscribers who wish to subscribe through companies that are supervised persons of the financial sector who are subject to anti-money laundering rules comparable to the rules applicable in Luxembourg, each subscriber must provide the central administrative agent in Luxembourg with all necessary information required by the central administrative agent to verify the subscriber's identification.

In particular, the central administrative agent must verify the subscriber's identity and people acting for them. If an applicant subscribes on behalf of a third party, the central administrative agent must also verify the identity of the beneficiary. In such case, the subscriber shall inform the central administrative agent of any change in the identity of the beneficiary.

Pursuant to the Luxembourg law of 13 January 2019 on the Register of Beneficiaries (the "2019 Law"), the Company is required to collect and provide certain information and documents about its beneficial owners (as in the AML/CFT Regulations and in particular laid down in the 2019 Law). This information includes, among other things, the first and last name, nationality, country of residence, private or business address, national identification number and information about the type and scope of beneficial ownership held by each beneficial owner in the company. The Company is also required to provide this information among others to certain Luxembourg authorities (including the CSSF, the Commissariat aux Assurances, the Cellule de Renseignement Financier, the Luxembourg tax authorities and other national authorities, as set out in the 2019 Law) upon request and report this information to the public central register of beneficial owners (the "RBO").

In view of the above, the Company or a beneficial owner may exceptionally, in accordance with the provisions of the 2019 Law, make a reasoned request to the administrator of the RBO to restrict access to its information, but the access restriction to the RBO does not apply to Luxembourg Authorities, credit institutions, financial institutions, bailiffs and notaries who act in their capacity as public officials, which can therefore always have unlimited access to the RBO.

Within the scope of the 2019 law, both the Company can be punished with criminal penalties for violations of its obligation to collect and provide required information, and all beneficial owners who do not provide the Company with all the necessary information and documents.

### 3.4 DATA PROTECTION

The Company may collect, store and process information including personal data (by electronic or other means) from the shareholders or future investors or, if the shareholder or the future investor is a legal person, from any natural person who is associated with the shareholder or the future investor, e.g. his contact person(s), employees, trustees, agent(s), representatives and / or beneficial owners (all natural persons mentioned above, the "data subjects") to perform the services requested by data subjects, to meet their legal obligations and to improve business relationships between the data subjects and the Company. Personal data is processed in accordance with the data protection law applicable in Luxembourg (including but not limited to the Luxembourg law of 1 August 2018 on the organization of the National Commission for Data Protection and the General System of Data Protection, as amended) and the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data, on the free movement of data and on the repeal of Directive 95/46 / EC (the "GDPR") (collectively, the "Data Protection Act"). From a data protection point of view, the Company is to be regarded as the controller for the processing of personal data (the "Controller").

Processed data is, among other things, information about the data subjects such as name, home address, email address, bank account details and amounts invested (the "Personal Data"). As part of legal compliance such as AML / KYC, the data controller may be asked to process special categories of personal data under the GDPR, including personal data related to political opinions, criminal convictions and criminal offenses.

The data subjects can, at their discretion, refuse to transmit personal data to the controller. In this case, the controller can refuse the funds subscription insofar as this information is necessary to subscribe and hold fund units.

If the data subjects fail to provide such personal data in the form requested by the controller, the controller may restrict or prohibit the holding of shares of the Company, if the relevant personal data is necessary for the subscription and holding of such shares and the Company, the Registrar and Transfer Agent and / or any Distributor shall be held harmless and indemnified against any loss resulting from such restriction or prohibition of holding.

Shareholders, who are legal entities undertake and guarantee to process the personal data of their representatives and employees and to pass on their personal data to the controller in accordance with the Data Protection Act, including, where appropriate, informing the data subjects of the content of this section in accordance with Article 12, 13 and/or 14 of the GDPR.

The Personal Data provided by the Data Subjects are processed in order to conclude and execute fund subscriptions, for the legitimate interests of the person responsible and to fulfill the legal obligations imposed on the Controller. In particular, the Personal Data is processed for the following purposes: (i) processing subscription, redemption and exchange applications and any payments of dividends to shareholders, (ii) managing the shareholders register, (iii) account management, (iv) submission of performance reports, shareholder information and semi-annual/annual reports, (v) customer relationship management, (vi) compliance with applicable regulations to fight against money laundering and other legal obligations, such as maintaining controls over excessive trading and market timing practices, CRS/FATCA commitments or mandatory registrations with registries including the Luxembourg register of beneficial owners. In addition, personal data may be used (vii) to regularly inform shareholders about products and services the Company deems to be in the best interest of the shareholders, unless a shareholder notifies the Company on the subscription form or in writing that he does not wish to receive such information. Every data subject has the right to object to the use of their personal data for marketing purposes in writing to the controller.

The above mentioned "legitimate interests" are:

- processing purposes described in the points (iv), (v) and (vii) of above paragraph;
- provision of evidence in the event of a lawsuit, transaction or commercial communication, as well as in connection with a planned purchase, merger or acquisition of a part of the Company's business;
- compliance with foreign laws and regulations and/or the order of a foreign court, government, supervisory, regulatory or tax authority; and
- conduct of the Company's business in accordance with reasonable market standards.

The Controller can disclose the Personal Data to its employees, service providers or, if necessary, to the supervisory authority and other authorities. Such data recipients of the Controller (the "Recipients"), in connection with the purposes mentioned above, refer to the following recipients: the Company's Board of Directors, the Depositary, the Registrar, Transfer, Central Administration and Domiciliary Agent, the Auditor, the Tax Officer Representatives, the legal advisor, the alternative investment fund manager, as well as any other third party who supports the activities of the data processing controller.

The recipients can pass on Personal Data to their agents and/or delegates (the "sub-recipients") who process the Personal Data for the sole purpose of supporting the recipients in providing their services and/or to assist the recipients in fulfilling their own legal obligations. Sub-recipients are always located within the EEA.

Recipients can either be inside or outside the European Economic Area (the "EEA"). If recipients are located in a country outside the EEA that does not offer an adequate level of protection for Personal Data, Controllers conclude a legally binding transfer contract in the form of model clauses approved by the EU Commission with the recipients concerned. In this context, data subjects have the right to request copies of the relevant document by writing to the controller, in order to enable the transfer of Personal Data to these countries. The recipients may process the Personal Data as a Processor (when processing the personal data instructed by the controller) or as a separate controller (when processing the Personal Data for their own purposes, i.e. fulfilling their own legal obligations).

As already mentioned, the controller can also pass on Personal Data to third parties, such as e.g. Government or regulatory agencies, including tax authorities, within or outside the European Union, in accordance with applicable laws and regulations. The data subjects recognize that the controller will report all personal data to the Luxembourg tax authorities, which in turn may act as controller and disclose personal data to foreign tax authorities in accordance with the CRS Law or corresponding European and Luxembourg legislation.

In accordance with the applicable data protection law the data subjects recognize their right to request the following:

- information about their Personal Data;
- the correction of incorrect or incomplete Personal Data;
- the deletion of Personal Data;
- the restriction of processing of Personal Data;
- the portability of Personal Data;
- the right to object.

Such requests must be sent in writing to the controller at the following address: 5, allée Scheffer, L-2520 Luxembourg.

In case of data protection issues the Data Subjects have also the right to complain at the competent Luxembourgish supervisory authority at the following address: National Commission for Data Protection, Grand Duchy of Luxembourg (the "CNPD"), 15, Boulevard du Jazz, L-4370 Belvaux, Grand Duchy of Luxembourg, as well as with any other data protection supervisory authority in another member state.

The Company will not use any personal data longer than required for the intended purpose, however applicable statutory minimum retention periods have to be considered.

### 3.5 CONFLICTS OF INTEREST

The AIFM, the depositary, the central administration and their respective partners, the clearing broker, directors, employees and shareholders (together the "Parties") are or may be involved in different financial, investment and professional activities which may result in conflicts of interest in connection with the management and administration of the Company. This includes the management of other undertakings for collective investment, the purchase and sale of financial instruments, broker services, custody business, as well as services as directors, employees, consultants, traders or representatives of other undertakings for collective investment or other companies, including entities and investment funds in which the Company may invest.

Shareholders should note that in the case of any investment of the Company in target funds made within the scope of the Company's investment policy the contract terms and conditions of such investments may contain provisions which result in a considerable part of the fixed and performance-related fees or parts of a commission paid by such target fund to the respective service provider being calculated on the basis of the amount invested in the relevant target fund.

Although any such agreements may lead to potential conflicts of interest for the AIFM and the service providers between their duty to select the service providers on the basis of the services performed by them and their interest in ensuring turnover in connection with the existing agreements, to the extent such matter is not adequately managed, the shareholders should be aware that the AIFM and the service providers (i) act, at any time, in the best interest of the Company within the due diligence assessment performed before the selection of the relevant investment objectives and (ii) ensure that all investment and disinvestment recommendations with regard to the management of the Company's assets will not be affected by the contents of such agreements.

Each party makes sure that compliance with their respective obligations is not affected by such possible involvement in the aforementioned agreements. In the case of a conflict of interests, the Board of Directors and the Parties involved will ensure that it will be disclosed to the shareholders of the Company and resolved in the interest of the Company's shareholders within an appropriate time frame.

### 3.6 INFORMATION TO SHAREHOLDERS

Each year, the Company will publish an annual report on its activities and on the management of its assets; this report shall contain the balance sheet, the profit and loss account, a detailed description of its assets, as well as the auditor's report.

The Company will, moreover, publish unaudited half-yearly reports providing in particular information on the investments underlying the portfolio and the number of shares issued and redeemed since the last publication.

Material changes of this Prospectus will be communicated to the shareholders of the Company through publications in national daily newspapers in the countries in which shares of the Company are sold.

Depending on any existing admission to selling to private clients in an EU Member State, the Company will issue, in addition to the Prospectus, a document containing the essential information for the investor (Key Investor Information Document). You will find more detailed information in Part II, point 2.

The performance of the respective sub-fund and the Share Categories established can be seen, where available, in the essential information for investors.

The Company may arrange for further publications in national daily newspapers in the countries in which shares of the Company are sold.

Every interested party may obtain the above documents during office hours free of charge at the registered office of the Company.

Investor complaints can be addressed to the AIFM, the depositary and the payment or information agencies in Luxembourg. They will deal with them properly within 14 days.

### 3.7 RISKS AND RISK FACTORS

Investing in shares of the Company may represent a substantial economic risk and is therefore only appropriate for experienced investors who are aware of these risks.

An investment in shares of the Company should therefore only be made with a part of the freely available capital.

Potential investors are urgently recommended to take into account the risk factors applicable especially for investments in derivative markets and the Company, which are set out in Part I, point 8 of this Prospectus.

### 3.8 TAXATION

The following overview is based on current law and practice in Luxembourg and therefore subject to future amendments of such rules.

Shareholders are explicitly urged to seek advice from professional consultants, in particular with respect to their personal tax situation and other consequences in connection with acquiring, holding, transferring, converting, redeeming or selling shares of the Company, in accordance with the provisions and requirements of their country of citizenship or domicile or residence for tax purposes.

The Company assumes no responsibility whatsoever in connection with fiscal treatment issues related to an investment in shares of the Company.

#### 3.8.1 Taxation of the company

In Luxembourg, after a company's incorporation, no duties on the transfer of securities nor any other tax are payable on the issuance of shares of the Company.

The income of the Company as well as realised or unrealised capital gains are not taxable in Luxembourg, nor are they subject to any tax, also not to any withholding tax, i.e. no tax is levied in Luxembourg on the dividends paid by the Company.

However, an annual subscription tax (taxe d'abonnement) of 0.05% of the net assets of the Company is levied, which is calculated as of the last day of a quarter and payable by the Company. Under certain circumstances, a reduced taxe d'abonnement of 0.01% p.a. may apply, or the net assets may be exempt in whole or in part from such tax.

Investment income of the Company may be subject to local taxation in countries in which the Company invests capital. In Luxembourg, such tax is neither deductible nor will it be reimbursed.

