



## **HSZ China Fund**

Investment fund under Swiss law  
(of the type "Other Funds for Traditional Investments")

Prospectus with Integrated Fund Contract  
March 2019

**Fund management company:**

Credit Suisse Funds AG  
Zurich

**Custodian bank:**

UBS Switzerland AG  
Zurich

## Part 1: Prospectus

This prospectus with integrated fund contract, Key Investor Information Document (KIID) and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units in the investment fund.

Only information contained in the prospectus, in the Key Investor Information Document or in the fund contract shall be regarded as being valid.

### 1 Information on the Investment Fund

#### 1.1 General Information on the Investment Fund

HSZ China Fund is an investment fund under Swiss law of the category "Other Funds for Traditional Investments" and established under the Swiss Collective Investment Schemes Act ("CISA", the "Act") of June 23, 2006. The fund contract was set up by Falcon Fund Management (Schweiz) AG in its capacity as the former fund management company, and submitted with the approval of Falcon Private Bank Ltd. as the former custodian bank of the former Swiss Federal Banking Commission (now the Swiss Financial Market Supervisory Authority FINMA), having been approved by this authority for the first time on August 2, 2006. The fund management function was transferred to Schweizerische Gesellschaft für Kapitalanlagen SGK AG, Zurich, and the custodian bank function to Clariden Leu AG, Zurich as at April 1, 2011. With effect from July 6, 2012, Schweizerische Gesellschaft für Kapitalanlagen SGK AG, Zurich, as former fund management company, merged with Credit Suisse Funds AG, Zurich, through a merger by absorption as defined in the Swiss Merger Act. Schweizerische Gesellschaft für Kapitalanlagen SGK AG, Zurich, was dissolved at that point, and all rights and obligations were passed by law (by way of universal succession) to Credit Suisse Funds AG, Zurich. Credit Suisse Funds AG, Zurich, has therefore exercised the function of fund management company since July 6, 2012. Credit Suisse AG, Zurich was the custodian bank of the investment fund from April 2, 2012 to November 19, 2016, while Credit Suisse (Switzerland) Ltd., Zurich was custodian bank of the investment fund from November 20, 2016 to November 29, 2017. With the approval of FINMA, a change of custodian bank took effect for the investment fund as at November 30, 2017, namely the replacement of Credit Suisse (Switzerland) Ltd. by UBS Switzerland AG, Zurich.

The investment fund is based upon a collective investment agreement (fund contract) whereby the fund management company undertakes to provide the investor with a stake in the fund in proportion to the fund units acquired by said investor, and to manage the fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance with the tasks conferred upon it by law and the fund contract. In accordance with the fund contract, the fund management company is entitled to establish, liquidate or merge unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

The HSZ China Fund currently has the following unit classes:

- "A USD" units are distribution units, and are issued in the accounting currency of the investment fund, namely the US dollar.
- "A CHF" units are distribution units, and are issued in Swiss francs. No currency hedging is undertaken.
- "A EUR" units are distribution units, and are issued in euros. No currency hedging is undertaken.
- "C USD" units differ from "A USD" units only by virtue of the fact that the latter are exclusively available to investors who have concluded a written agreement with a fund distributor in which the acquisition of unit classes without retrocessions is explicitly envisaged.
- "C CHF" units differ from "A CHF" units only by virtue of the fact that the latter are exclusively available to investors who have concluded a written agreement with a fund distributor in which the acquisition of unit classes without retrocessions is explicitly envisaged.
- "C EUR" units differ from "A EUR" units only by virtue of the fact that the latter are exclusively available to investors who have concluded a written agreement with a fund distributor in which the acquisition of unit classes without retrocessions is explicitly envisaged.
- "E USD" units differ from "A USD" units only by virtue of the fact that the latter are exclusively available to investors who subscribe via the sub-distributor Eureka Capital Partners Pte Ltd, Singapore.
- "I USD" units differ from "A USD" units only in the following respect: The minimum initial investment for class "I USD" units and the minimum number of class "I USD" units that must be held by the investor at any given time (minimum holding) are stated in the table at the end of the prospectus. If the value of the units held falls below this minimum holding figure as a result of a redemption, the fund management company may take steps to switch the investment into units of another class for which the investor is eligible. If the value of the units falls below the minimum holding figure for market or performance-related reasons, no switch to another unit class will take place.
- "I CHF" units differ from "A CHF" units only in the following respect: The minimum initial investment for class "I CHF" units and the minimum number of class "I CHF" units that must be held by the investor at any given time (minimum holding) are stated in the table at the end of the prospectus. If the value of the units held falls below this minimum holding figure as a result of a redemption, the fund management company may take steps to switch the investment into units of another class for which the investor is eligible. If the value of the units falls below the minimum holding figure for market or performance-related reasons, no switch to another unit class will take place.
- "I EUR" units differ from "A EUR" units only in the following respect: The minimum initial investment for class "I EUR" units and the minimum number of class "I EUR" units that must be held by the investor at any given time (minimum holding) are stated in the table at the end of the prospectus. If the value of the units held falls below this minimum holding figure as a result of a redemption, the fund management company may take steps to switch the investment into units of another class for which the investor is eligible. If the value of the units falls below the minimum holding figure for market or performance-related reasons, no switch to another unit class will take place.