For value-added tax purposes, the Company is regarded as a taxable person with no right of input tax deduction in Luxembourg. Services that qualify as fund management services are exempt from value-added tax in Luxembourg. Other services provided additionally by the Company may in general give rise to an obligation to pay value-added tax and require the Company's identification for value-added tax purposes in Luxembourg. The Company's identification for value-added tax purposes enables the Company to comply with its self-assessment obligation with respect to Luxembourg value-added tax arising from the purchase of services (or, under certain circumstances, of supplies) subject to VAT from abroad. Payments made by the Company to its shareholders, do in general not trigger any obligations to pay value-added tax in Luxembourg, provided these payments are connected with the subscription of shares of the Company and do not represent any consideration for services provided that are subject to VAT.

#### 3.8.2 Taxation of the shareholders

Taxation of shareholders (in connection with the acquisition, holding, conversion, redemption or any other disposal of shares) is exclusively based on the legal requirements of the country he is subject to or of his (tax) domicile.

Pursuant to the legislation in force at the time this Prospectus was drawn up, shareholders, who are, and have never been, resident in Luxembourg for tax purposes and do not have a permanent establishment or a permanent representative there to which or whom the shares of the Company held can be attributed, are not subject to capital gains tax, income tax, withholding tax, wealth tax, inheritance or donation tax in Luxembourg with respect to the shares held by them.

##### Natural persons resident in Luxembourg

Dividends and other payments on shares received by a natural person resident in Luxembourg, who manages his or her private assets or on a commercial or professional basis, are subject to income tax at the general graduated tax rates.

Capital gains of natural persons from shares held as private assets are subject to taxation in Luxembourg only if such capital gain is a so-called speculative profit or if the share in the company is a substantial holding. A so-called speculative profit arises if the shares are sold before their acquisition, or if the shares are sold within six months after their acquisition. This speculative profit is taxed at the personal tax rate. A holding is substantial if the seller alone or together with his or her spouse and/or his or her minor children held more than 10% of the shares in the company's capital, or, in the absence of capital, in the company's assets, at any time during the last 5 years before the date of sale. A holding is also considered to be substantial if the seller has acquired the holding within a period of 5 years before selling it and if such holding itself constituted a substantial holding at any time within that five-year period for the previous owner (or, in the case of several transfers without consideration, for any of the last owners). The profit in the amount of the proceeds from a substantial holding held for at least 6 months, reduced by the selling costs and the acquisition price, is taxed at the reduced tax rate, which is half of the average tax rate that would apply to the taxable income of the natural person.

If the shares are sold or otherwise disposed of, the profits generated in the hands of a natural person acting on a commercial or professional basis and resident in Luxembourg for Luxembourg taxation purposes are subject to Luxembourg income tax at the applicable tax rate. Taxable profit is the difference between the proceeds and the lower of acquisition price or book value.

Companies established in Luxembourg

Capital companies fully taxable in Luxembourg (sociétés de capitaux) have to include in their taxable profit income from shares as well as profits from the sale, the disposal and the redemption of shares. Taxable profit is the difference between the proceeds and the lower of acquisition price or book value.

Persons resident in Luxembourg that are subject to a special taxation system

Shareholders that are family property management companies under the amended Law of 11 May 2007, or funds that are subject to the amended Law of 17 December 2010, or specialist investment funds that are subject to the amended Law of 2007, or reserved alternative investment funds that are subject to the amended Law of 23 July 2016, are exempt from corporate tax in Luxembourg, and income from the shares as well as profits from their sales or other disposal are therefore not subject to Luxembourg income taxation.

Wealth tax

Shareholders residing in Luxembourg, or shareholders not residing in Luxembourg, whose shares are attributable to a Luxembourg permanent establishment or to a permanent representative in Luxembourg, are subject to income tax, unless the shareholder is (i) a natural person resident or not resident for tax purposes, (ii) a fund pursuant to the amended Law of 17 December 2010, (iii) a securitisation corporation pursuant to the amended Law of 22 March 2004 on securitisation, (iv) a company for the purposes of the amended Law of 15 June 2004 on investment companies for investment in risk capital, (v) a specialist investment fund pursuant to the Law of 2007, (vi) an institution for occupational retirement provision pursuant to the Law of 13 July 2005, (vii) a family property management company pursuant to the Law of 11 May 2007, or (viii) a reserved alternative investment fund pursuant to the amended Law of 23 July 2016. Securitisation corporations pursuant to the amended Law of 22 March 2004 on securitisation, non-transparent investment companies for the purposes of the amended Law of 15 June 2004 on investment companies for investment in risk capital, non-transparent reserved alternative investment funds that are subject to the amended law of 23 July 2016 and are tax treated as an investment company for investment in risk capital as well as institutions for occupational retirement provision pursuant to the amended Law of 13 July 2005 are subject to a minimum wealth tax.

Other taxes

## Inheritance and donation tax

Under Luxembourg tax law, the shares of a natural person resident in Luxembourg for inheritance taxation purposes at the time of their death must be added to the wealth subject to inheritance taxation of that person.

No inheritance tax becomes payable, however, in the case of a transfer mortis causa of the shares if the deceased shareholder was not resident in Luxembourg for inheritance tax purposes at the time of his or death, and the transfer in Luxembourg was not notarised or registered in Luxembourg.

Donation tax may become payable on the donation of shares if the donation is notarised or otherwise registered in Luxembourg.

**3.9 FEES, INCOME AND EXPENSES**

Expenses of the Company mainly include management fees, profit shares of the AIFM, brokerage commissions, handling and transaction fees, costs of incorporation, management and operation.

Income of the Company mainly includes profits resulting from trading in financial instruments and interest receivable from margin accounts and liquidity reserves.

**3.9.1 Costs of incorporation, management and operation**

The Company pays the usual rates for services rendered by the depositary, the registration, domicile, management and transfer agency in Luxembourg. These fees are based on the net assets of the Company and/or are calculated on the basis of business transacted.

The Company may also pay a normal market remuneration to the members of the Board of Directors.

The Company also bears all other administrative and operating costs, including but not limited to:

Cost of incorporation, cost and fees of representatives and paying agents in countries in which, with the consent of the Board of Directors, the Company has been registered/authorized to do business, the remuneration of other agents employed or engaged by the Company, cost of administrative and legal services, fees for auditors, advertising, printing, distribution and publication costs. These costs also include commissions for preparation and printing of leaflets or brochures, as well as all taxes, government levies and fees. In addition, all costs arising in connection with a possible listing on an exchange or other regulated market are included; last, but not least, all other operating expenses and costs related to the purchase and sale of assets, interest, bank charges and brokerage fees, postage, telephone and telefax costs. The Company may also reimburse all costs of the AIFM arising in connection with the day to day management of the Company. The costs incurred in connection with the issue of further sub-funds are borne by the respective sub-funds.

### 3.9.2 Remuneration of the AIFM

The Company shall pay a fee to the AIFM (the "Management Fee"), calculated as of any Valuation Date on the basis of the sub-fund's net assets plus any VAT payable also abroad and paid retroactively for periods not yet settled. The management fee will be paid to the AIFM on each Valuation Date. The AIFM may also provide for longer pay-out intervals of the management fee.

Apart from this fixed remuneration, the AIFM is paid a performance-based additional fee ("Performance Fee"). The Performance Fee is a fixed percentage, specified for each Share Category and each sub-fund, based on the appreciation of the net asset value of the relevant Share Category ("high water mark principle"). Calculation of the increase in value, after deduction of all costs but before deduction of the performance fee will be effected on each Valuation Date on the basis of the current net asset value (before deduction of the Performance Fee), less the highest ever so far reached net asset value per share of the relevant Share Category of the sub-fund ("High Water Mark").

Provided that the resulting difference is a positive figure (this means that the new net asset value, before deduction of the Performance Fee, reaches a new peak), an amount corresponding to the percentage of the appreciation, multiplied by the number of shares issued in the respective Share Category will be paid to the AIFM. The new high-water mark (if applicable) is the net asset value as of the current Valuation Date, i.e. the fund's net volume less the Performance Fee calculated as of the current Valuation Date, divided by the number of shares issued. The new net asset value after deduction of performance fee serves as calculation basis for the next Valuation Date. At commencement of trading in a Share Category, the high-water mark is the initial issue price of this Share Category.

The performance fee is fixed and payable on each valuation date for all share classes that charge a performance fee. The performance reference period, the time horizon over which the performance fee is measured and compared to the High Water Mark, corresponds to the life cycle of the share category.

If an existing sub-fund or a share class of this sub-fund is merged with a newly established receiving fund or sub-fund or a share class of a sub-fund which itself has not yet recorded a historically positive performance and whose investment policy does not differ materially from that of the sub-fund to be merged, no performance fee shall be payable and the reference period for the calculation of the performance fee of this sub-fund shall continue to apply to the newly established receiving fund or sub-fund.

#### Calculation examples:

Performance fee:	10%
Crystallisation frequency:	Valuation date
Performance reference period:	Lifecycle of the share category

Year	Valuation date	Number of shares	NAV/Shares at the beginning of the valuation date	NAV/Shares at the end of the valuation date before deduction of performance fee	NAV/Shares at the end of the valuation date after deduction of performance fee	Applicable HWM**	Performance NAV vs HWM%	Appreciation / Payment of Performance fee	Paying Performance fee/Share	Paying Performance fee***
2022	1	10	100,00	101,00	100,90	100,00	0,9%	YES	0,10	1,00
2022	2	10	100,90	105,00	104,59	100,90	3,7%	YES	0,41	4,10
2022	3	10	104,59	103,00	103,00	104,59	-1,5%	NO	-	-
2022	4	10	103,00	110,00	109,46	104,59	4,7%	YES	0,54	5,41
2023	1	10	109,46	109,00	109,00	109,46	-0,4%	NO	-	-
2023	2	10	109,00	111,00	110,85	109,46	1,3%	YES	0,15	1,54
2023	3	10	110,85	107,00	107,00	110,85	-3,5%	NO	-	-

Remarks	
*	On the first Valuation Day, the first HWM is the subscription price at the time of issue of the relevant shares.
**	After the 1st Valuation Date, the applicable HWM is the highest historical NAV/share published at which the performance fee was last paid.
***	The performance fee is 10% of the difference (if any) between the NAV/share (before deduction of the performance fee) and the HWM. The performance fee is calculated and paid out on the valuation date.



Performance fee: 15%  
 Crystallisation frequency: Valuation date  
 Performance reference period: Lifecycle of the share category

Year	Valuation date	Number of shares	NAV/Shares at the beginning of the valuation date	NAV/Shares at the end of the valuation date before deduction of performance fee	NAV/Shares at the end of the valuation date after deduction of performance fee	Applicable HWM**	Performance NAV vs HWM%	Appreciation / Payment of Performance fee	Paying Performance fee/Share	Paying Performance fee***
2022	1	10	100,00	101,00	100,85	100,00	0,8%	YES	0,15	1,50
2022	2	10	100,85	105,00	104,38	100,85	3,5%	YES	0,62	6,23
2022	3	10	104,38	103,00	103,00	104,38	-1,3%	NO	-	-
2022	4	10	103,00	110,00	109,16	104,38	4,6%	YES	0,84	8,43
2023	1	10	109,16	109,00	109,00	109,16	-0,1%	NO	-	-
2023	2	10	109,00	111,00	110,72	109,16	1,4%	YES	0,28	2,77
2023	3	10	110,72	107,00	107,00	110,72	-3,4%	NO	-	-

  

Remarks	
-	On the first Valuation Day, the first HWM is the subscription price at the time of issue of the relevant shares.
**	After the 1st Valuation Date, the applicable HWM is the highest historical NAV/share published at which the performance fee was last paid.
***	The performance fee is 15% of the difference (if any) between the NAV/share (before deduction of the performance fee) and the HWM. The performance fee is calculated and paid out on the valuation date.

The amount of the management remuneration and of the Performance Fee is disclosed separately for each sub-fund in Part II of this Prospectus.

Profits distributed will be taken into account in the calculation of the profit share attributable to Distribution Shares.

### 3.9.3 Broker commissions

Broker commissions for exchanges other than those in the United States vary considerably, they are, however, comparatively competitive with the above fees of US exchanges or with commissions charged in specialised markets for similar transactions.

In addition to these broker commissions, the clearing broker may charge the Company also a handling fee for each futures or options transaction. If transactions are not settled via the clearing broker, the handling broker mandated may be paid this additional fee.

### 3.9.4 Exchange fees

Exchange fees of the commodity exchanges, clearing institutions and NFA (National Futures Association) will also be borne by the Company.

### 3.9.5 Trading income and losses

All income and losses generated from the investment of a sub-fund asset are accounted for in the respective sub-fund.