The individual unit classes do not constitute segregated pools of assets. Although costs are in principle charged only to the unit class for which the service in question was rendered, the possibility of a unit class being liable for the liabilities of another unit class therefore cannot be ruled out.

**The accounting currency is not necessarily the currency of the direct or indirect investments of the investment fund.**

#### 1.2 Investment Objective and Investment Policy of the Investment Fund

##### 1.2.1 Investment Objective

The investment objective of the HSZ China Fund is to generate long-term capital gains, primarily through Chinese equity-related securities and security rights.

More detailed information on the investment policy, its restrictions, the applicable risk diversification guidelines and the permissible investment techniques and instruments are set out in §§ 7-16 of the fund contract.

**There is no guarantee that the objectives of the investment policy will be achieved. Accordingly, the value of the units and the income from them may go down as well as up.**

##### 1.2.2 Investment Policy of the Investment Fund

The investment fund holds at least two thirds of its investments either directly or indirectly in equity-related securities and security rights of selected issuers that are headquartered in the People's Republic of China, exercise the majority of their commercial activities in the People's Republic of China, or which in their capacity as holding companies primarily have holdings in companies headquartered in the People's Republic of China, as well as in other permissible investments as per the fund contract. At least 51% of the fund assets are direct investments.

The intention is for the fund assets to comprise the securities of at least 20 companies at all times, with no individual position accounting for more than 15% of the fund assets. This provides the investment fund with a clear profile while at the same time ensuring the appropriate diversification. The fact that the underlying security holdings are generally listed securities means that a minimum degree of company maturity is ensured and the need for liquidity is taken into account.

The term "equity-related securities and security rights" is deemed to encompass equities, participation certificates, dividend-right certificates,

convertible and warrant bonds with equity conversion potential, derivatives (including warrants), and structured products. Investments in other investment funds as well as pure debt securities and debt rights are excluded. Exempted from this exclusion are so-called participatory notes, even if the level of participation can at times relate to 100% liquid assets. Participatory notes encompass structured products (certificates) that enable participation in the performance of A-shares of Chinese stock corporations.

Overall, no more than 49% of fund assets may be invested in structured products.

The fund management company may invest up to a third of the fund assets in the money market instruments of the same issuer if these are issued or guaranteed by a state or public law entity of the OECD or by international organizations with public law characteristics in which Switzerland or a European Union member state participate.

The investment decisions are based on careful, independent analyses by the local employees of the investment manager. This opens up the opportunity to acquire positions in attractive companies before they become more widely known, and at the same time to mitigate the relatively high risk associated with an investment in a relatively young market.

### 1.2.3 Significant Risks

The following risk warnings describe certain risk factors potentially associated with an investment in the fund. Investors should consider these risk warnings before investing in the fund. The following risk warnings should not be construed as a comprehensive description of all the risks associated with an investment in the fund.

#### 1.2.3.1 General Risk Factors

##### General investment risks:

The value of the investments is governed by the market value at any given time. Depending on the prevailing stock market trend and the performance of the stocks held in the fund, the net asset value can fluctuate considerably. There is no guarantee that the fund's investment objective will be achieved, or that investors will recover all of the capital they invest, achieve a specific return or be able to return their shares to the fund management company at a specific price. Past performance does not provide a basis for inferring future investment results.

##### Market risk:

Market risk is a general risk associated with all investments. A deterioration in market conditions or general uncertainty in relation to the economic markets may lead to a decline in the market value of existing or potential investments or to increased illiquidity of investments. Such declines or illiquidity could lead to losses and reduced investment opportunities for the fund, prevent the fund from successfully achieving its investment objective, or make it necessary to sell investments at a loss under unfavorable market conditions. Market risks may arise in particular from political uncertainties, currency export restrictions, changes in legislation and fiscal framework conditions.

##### Currency risk:

Where the fund holds assets denominated in a currency other than its unit of account, such assets are exposed to a direct currency risk unless such foreign currency positions are hedged. Falling exchange rates lead to a decrease in the value of foreign currency investments.

Certain unit classes may be denominated in a reference currency other than the unit of account of the fund.

For hedged unit classes, a hedging strategy will be used in accordance with the provisions in the fund contract with a view to minimizing the currency risk, taking account of various practical considerations. There is no guarantee that the hedging strategy will achieve this objective. Investors are cautioned that there is no distribution of liabilities between the individual unit classes in the fund. There is therefore a risk that, under certain circumstances, the hedging transactions undertaken for a hedged unit class may lead to liabilities that affect the net asset value of the other unit classes of the fund.

##### Liquidity:

With financial instruments there is a risk that a market will be illiquid at times. This may result in instruments not being tradable at the desired time and/or not in the desired quantity and/or not at the expected price. Temporarily illiquid financial markets combined with a high volume of redemption requests may mean that the fund management company cannot make the repayments within the time period specified in this fund contract and/or not without significant impairment of the net asset value of the fund.

##### Counterparty risk:

Counterparty risk indicates the likelihood of insolvency of the debtor, of a counterparty of a pending transaction or of the issuer or guarantor of a security or derivative. If such a party becomes insolvent, this will result in the loss of some or all of the sum of the investment exposed to the risk of this party. One measure of a counterparty's creditworthiness is their classification (rating) by rating agencies. In addition, the fund is exposed to the risk that an expected payment or delivery of assets may not take place or may not take place on time.

Market practices relating to the settlement of transactions and the custody of assets can lead to increased risks.

#### 1.2.3.2 Specific Risk Factors

##### Equity investments:

Share prices may be affected by many factors on the level of the company in question, as well as by general economic and political developments, including trends in economic growth, inflation and interest rates and reports concerning company profits, demographic trends and disasters. The risks associated with investments in equity and equity-type securities include significant fluctuations in market prices, negative issuer or market information and the subordinate status of equity in relation to debt paper of the same issuer.

##### Small and medium-sized enterprises:

Investing in the securities of smaller and medium-sized, lesser-known companies involves greater risk and the possibility of high price volatility due to the less certain growth prospects of smaller and medium-sized companies, the lower degree of liquidity of the markets for such stocks and the greater sensitivity of smaller and medium-sized companies to market changes.

##### Emerging markets:

The investment fund invests – either directly or indirectly – primarily in China, an emerging market country. Investments in emerging markets may be associated with greater risk than investments in the markets of industrialized countries. The securities markets of emerging markets are generally smaller, less developed, less liquid and more volatile than securities markets in industrialized countries. In certain emerging markets, there is a risk of expropriation of assets, taxation tantamount to expropriation, political and social unrest and diplomatic developments which may adversely affect investments in these countries. There may be less publicly available information about certain financial instruments than investors would normally expect and companies in such countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable with those prevailing in industrialized countries. Certain financial markets have a significantly lower market volume than more developed markets. Securities of many companies may be less liquid and their prices may be more volatile. In emerging markets, there is also a different level of government supervision and regulation of stock exchanges, banks and issuers. Local restrictions may impinge on the investment activities of the fund. Investments in local currency may be adversely affected by exchange rate fluctuations, currency and tax rules. Settlement systems in emerging markets may be less well organized than those in developed markets. Consequently, there is a risk that settlement will be delayed and that the fund's cash or securities will be put in jeopardy by system blackouts or inadequacies.

##### Concentration risks:

The fund's strategy of investing in a limited number of factors, markets, sectors or assets may increase the volatility of its investment performance in comparison with funds investing in a larger number of factors, markets, sectors or assets. If factors, markets, sectors, or assets in which the fund invests develop poorly, the fund could incur greater losses than if it had invested in a larger number of factors, markets, sectors or assets.

##### Investments in certificates:

Certificates do not give the holder a right to the underlying. They do not represent any kind of claim, and in the event of loss the investor has no entitlement vis-à-vis the company of the underlying. Investors in certificates are exposed to counterparty risk. In the event of the issuer's insolvency, investors may only take legal action against the issuer in the capacity of creditor, and may lose their entire instrument even if the underlying performs in line with expectations. No guarantee can be given that certificates will be tradable in the secondary market, or that any such market will be liquid or illiquid. Certificates are not traded via any exchange or on any other market open to the public. It may be difficult to obtain price information, and the liquidity and market prices of certificates may be adversely affected as a result.