### 3.9.6 Allocation of costs

To the extent costs, fees, expenses and remuneration are attributable to a sub-fund, they will be borne exclusively by the relevant sub-fund, failing which the Board of Directors shall be authorised to allocate the respective amounts in a reasonable and appropriate manner with due regard to the value of the net assets of all or of all relevant sub-funds.

Foreseeable regular and recurrent expenses can be determined on the basis of a reasonable and appropriate annual forecast and budgeted and distributed over the respective period through equal pro rata calculation.

### 3.10 SUSTAINABILITY-RELATED DISCLOSURES

#### 3.10.1 Integration of Sustainability risks

As this AIF's AIFM does participate in the financial market mainly by investing in the futures markets, it cannot include sustainability risks in its investment decision-making processes because there is no direct investment in companies like when investing in stocks, bonds, private equity, or similar investments in individual companies. The investment process is based on quantitative techniques, with integrated risk management systems, which are applied to a wide range of futures markets. Trading opportunities are sought on the basis of historical price data in order to then enter into market risks from which returns from risk premiums can possibly be achieved. As a responsible market participant, the AIFM strive to leave only a small footprint and therefore apply the highest standards of market ethics when calibrating its trading systems. The AIFM does not use high-frequency trading systems (these are often accused of causing negative market movements) and is convinced that his role as a market participant is beneficial for the market as a whole, as it continuously provides liquidity to other market participants and hence making the markets less prone to disruption. By using such trading systems based on quantitative decisions, the trading opinion often differs from that of other market participants, which in turn ensures diversity among market participants and is another important factor for market stability. Since the AIFM's work as a financial service provider and part of society can have considerable consequences, it strives to act with the greatest care and without negative effects on our environment and society in general.

#### 3.10.2 Likely impacts of Sustainability risks

Due to the fact mentioned under "Integration of Sustainability risks" above that investments in futures markets do not represent a company participation, the AIF's AIFM cannot check for ESG risks (climate risks, environmental, social, etc.), nor can the impact of sustainability risks on these markets be assessed.

#### 3.10.3 EU criteria for environmentally sustainable economic activities

The investments underlying the Sub-Funds do not take into account the EU criteria for environmentally sustainable economic activities set out in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investment.

## 4 NET ASSET VALUE CALCULATION

### 4.1 VALUATION DATES

The net asset value per share of a sub-fund will be calculated in the reference currency of the sub-fund in accordance with the articles of incorporation, translated into other currencies and published. Valuation dates are determined for each sub-fund.

The Board of Directors may determine additional Valuation Dates in connection with the subscription of shares. The determination of additional Valuation Dates will be published by the Board of Directors at least three Bank Working Days before each such Valuation Date in a Luxembourg newspaper and in a national newspaper of each country of distribution, as well in other media designated by the Board of Directors and notified to the shareholders concerned.

### 4.2 ALLOCATION OF ASSETS AND LIABILITIES AND OF REVENUES AND EXPENSES

The assets of each sub-fund are kept in separate accounts. The Board of Directors intends to keep the major part of the assets in the reference currency of the respective sub-fund. In case the currency used in the course of business is different from the currency in which the sub-fund was issued, the Company may enter into transactions for hedging the currency risk with first class financial institutions.

All receipts, realised gains or losses, and valuation changes of open positions of the individual sub-funds are attributed to the respective sub-fund. All expenses and liabilities related to a particular sub-fund, as well as the redemption of shares of such sub-fund are to be charged to the assets of such sub-fund or to be covered from its assets.

Assets related to a sub-fund designate the assets allocated to such sub-fund, less any liabilities to be allocated to such sub-fund. If an asset or a liability of the Company cannot be considered as attributable to a certain sub-fund, such asset or liability shall be attributed to the assets or liabilities related to the Company as a whole, or pro rata to all sub-funds based on their net asset values.

Amounts paid for Distribution Shares will be deducted on the day of determination of such distribution of dividends from the net asset value of the respective Share Category of the respective sub-funds.

The performance of a particular sub-fund does not affect the value of a different sub-fund, and the shareholders of a sub-fund are not entitled to any assets of a different sub-fund.

### 4.3 CALCULATION OF THE NET ASSET VALUE PER SHARE

The net asset value per share of a Share Category of a sub-fund is calculated in the reference currency determined for such Share Category of the respective sub-fund. The calculation will be carried out on each Valuation Date by multiplying the net asset value allocated to each sub-fund, expressed in the respective reference currency of a sub-fund, by the factor (this factor reflects

the relationship of the net assets of the respective Share Category of the sub-fund to the net assets of the sub-fund) which is multiplied for the Share Category of the sub-fund to be calculated and then divided by the number of shares of the Share Categories of such sub-fund outstanding on such date. The resulting value per share of a Share Category of the sub-fund will be translated at applicable exchange rates into the respective currencies in which the net asset value per share of a Share Category of each sub-fund will be published, and rounded down to the (currently) lowest unit of the currency involved.

A separate calculation will be carried out for Distribution Shares and Accumulation Shares of each sub-fund.

If, after closing time of a Valuation Date, the quotations or prices significantly changed in the markets where a significant portion of the fund's investments of a particular fund are traded or quoted, the Company may cancel the first valuation and perform a second valuation in order to safeguard the interests of the shareholders and of the Company. In such case, all subscription, conversion and redemption orders will be executed on the basis of this second calculation.

The net asset values of the individual sub-funds will be determined by deducting the aggregate liabilities attributed to the respective sub-fund from its aggregate asset value. The net asset values to be allocated to the individual sub-funds constitute the aggregate assets of such sub-funds and contain all cash amounts, interest accrued, the market value of all unsettled positions and other assets of the funds, less any costs related to the realisation of assets, including but not limited to transaction expenses, taxes incurred and other expenses, as well as all liabilities of the sub-fund.

Calculation of the net asset values of the individual sub-funds is effected in accordance with the principles stipulated in the articles of incorporation and on the basis of generally accepted and consistently applied accounting principles.

For purposes of valuing its liabilities, it is appropriate for the Company to first use for all administrative and other expenses regularly or periodically incurred an amount that corresponds to the amount of expenses for a year or for a different period, and to divide the amount determined for the relevant fractions of the relevant period accordingly.

All assets and liabilities denominated in a currency different from the respective reference currency of a sub-fund will be translated into this reference currency at the rates of exchange applicable from time to time.

The **Company's assets** include:

1. all cash and cash deposits including interest accrued;
2. all invoices and bills of exchange receivable as well as any amounts receivable (including the proceeds of securities sold but not yet delivered);
3. all financial instruments, bonds, forward claims, deposit certificates, subscription rights, options, securities and similar assets due to the Company;
4. all cash dividends and cash distributions accruing to the Company, to the extent the Company is in possession of useful information to this effect;
5. all interest accrued on all interest carrying assets of the Company, except if such interest is already contained in the principal of the asset point;
6. the expenses related to the issuance of sub-funds, unless written off;
7. all other assets of any type whatsoever, including prepayments.

The **Company's liabilities** include:

1. all credits, loans, and liabilities and obligations on bills of exchange;
2. all present and future liabilities identified, including all obligations under transactions payable, regarding payment of money or asset points, including the payment of all unpaid dividends decided by the Company;
3. adequate provision for future tax payments, calculated on the basis of the capital and income of the Company as of a Valuation Date determined in each individual case by the Board of Directors, as well as (as the case may be) other reserves as authorized by the Board of Directors as well as (as the case may be) an amount the Board of Directors deems to be an adequate global provision for contingent liabilities of the Company;
4. all other liabilities related to the implementation of the Company's objects.

When calculating the amount of these liabilities, the Company must take into account all payments to be made. The Company is authorized to debit administrative expenses and other expenses incurred on a regular or continuous basis for a one-year term or for another period in advance on the basis of an estimate and may increase this amount during this period by equal amounts.

The **assets are valued** as follows:

1. The value of cash or cash contributions, invoices, bills on demand and outstanding receivables, prepayments, cash dividends as well as interest reported or accrued and not yet received shall be valued at market prices and calculated by their full amount, unless it appears not probable that such amount will be paid or received in full; in such case, the Company will deduct an amount determined at its discretion in order to reflect the true value of such assets.
2. The liquidation value of all futures, forward and option contracts traded on futures and option exchanges in OEEC countries is based on the closing prices of such futures and options exchanges where the Company trades such contracts.  
The liquidation value of all futures, forward and option contracts not traded on futures and option exchanges of OEEC countries shall be established by rules for the various types of contract set up by the Board of Directors and applied consistently. If liquidation of a contract should not be possible on a Valuation Date, a valuation deemed fair and appropriate by the Board of Directors shall be used.
3. Exchange traded securities shall be valued at the last closing price available (or, if there were no sales, at the closing rate), quoted on the exchange which is normally the main market for such paper. If no such prices are available, or if there are unusual circumstances with regard to the trading activities, not resulting, in the view of the Board of Directors, in a price reflecting the fair market value, the securities shall be valued at what is, in the opinion of the Board of Directors, the fair market value.
4. The value of assets traded on a different regulated market is based on the latest available closing price of the relevant Valuation Date.
5. Shares in target funds shall be valued at the latest redemption price available.
6. If assets are not quoted or traded on an exchange or a different regulated market, or if the price determined pursuant to sub-point 2., 3 or 4 of assets quoted or traded on an exchange or other market (as set out above), does not appear to be representative of the fair market value of such assets, the valuation of such assets shall be based on the expected selling price to be determined prudently and in good faith.
7. Not exchange-listed securities and derivatives that are, however, traded actively in the OTC market or in any other organised securities market, in particular all OTC contracts such as contracts of differences, interest, currency, total return and credit default swaps, credit derivatives in general, options and forwards shall be valued at a price not lower than the bid price and not exceeding the offer price on the date of valuation and which the Board of Directors deems to be the best possible price at which the securities can be sold or purchased.

The Board of Directors may, at its discretion, admit a different method of valuation if it thinks that such valuation better reflects the proper value of the assets. When valuing the assets of the Company, the Board of Directors may rely on the confirmation of the clearing broker and its staff.

A separate asset pool is created for each sub-fund. Each asset pool will be created exclusively for the benefit of the Share Class of the relevant sub-fund. The following continues to apply:

- a. the proceeds from the issue shares of a particular class, as well as the assets and liabilities eligible for allocation, income and expenses shall be allocated in the books to the pool formed for this class of shares in accordance with the provisions of this Part I, point 4 "Net Asset Value Calculation";
- b. if an asset value results from another asset, such derived asset value shall be allocated in the books of the Company to the same pool as the assets from which it had been derived, and on the occasion of each new valuation of an asset, the increase or decrease in value shall be allocated to the relevant asset;
- c. if the Company incurs a liability related to an asset point of a particular estate or to any transaction in connection with an asset of a particular estate, such liability shall be allocated to the relevant estate;
- d. in case an asset or a liability of the Company cannot be deemed eligible for allocation to a certain sub-fund, such asset or liability shall be attributed to all sub-funds in proportion to the net asset value of the respective Share Class or in a different manner determined by the members of the Board of Directors in good faith;
- e. after the day that is relevant for the determination of the persons who qualify for the dividends declared with regard to a Share Class, the net asset value of the respective class of shares is reduced by the respective amount of dividend.

The portion of the total assets attributed to each Share Category within a sub-fund or a class of shares is determined on each Valuation Date of the sub-fund on the basis of the portion of the shares issued in each Share Category pro rata to the total number of shares issued in the sub-fund.

This portion will be adjusted on an ongoing basis in connection with distributions made and shares issued and redeemed, as follows:

1. For each distribution of Distribution Shares, the net asset value of the respective category will be reduced by the amount of the distribution (resulting in a reduction of the share of this Share Category in the net asset value), while the net asset value of the category of the Accumulation Shares remains unchanged (resulting in an increase of the share of the category of the Accumulation Shares in the net asset value).
2. On the occasion of each issue or redemption of shares of a sub-fund, the net asset value to be allocated to the respective Share Category of that sub-fund will be increased or decreased by the amounts received or paid out.