#### Specific risks in connection with participatory notes (P-notes)

Participatory notes (P-notes) that offer access to the A-shares of Chinese companies may change the underlying at any time. In addition, the certificate in question may at times offer no exposure at all to A-shares.

The fund management company recommends that interested investors hold only a small proportion of their total assets in these investment funds, and that they do not finance these investments with borrowed capital. An investment in this investment fund is not suitable for investors who cannot or do not want to accept the possibility of losses. The investment fund is designed for medium to long-term investments. Accordingly, the investment fund is not suitable for investors who are reliant on having access to their capital at short notice. In particular, it does not represent a replacement for a money market investment.

#### Risks in connection with the Stock Connect Program

The fund may invest in permissible Chinese A-shares (China Connect securities) via the Shanghai Hong Kong Stock Connect Program and the Shenzhen Hong Kong Stock Connect Program (in each case the "Stock Connect Program"). The Stock Connect Program is a securities trading and clearing system developed by (among others) the Stock Exchange of Hong Kong Limited ("SEHK"), the Shanghai Stock Exchange ("SSE"), the Shenzhen Stock Exchange ("SZSE"), Hong Kong Securities Clearing Company Limited ("HKSCC") and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with the aim of interlinking the equity markets of the Chinese mainland and Hong Kong.

For investments in China Connect securities, the Stock Connect Program offers so-called Northbound Trading. This enables investors in Hong Kong and foreign investors to trade in China Connect securities via their stockbrokers in Hong Kong and a securities services company founded by the SEHK via order routing to the SSE or SZSE. Northbound Trading is not suitable for citizens of the People's Republic of China.

The risks associated with the Stock Connect Program are currently difficult to evaluate. Material risks include (list not exhaustive):

#### *Ownership restrictions for foreign investors*

As there are restrictions on the total number of shares that can be held by all underlying foreign investors or any individual foreign investor in a listed Chinese company – based on the thresholds set out in the guidelines issued from the Chinese mainland (in their latest valid version) – the capacity of the fund (as foreign investor) to invest in China Connect securities is influenced by the corresponding thresholds and the activities of all underlying foreign investors.

#### *Risk in connection with the rule that applies to profits from short swing transactions*

Under the securities legislation that applies on the Chinese mainland, a shareholder whose own positions together with those of other companies of the same group amounts to at least 5% of the total issued shares ("major shareholder") of a company founded on the Chinese mainland that is listed on an exchange located on the Chinese mainland ("a listed Chinese company") must repay all profits generated through the purchase and sale of shares of this listed Chinese company if both transactions take place within a period of six months. In the event of the fund being a major shareholder of a listed Chinese company as a result of an investment in China Connect securities via the Stock Connect Program, the profits that the fund may generate from these investments may be limited in certain circumstances, which may – depending on the scope of the fund's investments in China Connect securities via the Stock Connect Program – have a negative impact on the performance of the fund.

#### *Risk in connection with the disclosure of participations*

According to the requirements that apply in respect of disclosure of participations on the Chinese mainland, the fund is subject to the risk of its participations having to be disclosed in the event of it becoming a major shareholder of a listed Chinese company. As a result, the participations of the fund may become publicly known, which may in turn have repercussions for the fund's performance.

#### *Risk in connection with best execution*

In keeping with the rules that apply in connection with the Stock Connect Program, transactions with China Connect securities may be executed via one or several brokers who have been designated to execute transactions via Northbound Trading in connection with the fund. The SEHK will review all sales orders in respect of China Connect securities via Northbound Trading at the level of SEHK registered market participants to ensure that there is no overselling on the part of one individual market participant. In order to fulfill the requirements of this preliminary review, the fund may determine that it can only execute transactions involving China Connect securities through certain brokers or market participants, which means

these transactions will not be executed on the basis of the best execution principle.

Furthermore, the broker may amalgamate investment orders with its own orders and those of associated companies, as well as with the orders of its other clients, including the fund. In certain cases, this amalgamation or pooling may have a negative impact on the fund, whereas in other cases the act of pooling may be beneficial for the fund.

#### *Risks in connection with settlement, clearing and custody*

The HKSCC and ChinaClear have established clearing links between the SEHK and the SSE as well as the SZSE so that each is a clearing participant in the other in order to facilitate the clearing and settlement of cross-border transactions. With respect to cross-border transactions that have been initiated in one market, the clearing house of this market on the one hand clears and settles the transactions with its own clearing participants, and on the other undertakes to fulfill the clearing and settlement obligations of its clearing participants vis-à-vis the clearing house of the counterparty.

The Stock Connect securities traded via the Stock Connect Program are not issued in physical form, which means that investors do not hold physical China Connect securities. In the context of the Stock Connect Program, investors from Hong Kong and foreign investors – including the fund that has acquired China Connect securities through Northbound Trading – are supposed to hold the China Connect securities in the securities accounts of their brokers or custodians on the Central Clearing and Settlement System ("CCASS") operated by the HKSCC.

Transactions with the custodians and brokers that hold the assets of the fund or settle transactions of the fund entail risks. In the event of the bankruptcy of a custodian or broker, the fund may experience a delay in recovering its assets from the custodian or broker or bankruptcy estate, and may not recover these assets at all; the fund only possesses a general, unsecured claim to these assets vis-à-vis the custodian or broker. Due to the short settlement cycle that applies to China Connect securities, the CCASS clearing participant that acts as custodian may in certain circumstances only act upon instructions from the sales broker that has been formally appointed by the asset manager of the fund. To this end, the custodian bank has to waive – potentially at the risk of the fund – its right to issue settlement instructions in respect of the CCASS clearing participant that acts as its custodian in the market.

The rights and claims of the fund in respect of China Connect securities are exercised through the HKSCC, which exercises its rights as the "nominee" of China Connect securities, which are booked to an RMB-denominated omnibus equity account of the HKSCC with China Clear. The Stock Connect Program generally involves the concept of a "nominee" and recognizes the concept of the "beneficial owner" of securities. The precise nature and rights of an investor who invests via Northbound Trading and becomes a beneficial owner of China Connect Securities through the HKSCC in the latter's capacity as nominee are not precisely defined under Chinese law. Nor is it possible to define beyond doubt the precise nature of the rights and claims enshrined in the legislation of the Chinese mainland of investors who invest via Northbound Trading or the methods for enforcing these rights and claims.

With regard to the specific rights and claims in respect of China Connect securities that can only be exercised or pursued through the relevant courts on the Chinese mainland, it is unclear whether these rights can actually be enforced, as under the CCASS regulations the HKSCC as nominee is not obliged to initiate a lawsuit or other legal proceedings on the Chinese mainland or elsewhere in order to enforce the rights of investors in respect of China Connect securities.

#### *Participation in capital measures and meetings of shareholders*

In keeping with current market practice in China, investors who execute transactions involving China Connect securities via Northbound Trading cannot be represented by voting proxies or in person at the shareholder meetings of the corresponding companies listed on the SSE or SZSE. The fund will not be able to exercise the voting rights in respect of the companies in which it invests in the same way as it can in developed markets.

Furthermore, a capital measure in respect of China Connect securities will be announced by the corresponding issuer via the SSE or SZSE website and specific officially designated newspapers.

The HKSCC will keep CCASS participants informed about capital measures in respect of China Connect securities. Investors from Hong Kong as well as foreign investors (including the fund) must comply with the corresponding agreement of their brokers or custodians (i.e. the CCASS participants) as well as with the deadlines set by these parties.

The period available to them for certain types of capital measures in respect of China Connect securities may be restricted to just one working day. Under certain circumstances, therefore, the fund may not be in a position to participate in certain capital measures promptly. As it is not possible to appoint several voting proxies on the Chinese mainland, it is possible that the fund cannot appoint any voting proxy capable of participating in shareholder meetings in respect of China Connect securities. It cannot be guaranteed that CCASS participants involved in the Stock Connect Program will offer voting or other associated services or take measures to ensure that such services are offered.

#### *Risks in connection with taxation on the Chinese mainland*

In accordance with the Circular Caishui 2014 No. 81 jointly published by the Ministry of Finance, the administration of taxation and the securities regulatory commission on November 14, 2014 in connection with matters relating to taxation policy for the pilot project of the mechanism for linking trading on the Shanghai and Hong Kong equity markets, investors investing in China Connect Securities via Stock Connect are exempt from the income tax on capital gains generated by the sale of China Connect securities. There can be no guarantee, however, as to how long this exemption will apply and there is no certainty that trading in China Connect securities will not be subject to taxation in the future. The tax authorities on the Chinese mainland may issue further requirements in future, and these could potentially be applied retroactively.

In light of the uncertainty surrounding the future taxation of gains or earnings from the fund's investments on the Chinese mainland, the fund management company reserves the right to charge the investing fund for taxation of gains and earnings, potentially on a retrospective basis.

#### **1.2.4 Derivatives**

The fund management company may use derivatives. However, even under extreme market circumstances, the use of derivatives must not result in a deviation from the investment objectives or a change in the investment character of the fund. The Commitment II approach is applied to the assessment of risk.