#### **4.4 SUSPENSION OF THE CALCULATION OF NET ASSET VALUES, ISSUANCE, REDEMPTION AND CONVERSION OF SHARES**

The Company may suspend or delay the determination of the net asset value of shares of a sub-fund, the issue of such shares and their redemption as well as the right to convert shares of a sub-fund into shares of a different sub-fund:

- a) in the period in which a principal exchange or one of the other markets where a substantial part of the fund assets of a sub-fund is quoted or traded, is closed (except for ordinary holidays), or if trade in such a market is restricted or suspended;
- b) in periods in which, because of an emergency, disposal of investments related to the sub-fund and which constitute a substantial portion of the assets of such sub-fund, it is practically impossible for the Company or would result in a serious disadvantage for the shareholders;
- c) during a breakdown or other failure of the means of communication normally used for determining the price of an investment of the Company related to this sub-fund, or of the current prices on a market or on an exchange;
- d) if for any other reason, the exchange prices of investments owned by the Company regarding such sub-fund cannot be determined fast and accurately;
- e) at times when the transfer of funds resulting from realisation of or payment for investments of the Company, related to such sub-fund, cannot, in the opinion of the Board of Directors, be carried out at normal rates of exchange or without serious disadvantage to the interests of the Company's shareholders;
- f) when publishing a notice convening a general meeting of shareholders regarding the liquidation of the Company and the merger, transfer or dissolution of a sub-fund.

The options for suspension of the determination of the net asset value of shares of a sub-fund listed above only concern the sub-fund that is directly affected by the respective events or circumstances, not however the other sub-funds, which are not affected.

Shareholders who requested subscription, redemption or conversion of their shares will be informed in writing both of any suspension as well as of termination, suspension and resumption of subscription, redemption or transformation. If, in the opinion of the Board of Directors, the duration of suspension is likely to exceed one week, such suspension and termination shall be published in all newspapers in which a statutory obligation to publish exists.

In case of any intended liquidation of the Company, no further issuances or conversions of shares are allowed. This prohibition commences as of the day of publication of the first notification to convene the meeting of shareholders. The shares outstanding as of that date take part in the distribution of the proceeds of liquidation of the Company, ensuring that the shareholders are treated equally.

During a period of suspension or postponement, a shareholder, by notice issued in writing to be received before the end of such a period, may withdraw requests concerning shares not yet redeemed or converted. If no such notice is served on the Company, the Company shall process the request on the first Valuation Date after expiry of the period of suspension.

## 5 CORPORATE LAW

### 5.1 COMPANY INFORMATION

Portfolio Selection SICAV is an open-ended investment company organised in the form of a public limited company pursuant to Part II of the Law of 30 March 1988 regarding undertakings for collective investment on 9 September 1996 with an initial capital of 601,000.00 Austrian Schillings, issued in the form of 601 fully paid up no-par value shares of the sub-fund **smn** Diversified Futures Fund. By resolution of the general meeting of shareholders of 4 November 2003, as of that date the Company has been subject to the provisions of Part II of the Law of 20 December 2002 on undertakings for investment. Since 1 January 2011, the Company has been subject to the provisions of the Law of 17 December 2010 on undertakings for collective investment.

Pursuant to Art. 4 of the articles of incorporation, the sole purpose is to invest the assets of the Company in securities and other assets admitted by law in accordance with the principle of risk diversification and with the objective to provide the shareholders with the income derived from the management of the Company's assets.

The Company may decide on any policy and effect transactions it deems useful for the performance and implementation of this objective of the Company, namely to the largest extent permitted by the Law of 17 December 2010.

The articles of incorporation of the Company were published on 30 September 1996 in the *Mémorial C*, Recueil des Sociétés et Associations (hereinafter „*Mémorial C*“), the Official Gazette of the Grand Duchy of Luxembourg. On 18 February 2000 and on 4 November 2003, the articles of incorporation were modified and published in the *Mémorial C* on 21 September 2000 and on 28 November 2003, respectively. The articles of incorporation were last amended on 3 September 2007, as published on 20 November 2007 in the *Mémorial C*. The Company is registered in the Commercial Register of the District Court of Luxembourg under RCS B 56.144, where also the articles of incorporation have been registered. Copies of the articles of incorporation, as amended, are available there against payment, but can also be obtained free of charge at the registered office of the Company.

The articles of incorporation may be amended at any time by resolution of the meeting of shareholders, provided the legal requirements regarding quorum and majorities are met. Amendments of the articles of incorporation will be published in the *Mémorial C* and registered with the commercial register.

The shares of the Company may – at the discretion of the Board of Directors – belong to different Share Classes, with each Share Class constituting a separate sub-fund. In accordance with the articles of incorporation of the Company, the Board of Directors may issue different Share Categories within a sub-fund, which may differ in terms of distribution policy, structuring of sales and redemption commissions, investment advisory or management fees, allocation of service fees, different currencies, hedging techniques or other characteristics. For each sub-fund, there is a separate pool of assets which is invested in accordance with the investment objective applicable to each sub-fund.

The Board of Directors may decide to issue within a sub-fund Distribution Shares and Accumulation Shares as bearer shares and as registered shares, securitised in share certificates or not securitised.

### 5.2 DISSOLUTION

The Company was established for an indefinite period. The Company may be dissolved at any time by a resolution of an extraordinary general meeting of shareholders, subject to the quorum and majority requirements provided by Luxembourg law. In accordance with article 30 of the Law of 17 December 2010 on undertakings for collective investment, such meeting must be convened whenever the net asset value of the Company falls below two thirds of the minimum capital prescribed by Luxembourg law. The minimum capital amount is currently EUR 1,250,000. The general meeting, for which in this case no quorum is required (i.e. no minimum quorum of the outstanding share capital need be present) decides with a simple majority of the shareholders present or represented. The question whether to dissolve the Company shall be posed to the general meeting also when the share capital falls below a quarter of the minimum share capital; in that case, the general meeting shall be held without a quorum and the dissolution may be decided with the votes of a quarter of the votes of the shareholders present or represented. The general meeting of shareholders shall be scheduled so that it can be held within a term of forty days after it has been established that the net assets of the Company have fallen below two thirds or one quarter, respectively, of the statutory minimum share capital.

Should the Company be dissolved, it will be dissolved in accordance with the laws of Luxembourg. These provisions specify the steps to be taken to permit the shareholders to participate in the distribution on occasion of the dissolution. In this connection, the law also provides that amounts not claimed by shareholders upon termination of the winding-up transactions will be deposited with the "Caisse de Consignations" for these shareholders. A similar procedure will be followed for amounts not claimed by shareholders upon liquidation of a sub-fund or upon redemption of shares. These amounts will also be transferred to the deposit fund in favour of these shareholders. Amounts not subsequently claimed within the prescribed time will be forfeited in accordance with the applicable laws of Luxembourg.

### 5.3 CONVERSION AND REDEMPTION OF ALL SHARES OUTSTANDING OF A PARTICULAR SHARE CLASS

The Board of Directors may convert all shares outstanding of a particular Share Class (sub-fund) into shares of another Share Class (sub-fund) as long as more than one is established.

The Board of Directors may also convert all shares outstanding of a particular Share Category of a Share Class (sub-fund) either into another Share Category of the same sub-fund (as long as more than one is established) or into shares of a different sub-fund.

The Board of Directors may also decide to redeem all shares outstanding of a certain Share Category or of a sub-fund.

Such conversion or redemption may be ordered if the net asset value of a sub-fund falls below a minimum amount determined by the Board of Directors (currently EUR 1,250,000 for each sub-fund), if changes occur in the economic and political situation which affect one of the Share Classes or such procedure appears otherwise necessary in the interest of the shareholders. Shares will be repurchased at the net asset value on the Valuation Date on which the decision of the Board of Directors becomes effective.

A resolution to this effect will be published in a Luxembourg newspaper and a national newspaper of each country of distribution, as well as in other media designated by the Board of Directors. After to the aforementioned publication, investors of the relevant sub-funds will be given the possibility to request redemption or conversion of all or part of their shares free of charge during a one-month period.

Upon liquidation of a sub-fund, the Company will not issue any more shares for such sub-fund as of the day of the resolution to liquidate. The Company will realise the assets of the sub-fund, redeem the obligations and distribute the net proceeds to the shareholders in proportion to the shares they hold in the sub-fund. In view of the equal treatment of all shareholders, shares of the sub-fund will continue to be redeemed free of charge, with the redemption price being calculated on the basis of its net asset value and the liquidation costs.

Liquidation proceeds not claimed by shareholders after termination of the liquidation proceedings will remain in custody with the depositary for a six-month period and subsequently be deposited with the Caisse des Consignations in Luxembourg where they will be forfeited unless claimed there within the statutory period.

The general meeting of shareholders of the Company and of the relevant sub-fund may decide, by a simple majority, to merge one or more sub-funds with a different Luxembourg investment fund. The shareholders of the sub-funds merged with a Luxembourg investment fund may withdraw from the relevant sub-funds by redeeming or converting their shares free of charge within the month following publication of such merger decision.

It is not possible to merge one or more sub-funds with other foreign investment funds.

#### 5.4 MEETINGS

The general meeting of shareholders constitutes the entirety of the shareholders of the Company. The decisions taken in such general meeting are binding on all shareholders of the Company, irrespective of the sub-fund in which they invested. The general meeting has the most far-reaching powers to issue instructions for, to implement and to ratify transactions of the Company.

The general shareholders' meeting shall be held after having been called by the Board of Directors. A general meeting may also be convened upon request of shareholders representing at least one tenth of the aggregate share capital outstanding.

The annual general meeting of shareholders of the Company shall take place at the registered office of the Company in Luxembourg on the third Friday of the month of February of each year, at 11:00 a.m. If this day is not a Bank Working Day in Luxembourg, the general meeting will be held at the same time and place on the next following Bank Working Day. Further general meetings of the shareholders shall take place at the place and time stated in the respective notice.

Notices will be sent to the holders of registered shares to their addresses in the register of shareholders eight days before the general meeting is held. These notices shall set out the agenda, the time and place of the meeting, as well as the conditions for admission. They shall also include information on the Luxembourg legal requirements regarding quorum and majority for such a meeting. If all shares issued are registered shares and no notice is published, notices shall be sent by mere registered letter to the shareholders.

If bearer shares are issued, a notice will be published in the "Mémorial C, Recueil des Sociétés et Associations", in a Luxembourg newspaper determined by the Board of Directors and in a national newspaper of each distribution country. With regard to the conditions for participation and the quorum and majority requirements, articles 67 and 67-1 of the Law of 10 August 1915 (as amended) as well as the provisions laid down in the articles of incorporation apply.

The Board of Directors may establish other prerequisites to be complied with by the shareholders in order to be admitted to a shareholders' meeting.

Unless provided otherwise by law or by the articles of incorporation, the general meeting of shareholders shall adopt resolutions with a simple majority of the shareholders present or represented. A shareholder may be personally present in a shareholders' meeting or grant another person, who need not be a shareholder of the Company, a power of attorney issued in writing or via telefax.

The resolutions adopted in a general meeting are binding on all shareholders of the Company, irrespective of the sub-fund to which their shares belong. Circumstances exclusively of interest to a sub-fund require a vote of the shareholders of the relevant sub-fund. Any amendment of the articles of incorporation resulting in a modification of the rights of a sub-fund (Share Class) must be decided both by the meeting of shareholders of the Company as well as by the meetings of shareholders of the sub-fund and the relevant Share Classes involved, respectively.

The shareholders of each Share Class issued with regard to a sub-fund may convene general meetings at any time in order to deal with matters concerning exclusively such Share Class or sub-fund.

**5.5 FINANCIAL YEAR**

The financial year of the Company shall commence on 1 November of each year and end on 31 October of the following year.

**5.6 ANNUAL AND SEMI-ANNUAL REPORT, OTHER INFORMATION**

The annual report of the Company, including the audited accounts, will be prepared on the basis of accounting principles generally accepted in Luxembourg (Lux GAAP) and published within a period of four months following the end of a financial year, however, at least however two weeks before the annual general meeting of shareholders. The annual report must include the annual accounts of all sub-funds distributed and managed by the Company.

Unaudited semi-annual reports will be published by the Company within two months from expiry of each half financial year.

The annual and semi-annual reports contain essential information on the business activities of the Company conducted in the period under review.

The aforesaid reports are available at the registered office of the Company, the depositary, the central administration agent and the distributors in charge.

The books of the Company are kept in EUR (consolidation currency). The books of the sub-funds are kept in their respective reference currency and translated into EUR for consolidation purposes, and subsequently summed up for preparation of the accounts of the Company.

Information which may be of importance to the shareholders will be published in accordance with current legislation and sent to the registered shareholders.

The net asset value, the subscription and redemption price are available for inspection at the registered office of the Company on each Bank Working Day during normal office hours. These amounts may also be published in newspapers selected by the Board of Directors or in other media.

**5.7 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the articles of incorporation and the accounting reports are available at the registered office of the Company at 5, allée Scheffer, L-2520 Luxembourg.

Provisions of the contracts listed in this Prospectus which are relevant for shareholders of the Company are available for inspection at the registered office of the Company at 5, allée Scheffer, L-2520 Luxembourg on each Bank Working Day during normal office hours.



## 6 GENERAL INVESTMENT GUIDELINES AND RESTRICTIONS

### 6.1 USE OF THE INVESTED CAPITAL

The funds of the Company intended for investment in financial instruments or foreign exchange traded on the interbank market are kept by the clearing broker as margin. For OTC transactions, the funds intended for the respective investment are held as a margin with the counterparty.

The remaining funds may be held for liquidity reserve purposes, in particular in order to enable the Company to meet its obligation to redeem shares at any time, either as cash available, or for the purpose of acquiring money market funds or funds with comparable credit rating and liquidity, government or debt securities traded on a regulated market or first-class credit rating securities with equivalent rating as debt securities of top credit rating with a high degree of liquidity.

All proceeds accrue to the Company and are allocated to the relevant sub-fund.

The Company intends to trade in a broad range of financial instruments which may include the following markets as underlying values: precious and non-ferrous metals, exchange and other indices, securities (including ETFs), interest rates, swap rates, currencies, as well as energy and agricultural markets.

### 6.2 INVESTMENT POLICY OF THE COMPANY

The objective pursued by the Company's investment policy is a sustainable increase in value of the funds invested by the clients. In order to achieve the main objective of the investment policy, the fund manager may generally (i.e. with the proviso that the respective sub-fund's specific investment policy does not contain any provisions to the contrary) invest the fund's assets in accordance with the following general investment guidelines and restrictions.

#### 6.2.1 Restrictions for investment in funds

(a) Each sub-fund may acquire up to 10% of its net assets in capital funds or investment companies meeting the requirements of the UCITS Directive, as amended, if the capital fund or the investment companies are entitled under the fund provisions and articles of incorporation, respectively, to invest in total up to 10% of the fund's assets in shares of other capital funds or investment companies.

#### 6.2.2 Provisions regarding risk distribution of short sales

(a) Short sales must not result in a situation where a sub-fund:

- (i) holds uncovered positions in securities which are not admitted to regular trading on an exchange or not traded in a different regulated market which is recognised, open to the public and functions properly. Each sub-fund, however, may hold a short position in securities which are not exchange listed or traded on a regulated market, if these positions have a high degree of liquidity and do not constitute more than 10% of the assets of the relevant sub-fund;
- (ii) holds uncovered positions in securities which result in more than 10% of the securitised rights of the same type issued by one and the same issuer;
- (iii) holds an uncovered position in securities of one and the same issuer (i) if the total of the selling prices in case of realisation of the short sales connected therewith result in more than 10% of the assets of a sub-fund, or (ii) if such uncovered positions result in an obligation of more than 5% of the assets.

(b) The commitments existing at a given time with regard to short sales in securities correspond to the accumulated non-realised losses from short sales of a sub-fund at such given time. The non-realised loss resulting from a short sale corresponds to the positive difference of the market price at which the uncovered commitment can be hedged, less the price at which the short sale of the relevant security has been made.

- (i) The total of commitments of a sub-fund resulting from short sales shall not exceed at any time 50% of the assets of the relevant sub-fund. As soon as a sub-fund makes short sales it must have the assets required to enable it to settle at any time the commitments resulting from the short sales.
- (ii) The uncovered positions in securities for which a sub-fund is sufficiently hedged will not be used for calculating the total of the commitments described above. It should be noted that granting a collateral of any kind whatsoever for the benefit of third parties by a sub-fund on its assets for the purpose of guaranteeing its commitments to such third party is not to be regarded as sufficient coverage of the commitments from the relevant sub-fund's point of view.
- (iii) In connection with short sales of securities, a sub-fund as borrower may enter into securities lending arrangements only with first-class experts specialising in this type of transaction. The counterparty's default risk, consisting of the difference between (i) the value of the assets transferred within the scope of the securities lending arrangements by a sub-fund to the lender as security and (ii) the value of the amounts owed to this lender by the sub-fund involved must not exceed 20% of the assets of such sub-fund. It is clarified in so far as each sub-fund is moreover allowed to grant collaterals within the scope of hedging mechanisms which do not generate any ownership transferring effect or which limit the counterparty's default risk in another manner.

### 6.2.3 Borrowing

Each sub-fund may raise loans for investment purposes on an ongoing basis with first-class experts specialising in this type of transactions.

Borrowings are limited to 200% of the net assets of a sub-fund. The value of the assets of a sub-fund can therefore at no time exceed 300% of the net assets of the relevant sub-fund. Such sub-funds, however, which pursue a strategy involving a close connection between long positions and uncovered positions, can raise loans of up to 400% of the value of their net assets.

The counterparty's default risk, consisting of the difference between (i) the value of the assets transferred under borrowing transactions to creditors as collateral for loans raised, and (ii) the value of the amounts owed to the lender by the relevant sub-fund must not exceed 20% of the assets of such sub-fund. It should be noted that within the scope of hedging mechanisms each sub-fund is moreover allowed to grant collaterals which do not generate any ownership transferring effect or which limit the counterparty's default risk in another manner.

The counterparty's default risk consists of the sum (i) of the difference between the value of the assets transferred as collateral to the lender within the scope of securities loans and the value of the amounts owed pursuant to point 6.2.5, and (ii) the difference between the assets transferred as collateral and the loan amounts referred to above must not exceed for each lender 20% of the assets of a sub-fund.

### 6.2.4 Additional investment restrictions

As a rule, no sub-fund shall:

- a) invest more than 10% of its assets in securities which are not admitted to regular trading on an exchange or not traded in a different regulated market which is recognised, open to the public and functions properly,
- b) acquire more than 10% of the securitised rights of the same type of one and the same issuer,
- c) invest more than 20% of its assets in securitised rights of one and the same issuer.

The restrictions referred to in points a), b) and c) are not applicable to securitised rights issued or guaranteed by an OECD Member State or its regional or local authorities or by supranational institutions or by Community law, regional or international type undertakings.

The restrictions referred to in points a), b) and c) above do not apply to securitised rights issued or guaranteed by an OECD Member State or its regional or local authorities or by supranational institutions or by undertakings of a Community law, regional or international character. The restrictions referred to in point c) above apply to investments in target UCIs.

### 6.2.5 Derivative financial instruments and other techniques

Each sub-fund can use the derivative financial instruments and techniques described hereinafter:

The derivative financial instruments may include, in particular, options, forwards on financial instruments and options for such contracts as well as over-the-counter swap contracts for all types of financial instruments. In addition, each sub-fund can use techniques such as securities lending arrangements, transactions with the reservation of repurchase as well as repurchase agreements. The overall leverage resulting from the use of derivative financial instruments and techniques for each sub-fund, as the case may be, is specified in the sub-fund specific part of the Prospectus. The derivative financial instruments must be traded on a regulated market or entered into on an OTC basis with first-class experts specialising in this type of business.

The total of all commitments resulting from short sales of securities, together with the commitments resulting from OTC traded financial instruments and, as the case may be, the commitments of derivative financial instruments traded in a regulated market, must in no case exceed the value of the net assets of the relevant sub-fund.

#### (a) Restrictions regarding derivative financial instruments

- (i) Margin and/or maintenance margin payments in connection with derivative financial instruments traded in a regulated market must at no time exceed 50% of the assets of the relevant sub-fund. For obligations in connection with OTC traded derivative financial instruments, 30% of the assets of the relevant sub-fund must not be exceeded, provided they are not entered into for hedging the fund's assets.

The reserve of liquid assets of a sub-fund must amount to at least the amount of the margin and/or maintenance margin payments agreed by such sub-fund. Liquid assets are not only term deposits and regularly traded money market instruments with a remaining maturity of less than 12 months, but also treasury notes and bonds issued by OECD Member States or their regional or local authorities or by supranational institutions or undertakings of Community law, legal or international character, as well as bonds traded on an official exchange or a regulated market which is recognised, open to the public and functions properly, and issued by first-class issuers and having sufficient liquidity, as well as money market funds or funds with similar credit rating and liquidity.

- (ii) A sub-fund may not finance margin and/or maintenance margin payments by raising loans.
- (iii) A sub-fund may not enter into commodity contracts other than commodity futures.

- (iv) Premiums paid for the acquisition of value dated options will be taken into account for the 50% restriction specified in the above point (i).
- (v) Each sub-fund must be sufficiently diversified to ensure adequate risk spreading.
- (vi) A sub-fund must not hold any open positions for a single contract for a derivative financial instrument traded on a regulated market or a single contract for an OTC traded financial instrument, for which the margin and/or maintenance margin payment or the commitment amounts to 5% or more of the assets.
- (vii) Premiums paid for acquiring value dated options with identical characteristics must not exceed 5% of the assets.
- (viii) A sub-fund must not hold any open positions in derivative financial instruments for one and the same commodity or one and the same category of financial instrument futures for which the margin and/or maintenance margin payment (with regard to OTC traded derivative financial instruments) and the commitment (regarding OTC traded derivative financial instruments) amounts to 20% or more of the assets.
- (ix) The obligation in connection with a derivative transaction traded OTC by a sub-fund is equivalent to the non-realised loss of this derivatives transaction at the particular time.

(b) Securities lending transactions

The management company may act as a lender for the respective sub-fund within the scope of securities lending, such transactions having to comply with the following rules:

- (i) The management company shall lend securities only within the scope of a standardised system organised by a recognised clearing institution or by a first-class financial institution specialising in such transactions.
- (ii) In securities lending, the relevant sub-fund must normally be provided with a guarantee. The guarantee must cover the entire duration of the securities lending transaction and at least the total value of the securities lent.

This guarantee must be given in the form of (i) a guarantee from a first-class financial institute and/or (ii) liquid assets and/or securities issued or underwritten by an OECD Member State or its regional and local authorities or by supranational institutions and facilities of a Community law, regional or worldwide nature and which remain blocked or available to it until the end of the securities lending transaction.

Such guarantee is not required if the securities lending transaction is entered into via CLEARSTREAM or EUROCLEAR or through another organisation ensuring for the lender the reimbursement of the value of its securities by way of guarantee or otherwise.

- (iii) If the respective sub-fund acts as lender, the securities loan must not exceed 50% of the total value of the securities portfolio of the respective sub-fund. This restriction does not apply if the management company is authorised to terminate the contract at any time and redeem the securities lent.
- (iv) The securities lending must not exceed 30 days. This restriction does not apply if (i) the securities lending transaction is entered into by the respective sub-fund as lender for an undetermined period, (ii) the management company is at any time authorized to terminate these securities lending agreements as lender and (iii) the management company has the right to demand redemption of the securities lent.
- (v) If a sub-fund acts as lender, the securities lending must not exceed 50% of the total value of the securities portfolio of the respective sub-fund.

(c) Transactions with the reservation of the right of redemption and repurchase agreements

Each sub-fund may enter into transactions reserving the right to repurchase, consisting of the purchase or sale of investments, where the seller is granted by the purchaser a contractual right to repurchase the investments sold at a price and under terms and conditions agreed between the parties upon entering into the contract. Each sub-fund may also enter into repurchase agreements under which the seller is obliged to repurchase from the purchaser the investments handed over within the scope of the repurchase agreement, while the purchaser has either the right or the obligation to return these investments.

For transactions, as described herein above, a sub-fund may act either as purchaser or as seller. Entering into such transactions is, however, subject to the following provisions:

1. Provisions to ensure the successful processing of such transactions. A sub-fund may enter into transactions reserving the right to repurchase or into repurchase agreements only if the counterparties of such transactions are first-class experts specialising in this type of transaction.
2. Prerequisites and restrictions for such transactions. During the term of a purchase agreement under which the right to repurchase has been reserved, the sub-fund involved is not allowed to sell the securities thereunder until the counterparty has exercised its right to repurchase or until the repurchase term has expired, unless the sub-fund involved has other hedging possibilities at its disposal. Each sub-fund must ensure that the volume of the above-mentioned transactions remains at a level enabling it to meet at any time its redemption obligation. The same terms and conditions apply to a repurchase agreement based on a binding purchase and repurchase contract under which the respective sub-fund acts as purchaser (assignee).