Derivatives form part of the investment strategy and are not used solely to hedge investment positions.

Both basic forms of derivatives and (to a negligible extent) exotic derivatives may be used, as described in more detail in the fund contract (see § 12), provided the underlying securities are permitted as investments under the investment policy. The derivative transactions may be concluded either on a stock exchange or another regulated market open to the public, or in OTC (over-the-counter) trading. In addition to the market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.

In addition to credit default swaps (CDS), all other types of credit derivatives may be acquired (e.g. total return swaps, credit spread options, credit-linked notes) by which credit risks can be transferred to third parties (so-called risk buyers). The risk buyers receive a premium as compensation. The size of this premium depends, among other things, on the probability of a loss event occurring and the maximum size of the loss; both factors are generally difficult to assess, which increases the risk associated with credit derivatives. The fund may act as both a risk buyer and a risk seller.

The use of derivatives may have a leverage effect on the fund assets or may correspond to a short sale. The total exposure in derivatives may be up to 100% of the net fund assets and the total exposure of the investment fund may thus be up to 200% of its net fund assets. When taking into account the possibility of temporary borrowing amounting to no more than 10% of the net fund assets pursuant to § 13 prov. 2 of the fund contract, the overall exposure of the investment fund may not exceed 210% of the net fund assets.

#### **1.2.5 Collateral Strategy**

With regard to the use of certain investment techniques and in connection with OTC transactions, the fund management company may accept collateral as per the CISO-FINMA so as to reduce the level of counterparty risk assumed.

The fund management company currently accepts the following types of assets as permissible collateral:

- Cash in Swiss francs, euros, US dollars, or a reference currency of the investment fund;
- Fixed- or variable-interest debt instruments or rights issued or guaranteed by an OECD member state or a public-law entity in the

OECD or by an international organization with public-law characteristics to which Switzerland or a member state of the European Union belongs;

- Fixed- or variable-interest debt instruments or rights of an issuer domiciled in an OECD member state;
- Equities, insofar as these are ordinary shares traded on an exchange or other regulated market open to the public in Switzerland, an EU member state, an OECD member state, or the United States of America (US), as well as equities represented in a widely diversified benchmark index.

Fixed- or variable-interest debt instruments or rights must generally have a minimum long-term rating of "A-" or the equivalent and a minimum short-term rating of "A-2" or the equivalent.

If an issuer or security is the subject of different ratings from Standard and Poor's, Moody's or Fitch, the lowest of these ratings shall apply.

The fund management company is entitled to issue restrictions with respect to certain OECD countries and equity indices and limit their acceptance onto the list of permissible countries or benchmark indices, as well as exclude them from the list altogether, or, at a more general level, impose further restrictions on permissible collateral vis-à-vis counterparties and intermediaries.

The fund management shall determine the necessary scope of collateralization on the basis of the applicable risk diversification rules, taking into account the nature and characteristics of the transactions, the creditworthiness of the counterparties and the prevailing market conditions.

Received collateral is valued at least once a day on all trading days. For all types of assets accepted as collateral, the fund management company employs a "haircut" strategy. A haircut (security margin) is a discount applied to the value of an asset accepted as collateral, in order to take account of the fact that the valuation or liquidity profile of this asset may deteriorate from time to time. The haircut strategy takes into account the characteristics of each asset, particularly the type and creditworthiness of the issuer of the collateral, as well as its price volatility. In the corresponding agreement with the relevant counterparty, which may stipulate minimum transfer amounts, the fund management company seeks to ensure that all collateral received is assigned an adjusted value in keeping with the haircut strategy.

On the basis of its haircut strategy, the fund management company generally applies the following discounts:

Types of collateral	Discount
Cash in Swiss francs, euros, US dollars, or a reference currency of the investment fund	0%
Fixed- or variable-interest debt instruments or rights issued or guaranteed by a state or a public-law entity in an OECD country or by an international organization with public-law characteristics to which Switzerland or a European Union member state belong	0.5%–5%
Fixed- or variable-interest debt instruments or rights of an issuer domiciled in an OECD member state	1%–8%
Equities, insofar as these are ordinary shares traded on an exchange or other regulated market open to the public in Switzerland, an EU member state, an OECD member state, or the United States of America (US), as well as equities represented in a widely diversified benchmark index.	5–15%

The fund management company reserves the right, particularly in the event of unusual market volatility, to increase, vis-à-vis counterparties and intermediaries, the discounts that apply to collateral with a view to ensuring that the investment fund has greater collateral protection, thereby reducing the level of counterparty risk.