When, in a repurchase agreement, a sub-fund acts as seller (assignor), the respective sub-fund can for the entire term of the repurchase agreement neither transfer nor pledge to third parties the ownership to the investments of such repurchase transaction or reliquidate it in any form whatsoever. Upon expiry of the term of the repurchase agreement, the sub-fund involved must have the necessary assets available in order to pay the price agreed for return to the relevant assignee, if necessary.

#### 6.2.6 Liquid assets

The respective sub-fund may hold liquid assets, on a short-term basis, up to 100% of the fund's assets in the form of credit balances with banks and in the form of money market instruments traded on a regular basis, government and regularly trade debt securities. The money market instruments shall have, at the time of acquisition for the respective sub-fund, a remaining maturity of not exceeding 12 months.

#### 6.2.7 Excess of investment limits for reasons other than investment decisions

If the aforementioned and sub-fund specific percentage restrictions are exceeded for reasons other than investment decisions (occurrences in the market, repurchases), the primary objective of the Company and the sub-fund(s) involved, respectively, must be to eliminate this situation by taking into account the interests of the investors.

## 7 RISK FACTORS TO BE TAKEN INTO ACCOUNT

In the case of futures transactions, profit opportunities are faced with high risks of loss. In general, the following risk factors exist in the case of an investment in the shares of the Company:

### 7.1 REGARDING THE DERIVATIVES MARKETS

#### 7.1.1 Forfeiture or loss of value

Rights acquired under futures may be forfeited or lose in value because such transactions always procure only limited rights. The shorter the time period is, the higher the risk can be.

#### 7.1.2 No hedging possibilities

Transactions aimed at excluding or limiting risks resulting from futures entered into (closing transactions) may not be entered into or only at a loss-making price.

#### 7.1.3 Leverage

The leverage arises because the investor participates in the price fluctuations of the underlying instrument by paying only part of the contract amount. Thus, already small price fluctuations of the underlying instrument may lead to significant profits of derivatives, but also to a high level of losses in relation to the capital invested.

#### 7.1.4 Volatility of the derivatives markets

In the past, prices of derivatives were time and again subject to periods of high volatility which may repeat in the future. Price fluctuations of futures are influenced by many unforeseeable factors.

#### 7.1.5 Possible liquidity constraints

In certain market situations, substantial liquidity shortages may prevent immediate closing out of unfavourable positions.

#### 7.1.6 Trade on non-US exchanges and on the foreign exchange interbank market

As opposed to US exchanges, a number of other exchanges or OTC markets are so-called trader markets where the performance risk lies exclusively with the counterparty who entered a futures contract with the market participant instead of being borne by an exchange or a clearing house.

### 7.1.7 Default risk

The default risk between the counterparties constitutes the pivotal element in all money market investments, bonds, but also OTC derivatives. The default risk is the probability that the remaining amount or also of the full amount of a receivable is not repaid.

Depending on whether the default risk is due to the credit standing of the contractual partner or due to his country of origin, are difference is made between credit risk and country risk.

Credit risks are mostly due to an incorrect assessment of the debtor's present and future ability or willingness to pay.

Country risk means that contractual services are not performed as agreed through no fault of the counterparty due to political or economic transfer difficulties of the respective State. Country risk means the risk that external liabilities of a country are not paid due to political consensus-building processes or due to a lack of social order, as well as the risk that foreign exchange revenues or borrowing facilities are insufficient.

### 7.1.8 Penalties under CRS and withholding taxes and penalties under FATCA

Under the FATCA Law and the CRS Law, the Company may require all investors to provide specific information on their residence for tax purposes and to provide any further information deemed necessary to comply with the said laws. If a withholding tax and/or a penalty is imposed on the Company under the FATCA Law and/or a penalty under the CRS Law, the value of the shares of all investors may be significantly influenced thereby.

In addition, the Company may be required to withhold certain payments (the withholding tax on so-called foreign pass-through payments) to investors not meeting the requirements of the FATCA Law.

## 7.2 WITH REGARD TO THE SUB-FUND

### 7.2.1 Expenses of the sub-fund

The sub-fund pays brokerage, management fees and other operating expenses regardless of whether it generates profits or not.

### 7.2.2 Confidence in the creditworthiness of the clearing broker

If a clearing broker went insolvent, the relevant sub-fund could lose all or part of the funds deposited on the clearing broker's account. Money of the sub-fund kept on the clearing broker's account may not be protected by any deposit protection insurance.

### 7.2.3 Possibility to liquidate the investment

A shareholder can liquidate his investment at the net asset value by redeeming the shares on any Valuation Date (see Part II, point 1.3 "Valuation Date"). Redemption of shares of one or more sub-funds may, however, under certain circumstances (see Part II, point 1.6 "Redemption of Shares") be suspended by the Board of Directors.

### 7.2.4 The smn trading concept

The concept has been developed on the basis of historic data and its suitability has been verified both by computer simulation as well as in real transactions. Past performance is no indication for a possible future performance. Therefore, no profits can be guaranteed.

### 7.2.5 Currency risks

The fund's trading system provides active positions in foreign currency, which are subject to the fund's risk management process. In addition, the fund can make investments in foreign currency and hold accounts (in particular margin accounts) in other than the base currency of the respective Share Class (Share Category).

### 7.2.6 Investment in target funds

If the sub-fund acquires shares in target funds managed directly or on the basis of a transfer by the same AIFM or by a company affiliated with the AIFM through common management or control or a major direct or indirect holding, the AIFM or the other company will not charge the sub-fund fees for the subscription or redemption of shares of such other target fund.

However, in the case of an investment in target funds issued and/or managed by other companies, the respective issuing premium may have to be taken into account, as specified in the prospectus of the target fund involved. Moreover, in addition to the costs charged to the assets of the respective sub-fund, the fund's assets will in all cases be charged further costs for management, administration, auditing, etc. of the target fund in which the various sub-funds invest.

The advantage of a better risk diversification is faced by the possible disadvantage of higher costs.

#### 7.2.7 Risks regarding options, warrants and financial futures contracts

The leverage of options may affect the value of the respective sub-fund's assets to a greater extent, both positively as well as negatively, than is the case with direct acquisition of securities and other assets, so that the use of options entails special risks.

Warrants are handled as securities if they are admitted to official listing or traded on another regulated market and the underlying instrument is a security and if, upon exercise, this security will effectively be delivered. Other than in the case of conventional securities, due to the accompanying leverage, the value of the sub-fund's net assets may be affected considerably more, both positively and negatively.

Financial futures contracts used for a purpose other than hedging also involve substantial opportunities and risks, because in each case only a fraction of the contract amount involved (margin) must be paid immediately. Price fluctuations may thus entail substantial profits or losses. This may increase the risk and the volatility of the sub-fund.

#### 7.2.8 Special note

The Company is organized as an umbrella fund with the possibility to issue various sub-funds. The assets and liabilities of each sub-fund are separate; accordingly, assets and liabilities originating in the future are allocated to the respective sub-funds. In compliance with its duties within the scope of the agreement with the clearing broker, the clearing broker will only act for the sub-fund involved. The clearing broker acting in relation to and for a sub-fund cannot claim recourse for debts or liabilities to any other sub-fund of the Company. The same applies for debts or liabilities of a sub-fund to other creditors.

## 8 POTENTIAL ADVANTAGES OF AN INVESTMENT

### 8.1 RETURNS POTENTIAL

With an investment in shares of the Company, the investor is able to achieve higher returns than by investing in purely interest rate instruments.

### 8.2 DIVERSIFICATION OF INVESTMENTS

The Company's performance will tend to be different from its performance in traditional investments, such as shares, bonds or real estate. This may be an important element of diversification for an investor's aggregate portfolio. Modern portfolio theory has shown that diversification of a portfolio into various classes of assets can increase its performance.

### 8.3 RETURNS POTENTIAL IN DECLINING MARKETS

As opposed to stock, bond or real estate markets, the returns potential of the Company does not depend on a favourable business environment. As a matter of fact, adverse economic situations, such as inflation, may even increase the returns potential of systematically acting trend followers, such as the Company, by triggering continuous price trends related to the respective underlying instruments.

### 8.4 PARTICIPATION IN A LARGE NUMBER OF MARKETS

The Company enables the investor to participate in a larger number of markets.

### 8.5 PROFESSIONAL AIFM

The professional AIFM provides his know-how.

### 8.6 TRADING PROFITS

All profits resulting from investments of a sub-fund's net assets belong to the relevant sub-fund.

### 8.7 DIVERSIFICATION OF THE FUTURES PORTFOLIO

Due to the Company's investment policy, each shareholder may well achieve considerably more diversification by trading in futures, than by investing the same amount of money in individual futures.

### 8.8 LIQUIDITY

Shareholders may increase or decrease the capital invested by them in shares of the Company on each Valuation Date (see sub-fund specific Valuation Dates)

### 8.9 LIMITED LIABILITY

A shareholder cannot lose more than what he invested in shares of the Company plus his share in accumulated profits.

## PART II SUB-FUND SPECIFIC PROVISIONS

### 1 SUB-FUND 1: SMN DIVERSIFIED FUTURES FUND

#### 1.1 NAME

The name of the sub-fund **smn** Diversified Futures Fund.

#### 1.2 ALTERNATIVE INVESTMENT FUND MANAGER (AIFM)

The Company has appointed SMN Investment Services GmbH alternative investment fund manager.

SMN Investment Services GmbH, having its registered office at Rotenturmstraße 16-18, 1010 Vienna, Austria, was incorporated as a private limited company on 31 January 1996 and licensed as Alternative Investment Fund Manager by and under the supervision of FMA pursuant to AIFMG as of 27 August 2014. The Company's share capital as at 31 December 2013 is EUR 1,602,308.77.

#### 1.3 INVESTMENT POLICY AND RESTRICTIONS

##### 1.3.1 Investment policy

- The sub-fund is managed in accordance with the investment policy specified in point 6 of the General Part.
- The sub-fund will reduce its risk by investing in a wide range of different futures, option and forward markets.

##### 1.3.2 Investment restrictions

- The sub-fund may raise loans only temporarily and only up to 10% of net assets.
- The securities and receivables which are part of the sub-fund must not be pledged or charged in any other way, except (i) in connection with derivatives transactions where, for the purpose of reducing the counterparty risk, the fund's assets are pledged or charged as collateral at a rate not exceeding 50% of the fund's assets, or (ii) for raising loans within the scope of the aforementioned point.
- The sub-fund must not effect short sales of securities.
- Transactions with commodity derivatives will be exclusively settled in cash. No delivery is effected.
- The sub-fund may not enter into securities financing transactions (repurchase transactions, securities or commodities lending transactions, buy-sell back transactions or sell-buy back transactions, margin lending transactions) and total return swaps within the meaning of Regulation (EU) of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse.

In order to allow the sub-fund to enter into securities financing transactions and total return swaps within the meaning of Regulation (EU) of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse, this Prospectus has to be amended.

##### 1.3.3 The smn trading concept

The **smn** trading concept is a complex investment approach. The trading philosophy is explained on the basis of the following criteria:

##### (a) Diversification

Distribution of the capital to a number of investments / markets reduces the possibility that for each investment / market the least favourable situation occurs simultaneously (capital markets theory of Nobel Prize winners W. Sharp and H. Markowitz).



Derivatives result in exposures in markets not covered by classical portfolio management.

The AIFM's trading concept is aimed at facilitating a better risk/reward correlation through portfolio diversification in a variety of markets in different market segments.

The prerequisite for a portfolio to enter a market is primarily adequate liquidity and a secure legal framework.