When managing the collateral, the fund management company and its agents must fulfill the obligations and requirements set out under Art. 52 CISO-FINMA. In particular, the fund management company shall ensure appropriate diversification of collateral by country, market, and issuer. With respect to issuer cluster risks, these will be deemed to be appropriately diversified if the collateral accounted for by a single issuer does not exceed 20% of the net asset value. Exceptions for publicly guaranteed or publicly issued investments pursuant to Art. 83 CISO remain reserved.

With respect to cash collateral received, the fund management company may only invest this in the corresponding currency in the form of liquid

assets, government bonds of high quality, and directly or indirectly in money market instruments with short terms, or use these instruments as reverse repos.

The investment fund may suffer a loss from the reinvestment of received cash collateral, particularly if the investment made with this cash collateral depreciates. As a result of the reduction in value of such an investment, the amount available for transfer back to the counterparty will also be reduced. Any resulting difference in value of the received cash collateral must be made good by the investment fund, which is why the latter will incur a loss.

Collateral other than liquid assets may not be lent out, repledged, sold, reinvested, or used for repo transactions or to cover the liabilities of derivative financial instruments.

The collateral received must be held in safekeeping with the custodian bank. The collateral received may be held by a supervised third-party depository on the fund management company's behalf if the collateral's ownership is not transferred and the depository is independent of the counterparty.

### 1.3 Profile of the Typical Investor

The investment fund is suitable for investors with a long-term horizon who are primarily seeking capital growth. They must be prepared to see the net asset value of fund units undergo sharp fluctuations and sustained declines. They are aware of the significant risks of an equity investment.

The investment fund offers the opportunity to achieve an appropriate increase in value in the long term, but requires a willingness to accept major value fluctuations in the short term that can result from strong rises in interest rates. The risk-return relationship can be significantly improved through a long-term investment. We recommend a minimum holding period of 5 years.

### 1.4 Tax Regulations Relevant for the Investment Fund

The fund has no legal personality in Switzerland. It is not subject to tax on income or capital.

The Swiss federal withholding tax deducted from the fund's domestic income can be reclaimed in full for the fund by the fund management company.

Income and capital gains realized outside Switzerland may be subject to the relevant withholding tax deductions imposed by the country of investment. Insofar as is possible, these taxes will be reclaimed by the fund management company on behalf of investors resident in Switzerland under the terms of double taxation treaties or other such agreements.

Distributions of income made by the fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35%. Any capital gains paid on a separate coupon are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.

In the case of investors domiciled abroad, income is distributed without any deduction of Swiss withholding tax provided at least 80% of the fund's income is derived from foreign sources. This is subject to presentation of confirmation from a bank stating that the units in question are held at the bank in the custody account of an investor domiciled outside Switzerland, and that the distributions of income are credited to this investor's account (declaration of domicile/affidavit). No guarantee can be given that at least 80% of income will stem from foreign sources. If withholding tax is charged to an investor domiciled outside Switzerland owing to a failure to present a declaration of domicile, under Swiss law they may submit a refund application directly to the Swiss Federal Tax Administration in Bern.

Furthermore, both earnings and capital gains, whether distributed or reinvested, and depending on the person who holds the units either directly or indirectly, may be subject wholly or in part to a so-called paying agency tax (e.g. Foreign Account Tax Compliance Act).

This tax information is based on the current legal situation and practice. It is subject to changes in legislation, the decisions of the courts and the decrees and practices of the tax authorities.

**Taxation and other tax implications for investors who hold, buy or sell fund units or units in subfunds are defined by the tax laws and regulations that apply in the investor's country of domicile. Investors should consult their tax advisor for information on these matters.**

The fund has the following tax status:

**FATCA:**

The fund is registered with the US tax authorities as a "deemed compliant" collective investment vehicle (CIV) pursuant to the Agreement Between Switzerland and the United States of America for Cooperation to Facilitate the Implementation of FATCA (Foreign Account Tax Compliance Act) "Swiss/US IGA".

#### International automatic exchange of information on tax matters:

This umbrella fund and the subfunds qualify as a Non-reporting Financial Institution for the purposes of the automatic exchange of information pursuant to the Common Reporting and Due Diligence Standard (CRS) of the Organisation for Economic Co-operation and Development (OECD) relating to information on financial accounts.

## 2 Information on the Fund Management Company

### 2.1 General Information on the Fund Management Company

The fund management company is Credit Suisse Funds AG, Zurich. It has been exclusively active in the fund business since its formation as a limited company in 1984.

The subscribed share capital of the fund management company amounts to CHF 7 million as of June 30, 1994, and is fully paid up. The share capital is divided into registered shares.