(b) Systematic-mechanical approach

All purchase and sale decisions are made exclusively on the basis of quantitative analyses, in particular by means of a system which gives buy and sell signals. The system was developed in the early nineties and is owned by the investment manager. The system works as follows: Investment signals are generated by computer software which determines date, price level, and - depending on portfolio value, contract risk and correlation with the remaining portfolio - number of contracts for a transaction; at the same time, it also determines the price level of disinvestment signals. As long as the sub-fund holds a position in a contract, position size and disinvestment price will be adjusted, depending on fluctuations of the contract price and market volatility. Subjective discretionary investment decisions by the AIFM are, except for the composition of the portfolio, excluded. The AIFM takes long-term decisions - especially on the basis of the market liquidity available - regarding the contracts the sub-fund will trade in and the system calculates the conditions to be complied with in order to realise the **smn** trading concept. There are also very limited discretions of a few hours available in relation to the execution of transactions on the derivatives markets, when for reasons of market liquidity, the size of a transaction might affect the price too excessively.

(c) Technical trading

No fundamental element is considered in the investment decisions. They will exclusively be made on the basis of price information and indicators derived from them. Stable trading rules and parameters are used on all markets and serve to exclude wrong optimisations based on past market conditions not recurring any more in this form.

(d) Trend following

Technical trend analyses enable measurement of trends and try to participate in them in a manner that allows the sub-fund to achieve profits in case the trends continue. In predominantly laterally tending markets, however, draw down phases (i.e. periods in which the sub-fund's net asset value falls below the historic maximum value) must be accepted; however, as soon as clear market trends are given, above average performance is possible.

(e) Outright positions

As the smn trading concept is primarily aimed at trend following as explained in the above paragraph, positions are taken both long (speculation on rising prices) as well as short (speculation on declining prices). This form of trading is called outright trading.

The AIFM's trading strategy is reviewed on an ongoing basis to make sure it is up to date. The inclusion of new markets and financial instruments is possible. Sustainable changes of market circumstances may require the trading strategy's adaptation.

### 1.3.4 Money management

Money management (part of risk management) means measures giving preference to capital maintenance over profit maximisation. The leverage of forward transactions makes it possible to move a multiple of the capital invested (margin or maintenance margin). The volume of a position to be taken must therefore be determined by the risk inherent in the investment and not by the possible return.

The AIFM monitors volatility in the markets in order to measure the risk of the exposures in the various markets. Trading will be prohibited in cases of too high volatility in a market.

The large number of the markets traded reduces dependence on individual markets.

Appropriate risk limitation requires a limitation of the share in the overall capital which may be used for each buy or sell signal. The average share of an individual investment is clearly below 2% of the aggregate capital: this ensures that any excess of the investment limits specified for the sub-fund can be fully ruled out.

Successful diversification requires diversification of the portfolio in - to the maximum extent possible - uncorrelated (i.e. statistically independent of each other) investments. In selecting the markets traded by the AIFM, special attention is therefore given to avoiding correlations among the individual markets.

The level of the maximum investment degree also facilitates a limitation of the exposure. The technical trading approaches used by the AIFM require an average 20% margin of the net asset value, but may, in individual cases, also amount to about 35% of the net asset value. If simultaneous investments are made in all markets traded by the system, the margin required amounts to not more than 50% of the net asset value of a sub-fund.

1.4 THE SUB-FUND AT A GLANCE

<b>Date of incorporation of the Company / establishment of the Sub-Fund (Share Class)</b>	9 September 1996
<b>Duration of the Sub-Fund</b>	The Sub-Fund was established for an indefinite.
<b>Consolidation currency</b>	EUR
<b>Reference currency of the Sub-Fund</b>	EUR
<b>Share Categories</b>	<ul style="list-style-type: none"> <li>• 1996 (accumulation)</li> <li>• i14 (accumulation)</li> <li>• i14-d (distribution)</li> <li>• i14 (USD) (accumulation)</li> <li>• i22 (accumulation)</li> </ul>
<b>Form of shares</b>	Unless otherwise noted in Part II. point 1.5, each share category can be acquired as a registered or a bearer share.
<b>Denomination of shares</b>	<p>for bearer shares:</p> <ul style="list-style-type: none"> <li>• Fractions of shares down to one hundredth of a share</li> </ul> <p>for registered shares:</p> <ul style="list-style-type: none"> <li>• Fractions of shares down to one hundredth of a share</li> </ul>
<b>Valuation Date – Frequency of net asset value calculation</b>	Valuation Dates - except for the cases provided for in Part I, point 4.4 "Suspension of the calculation of the net asset values" - are all Fridays, provided these dates are Bank Working Days in Luxembourg. Should this not be the case, valuation will be effected on the immediately preceding Bank Working Day in Luxembourg. In addition, each last Bank Working Day (in Luxembourg) of each month will be a Valuation Date.
<b>Trading days</b>	each Valuation Date
<b>Deadline for:</b> <b>Subscriptions:</b> <b>Redemptions:</b> <b>Exchange/conversion requests:</b>	See Part II, point 1.7 See Part II, point 1.8 See Part I, point 1.9
<b>Payment date for subscriptions</b>	In general, there is an obligation to pay the subscription amount with value date one (1) Bank Working Day before the respective Valuation Date into an account of the Company with the depositary or the respective paying agent. For institutional subscribers, in agreement with the Company, there is the possibility to settle via clearing house (e.g. Euroclear, Clearstream), delivery against payment, with value date of not later than five (5) Bank Working Days after the respective Valuation Date.
<b>Leverage</b>	The maximum leverage resulting from the use of derivatives amounts to factor 15, calculated in accordance with the commitment method pursuant article 6(1) in conjunction with Article 109(2)(a) of the Delegated Regulation 231/2013/EU.
<b>Maximum risk</b>	<p>The absolute value at risk of the sub-fund must at no time exceed 35% of the assets of the sub-fund.</p> <p>The following parameters are used for the calculation:</p> <ul style="list-style-type: none"> <li>- Confidence interval of 99 %</li> <li>- holding period of one month (20 business days)</li> <li>- at least one year of effective observation period of the risk factors (250 business days; except if a shorter observation period is justified by a significant increase of the price volatility due to extreme market conditions)</li> <li>- quarterly data update (or more often, if the market prices are subject to substantial changes)</li> <li>- calculation on a day-per-day basis</li> </ul>

## 1.5 SHARE CATEGORIES

	Share categories (Part 1)	
	1996	i14
Distribution policy	accumulation	accumulation
Currency <sup>2</sup>	EUR	EUR
Initial issue period	9 September 1996 to 25 October 1996	17 December 2014 to 19 December 2014
Initial issue price	EUR 72.67 <sup>3</sup>	EUR 1,000.00
Issuing premium	5 % maximum	5 % maximum
Redemption commission	none	none
Conversion fee	0.5 %	0.5 %
Minimum subscription <sup>4</sup>	EUR 100.00	EUR 250,000.00
Minimum holding requirement	no restriction	Investors of the Share Category shall hold at least such number of shares which, at the time of initial subscription, was equivalent to EUR 250,000.00 (two hundred fifty thousand). If, due to a negative performance of the net asset value, the minimum shareholding is not reached, this limit does not apply. If the minimum shareholding is not reached due to shares sold, exchange of the shares of Share Category i14 into shares of Share Category 1996 at the next possible date is possible at the discretion of the Board of Directors.
First NAV calculation	31/10/1996	30/1/2015
ISIN code	LU0070804173	LU1132156156
Subscription tax	0.05 % p.a.	0.05 % p.a.
Distribution countries	Luxembourg Austria	Luxembourg Austria
Management fee	up to 3.96 % p.a.	up to 1.75 % p.a.
Performance fee	up to 15 %, high watermark	up to 10 %, high watermark

<sup>2</sup> The net asset value, as mentioned in point 2.2 of the general part, can also be translated into and published in other currencies.

<sup>3</sup> Non-converted value; initially ATS 1,000.00

<sup>4</sup> The minimum investment can also be effected in the corresponding equivalent in other currencies, into which the net asset value per share is translated and published.

	Share categories (Part 2)	
	i14-d	i14 (USD)
Distribution policy	distribution	accumulation
Currency 2	EUR	USD
Initial issue period	8/2/2016 – 12/2/2016	8/2/2016 – 12/2/2016
Initial issue price	EUR 1,000.00	USD 1,000.00
Issuing premium	5 % maximum	5 % maximum
Redemption commission	none	none
Conversion fee	0.5 %	0.5 %
Minimum subscription 4	EUR 250,000.00	USD 250,000.00
Minimum holding requirement	Investors of the Share Category shall hold at least such number of shares which, at the time of initial subscription, was equivalent to EUR 250,000.00 (two hundred fifty thousand). If, due to a negative performance of the net asset value, the minimum shareholding is not reached, this limit does not apply. If the minimum shareholding is not reached due to shares sold, exchange of the shares of Share Category i14-d into shares of Share Category 1996 at the next possible date is possible at the discretion of the Board of Directors.	Investors of the Share Category shall hold at least such number of shares which, at the time of initial subscription, was equivalent to USD 250,000.00 (two hundred fifty thousand). If, due to a negative performance of the net asset value, the minimum shareholding is not reached, this limit does not apply. If the minimum shareholding is not reached due to shares sold, exchange of the shares of Share Category i14 into shares of Share Category 1996 at the next possible date is possible at the discretion of the Board of Directors.
First NAV calculation	(* ) The first net asset value calculation for the various Share Classes is effected only for such Share Classes on the date specified above, as long as at least one subscription of the class of shares has occurred.	(* ) The first net asset value calculation for the various Share Classes is effected only for such Share Classes on the date specified above, as long as at least one subscription of the class of shares has occurred.
ISIN code	LU1349333564	LU1349334372
Subscription tax	0.05 % p.a.	0.05 % p.a.
Distribution countries	Luxembourg Austria	Luxembourg Austria
Management fee	up to 1.75 % p.a.	up to 1.75 % p.a.
Performance fee	up to 10 %, high watermark	up to 10 %, high watermark

	<b>Share categories (Part 3)</b>
	<b>i22 (EUR)</b>
Distribution policy	accumulation
Currency	EUR
Form of shares	Registered shares
Initial issue period	3/1/2022 – 31/1/2022 The initial issue period may be extended or shortened by the Board of Directors at its discretion.
Initial issue price	EUR 1,000.00
Issuing premium	none
Redemption commission	none
Conversion fee	none
Minimum subscription 4	EUR 50,000,000.00
Minimum holding requirement	Investors of the Share Category shall hold at least such number of shares which, at the time of initial subscription, was equivalent to EUR 50,000,000.00 (fifty million). If, due to a negative performance of the net asset value, the minimum shareholding is not reached, this limit does not apply. If the minimum shareholding is not reached due to shares sold, exchange of the shares of Share Category i22 into shares of Share Category 1996 at the next possible date is possible at the discretion of the Board of Directors.
First NAV calculation	4.2.2022 Depending on the initial issue period, the Board of Directors may, at its discretion, modify the date of the first NAV calculation.
ISIN code	LU2430998620
Subscription tax	0.05 % p.a.
Distribution countries	Luxembourg Austria
Management fee	1.00 % p.a.
Performance fee	10 %, high watermark

## 1.6 RISK WARNINGS

See Part I, point 7.

## 1.7 ISSUE OF SHARES

The Board of Directors is authorized, without restrictions, to issue, at any time, an unlimited number of fully paid up shares in each sub-fund, without having to grant certain shareholders preferential subscription rights. The shares shall not be issued before the subscription has been accepted and the subscription price has been paid into the assets of the relevant sub-fund.

Shares may be issued on any Valuation Date at the net asset value established for that Valuation Date plus a premium defined for each Share Category (see Part II point 1.5), which will accrue to the Distribution Coordinator. Upon decision by the Distribution Coordinator, the premium may, however, be paid in part or in full as a commission to the selling agents or brokers of the subscription of shares.

If shares are sold in countries charging stamp duties and other dues, the issue price increases accordingly.

The minimum subscription and minimum holding requirement of shares of the respective Share Category of a sub-fund is equivalent to the amount established in Part II, point 1.5 or the equivalent in other currencies, into which the net asset value per share of the Share Category of the sub-fund is translated. Subscriptions can therefore take place in any currency in which the net asset value per share of a sub-fund is calculated and will be settled with the shareholder in such currency. The Directors may, at its discretion, waive any minimum subscription and minimum holding requirements.

Written requests for subscription must be received at the registered office of the Company not later than by midnight (Luxembourg time) three (3) days before the relevant Valuation Date. If accepted, they will be processed as of the immediately following Valuation Date.

The shares are acquired only by explicit acceptance of the respective request by the Company and upon receipt of the subscription amount by the depositary.

In general, there is an obligation to pay the subscription amount with value date one (1) Bank Working Day before the respective Valuation Date into an account of the Company with the depositary or the respective paying agent. For institutional subscribers, in agreement with the Company, there is the possibility to settle via clearing house (e.g. Euroclear, Clearstream), delivery against payment, with value date of not later than five (5) Bank Working Days after the respective Valuation Date.

Subscription requests shall include the requested amount or the number of the shares requested, the name of the sub-fund, the currency in which the subscription takes place, the Share Category, the international securities identification number (ISIN), the reference (i.e. name and address) of the subscriber, as well as all information required for compliance with the requirements to prevent money laundering and the financing of terrorism, and the details of the shares subscribed (e.g. distributing or Accumulation Shares, registered shares or bearer shares).

The equivalent of the shares will be calculated at the current net asset value at the time of issue, and any difference (peak compensation) to the subscription payment received by the depositary, will be reimbursed after settlement of the subscription. Bearer and registered shares will be issued as fractions of shares down to three decimals.

In case physical share documents are issued, they are to be delivered to the subscribing shareholder within thirty days.

The Company has the right to reject or restrict requests for subscription from persons, companies or corporations if their investment would result in any violation of applicable laws or regulations, or would otherwise have an adverse effect on the Company or the shareholders. The Company is not obliged to give reasons for not accepting a request.

In addition, the Company reserves the right to temporarily suspend the issue of shares. A resolution to this effect will be brought to the attention of the shareholders through publication in a Luxembourg newspaper and a national newspaper of each country of distribution, as well as in other media designated by the Board of Directors. Holders of registered shares will be notified thereof in writing.

## 1.8 REDEMPTION OF SHARES

Subject to the restrictions in Part I, point 4.4 "Suspension of the Calculation of Net Asset Values", the Company is obliged to redeem at any time the shares of each sub-fund offered by shareholders for redemption.

Requests for redemption issued in writing must be received at the registered office of the Company not later than by midnight (Luxembourg time) three (3) days before the relevant Valuation Date and cannot be revoked. If accepted, they will be processed as of the immediately following Valuation Date.

Redemption requests shall include the number of shares, the name of the sub-fund, the currency in which the redemption is to take place, the Share Category, the international securities identification number (ISIN), the reference of the shareholder (i.e. name and address), details of the shares to be redeemed (e.g. Distribution or Accumulation Shares, bearer or registered shares, share certificates), as well as payment instructions regarding the redemption amount.

The price per share is the net asset value of the share of the respective sub-fund. The redemption amount will be paid either in the currency in which they had been subscribed, or, upon request and at the expense of the shareholder, in a different currency converted at applicable rates of exchange.

Payment of the amount due upon redemption will usually be effected not later than five (5) Bank Working Days after the respective Valuation Date, provided that, if applicable, the Company will properly receive the share certificate(s) with the validly completed assignment statement printed on the reverse side. The shareholder shall return the respective share certificate(s) to the Company at his own risk.

Pay-out will be effected at the expense and risk of the shareholder, either by bank transfer to an account in the name of the investor or by crossed check issued in the name of the shareholder as "beneficiary".

The redemption price of the shares may, depending on the market value of the net fund assets of the respective sub-funds at the time of redemption, be higher or lower than the issue price.

Shares redeemed will be declared null and void.

If, on a Valuation Day, there are significant (more than 20% of the Net Asset Value) redemption and conversion requests relating to the Sub-Fund, or in exceptional cases which may negatively affect the interests of shareholders or the Company, the Board of Directors may declare that the redemption or conversion of these shares is entirely or partly deferred for such period as the Board of Directors considers to be in the best interests of the Company, but which shall not normally exceed twenty Valuation Days. The deferred redemption and conversion applications will be given priority over subsequent applications after the relevant period has expired.

**PART III  
IMPORTANT INFORMATION FOR INVESTORS**



## GENERAL INFORMATION

Beside the prospectus the company will prepare a key investor information document for each retail share category in accordance with Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs). This document can be downloaded at <https://www.smn.at/en/products/detail/show/smn-diversified-futures-fund/> in the "Key Investor Information" section for each share category and requested free of charge via email at office@smn.at.

## INFORMATION PURSUANT TO ART. 21 AIFMG <sup>1</sup>

### PORTFOLIO MANAGEMENT TECHNIQUES AND CONCEPTS

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A maximum limit of 35 % absolute VaR shall apply for the sub-fund pursuant to the provisions of Art. 48 (7) AIFMG.

### LEVERAGE

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#### Right to re-use and re-hypothecate

The AIF transfers collateral to its Clearing Broker(s).

**Morgan Stanley & Co. International PLC** domiciled in the UK, holds such collateral on segregated client accounts according to the Client Assets Sourcebook (CASS) of the Financial Conduct Authority (FCA) of United Kingdom (such accounts are maintained by the Clearing Broker at several approved banks according to the provisions of the CASS).

**Societe Generale SA** domiciled in France, holds such Margin according to French and EU law. The EMIR, MiFIR and MiFID rules will apply when transferring collateral to the broker. The provisions of the CASS are not applicable anymore.

The Clearing Brokers have no right to re-use or re-hypothecate assets of the AIF.

#### Maximum Leverage

150	(factor) gross method
15	(factor) commitment method

### IDENTITY OF SERVICE PROVIDERS NOT REPRESENTED IN THE OFFERING DOCUMENT

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#### Clearing Broker

**Societe Generale SA**  
29, boulevard Haussmann  
75009 Paris  
France

**Morgan Stanley & Co. International PLC**  
25 Cabot Square, Canary Wharf  
London, E14 4QA  
United Kingdom

### DESCRIPTION OF HOW THE AIFM COMPLIES WITH THE PROVISIONS OF ART. 7 (6) AIFMG

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The AIFM holds additional equity to cover potential liabilities arising out of negligence in regard to its professional activities.

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<sup>1</sup> Alternative Investment Fund Manager Act of Austria

**ADDITIONAL INFORMATION TO LIQUIDITY MANAGEMENT**

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The liquidity risk comprises of two components, the refinancing and the market liquidity risk. Although the investment restrictions of the fund do allow borrowing, the fund doesn't facilitate this and hence the portfolios are not exposed to any refinancing risk (no debt capital). Due to exclusively trading liquid listed instruments such as futures and forwards, liquid equity positions as well as OTC forward markets the exposure to market liquidity risk is very low. Thus under normal circumstances (all markets are open for trading) 50 % of all positions could be liquidated during 24 hrs and therefore the financial solvency and payment of redemption requests is guaranteed anytime.

Liquidity checks based on historical volume and open interest figures are carried out for existing positions as well as for buy and sell orders. These checks are carried out both at sub-fund level and at the aggregated level of the AIFM.

**ADDITIONAL INFORMATION ABOUT RULES FOR A FAIR DEALING WITH INVESTORS**

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In general the AIF charges the same fees for each of its shares. As far as contractually agreed the AIFM can confer rebates to its contractual partners out of the proceeds of the management of the AIF. This is typically true in cases of resellers or customers who are due to their size receive a volume discount.

**INFORMATION PURSUANT TO ART. 21 (4) AND (5)**

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After finalization of the annual audited financial statements of the AIF the following information will be published by the AIFM via its webpage [www.smn.at](http://www.smn.at) (click on menu item „PRODUCTS" on top – click on text „MANAGED FUTURES" or on the icon above – click on text „SMN DIVERSIFIED FUTURES FUND" on the left area – click on text „Info acc. Art. 21 (4) & (5) " on the left area and enter the requested information [first name, last name and e-mail address] and click »Download« to proceed):

- percentage of less liquid assets
- any new provisions in regard to the AIF's liquidity
- the actual risk profile of the AIF
- any new provisions in regard to the maximum leverage, right to re-use and re-hypothecate or other guarantees in this regard of the AIF
- the maximum leverage of the AIF

**LATEST NET ASSET VALUE AND HISTORICAL PERFORMANCE**

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The latest Net Asset Value per Share will be published via the webpage [www.smn.at](http://www.smn.at) of the AIFM (there's a display on the start page for the standard share category in the box „ACTUAL PERFORMANCE"; the selection of the fund of choice could be made by clicking on one of the arrows right or left until „SMN DIVERSIFIED FUTURES FUND" is shown; as an alternative click on the menu „PRODUCTS" on top – the text „MANAGED FUTURES" or the picture above – scroll down until you see the heading „PERFORMANCE"; the respective share category is selected via the drop down box on the right side). The historic performance is available via the AIFM's webpage [www.smn.at](http://www.smn.at) as well (see description above).

**VALUATION (INFORMATION PURSUANT TO ART. 21 (1) ITEM 7 AIFMG)**

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In addition to what is described under item 2.4.7. 'Valuation' of the AIF as well as under item 4 'Net Asset Value Calculation' in the Offering Document, the AIFM publishes its Valuation Policy on its webpage [www.smn.at](http://www.smn.at) (click on menu item „THE COMPANY" on top – scroll down to the heading „CORPORATE GOVERNANCE" and click on the text "PRICING\_POLICY.PDF in the right column – the document opens or could be saved respectively).

**DELEGATION (INFORMATION PURSUANT TO ART. 21 (1) ITEM 6 AIFMG)**

The AIFM has delegated the internal audit function to Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Strasse 19, IZD-Tower, 1220 Vienna, Austria and in its Compliance and AML/ATF functions to Kapitalmarkt Consult KCU GmbH, Rechte Wienzeile 29/5, 1040 Vienna, Austria.

**APPLICABLE LAW**

Function	Entity	Law	
		Domicile	Contract
the Company:	Portfolio Selection SICAV 5, allée Scheffer 2520 Luxembourg, LUXEMBOURG	Luxembourg	---
Custodian and Paying Agent:	CACEIS Bank, Luxembourg Branch 5, allée Scheffer 2520 Luxembourg, LUXEMBOURG	Luxembourg	Luxembourg
Registrar, Domiciliary, Administrative, and Transfer Agent:			
AIFM:	SMN Investment Services GmbH Rotenturmstrasse 16-18 1010 Vienna, AUSTRIA	Austria	Luxembourg
Clearing Broker:	Societe Generale SA 29, boulevard Haussmann 75009 Paris, FRANCE	France	France
	Morgan Stanley & Co. International PLC 25 Cabot Square, Canary Wharf London, E14 4QA, UNITED KINGDOM	United Kingdom	United Kingdom
Auditor:	Deloitte Audit, Société à responsabilité limitée 20, Boulevard de Kockelscheuer 1821 Luxembourg, LUXEMBOURG	Luxembourg	Luxembourg

As European Union Member States **Austria** and **Luxembourg** are subject to the Commission Regulation (EC) No 1869/2005 creating a European Enforcement Order for uncontested claims.

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## INFORMATION FOR INVESTORS IN SWITZERLAND

### REPRESENTATIVE

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The representative of the fund in Switzerland is **ACOLIN Fund Services AG**, Leutschenbachstrasse 50, CH-8050 Zurich.

### PAYING AGENT

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The paying agent of the fund in Switzerland is **Caceis Bank, Swiss-Branch**, succursale de Nyon, Route de Signy 35, CH-1260 Nyon.

### LOCATION WHERE THE RELEVANT DOCUMENTS MAY BE OBTAINED

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The prospectus as well as the annual audited financial statements and the semi-annual financial statements (*insofar as these are of a later date than the annual financial statements*) may be obtained free of charge from the representative of the fund in Switzerland.

### PAYMENT OF RETROCESSIONS AND REBATES

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The Alternative Investment Fund Manager of the fund and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- meeting and road show organization for prospects among qualified investors;
- providing of marketing and sales material to qualified investors;
- acting as placement agent for qualified investors;
- customer relationship with qualified investors;
- marketing and sales communication with qualified investors.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors. The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution. On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

In the case of distribution activity in or from Switzerland, the Alternative Investment Fund Manager of the fund and its agents may, upon request, pay rebates directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that

- they are paid from fees received by the Alternative Investment Manager of the fund and therefore do not represent an additional charge on the fund assets;
- they are granted on the basis of objective criteria;
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Alternative Investment Fund Manager of the fund are as follows:

- the volume subscribed by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the investor;
- the investment behaviour shown by the investor (e.g. expected investment period);
- the investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Alternative Investment Fund Manager must disclose the amounts of such rebates free of charge.

### PLACE OF PERFORMANCE AND JURISDICTION

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In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.

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