Credit Suisse Funds AG is a wholly-owned subsidiary of Credit Suisse AG, Zurich.

#### **Board of Directors**

- **Dr. Thomas Schmuckli**, Chair  
Relevant activities outside of the fund management company:  
Member of the Board of Directors of MultiConcept Fund Management S.A., Luxembourg; Chair of the Board of Directors of Bossard Holding AG, Zug; Chair of the Board of Directors of Patria Genossenschaft, Basel; Member of the Board of Directors of Hans Oetiker Holding AG, Horgen; Deputy Chair of the Board of Directors of Helvetia Holding AG, St. Gallen
- **Luca Diener**, Vice-Chair  
No relevant activities outside of the fund management company
- **Ruth Bültmann**, Member  
Relevant activities outside of the fund management company:  
Member of the Board of Directors of MultiConcept Fund Management S.A., Luxembourg; Member of the Board of Directors of BLI – Banque de Luxembourg Investments S.A., Luxembourg; Chair of the Board of Directors of Eric Sturza Management Company S.A., Luxembourg; Chair of the Board of Directors of Conventum Asset Management S.A., Luxembourg; Member of the Board of Directors of Cigogne Management S.A., Luxembourg; Member of the Board of Directors of Mitsubishi UFJ Investor Services & Banking (Luxembourg) S.A., Luxembourg; Member of the Board of Directors of Luxembourg Institute of Directors – ILA, Luxembourg; Member of the Board of Directors of Lithos Capital S.A.-SPF, Luxembourg; Member of the Board of Directors of Berlynvest S.A., Luxembourg; Member of the Board of Directors of Link Corporate Services S.A., Luxembourg
- **Jürg Roth**, Member  
Relevant activities outside of the fund management company:  
Managing Director of Credit Suisse (Switzerland) Ltd., Zurich; Member of the Board of Trustees of Credit Suisse Investment Foundation, Zurich; Member of the Board of Directors of AXA Pension Solutions AG, Winterthur; Member of the Board of Trustees of the Credit Suisse Investment Foundation 2nd Pillar, Zurich
- **Christian Schärer**, Member  
Relevant activities outside of the fund management company:  
Managing Director of Credit Suisse (Switzerland) Ltd., Zurich; Member of the Board of Directors of Credit Suisse Fund Services (Luxembourg) S.A., Luxembourg; Member of the Board of Directors of Credit Suisse (Luxembourg) S.A., Luxembourg
- **Dr. Christoph Zaborowski**, Member  
Relevant activities outside of the fund management company:  
Chair of the Board of Directors of REFL Invest AG, Zurich; Chair of the Board of Directors of Deal Estate AG, Lucerne; Chair of the Board of Directors of BS2 AG, Schlieren; Vice-Chair of the Investment Committee of Steiner Investment Foundation, Zurich; Member of the Investment Committee of FG Wohninvest Deutschland S.C.S. SICAV-SIF, Luxembourg; Member of the

Real Estate Committee of the Pension Fund of Lonza, Basel;  
Member of the Supervisory Board of Fundamenta Group  
Deutschland AG, Munich

- **Patrick Marti**, Member  
Relevant activities outside of the fund management company:  
Managing Director, Credit Suisse (Switzerland) Ltd.

#### Executive Board

- **Thomas Schärer**, CEO  
No relevant activities outside of the fund management company
- **Patrick Tschumper**, Deputy CEO and Head of Fund Solutions  
Relevant activities outside of the fund management company:  
Member of the Board of Directors of Credit Suisse Asset Management (Switzerland) Ltd., Zurich; Member of the Board of Directors of MultiConcept Fund Management S.A., Luxembourg
- **Thomas Federer**, Member, Performance & Risk Management  
No relevant activities outside of the fund management company
- **Tim Gutzmer**, Member, Fund Services  
No relevant activities outside of the fund management company
- **Hans Christoph Nickl**, Member, COO  
No relevant activities outside of the fund management company
- **Thomas Vonaesch**, Member, Real Estate Fund Management  
Relevant activities outside of the fund management company: Fund Manager of the real estate fund Credit Suisse 1a Immo PK, Credit Suisse Asset Management (Switzerland) Ltd., Zurich
- **Gabriele Wyss**, Member, Compliance  
No relevant activities outside of the fund management company
- **Gilbert Eyb**, Member, Legal  
No relevant activities outside of the fund management company

All information on the relevant activities of the Members of the Board of Directors and the Executive Board outside of the fund management company is given as at the date of the prospectus.

As of December 31, 2018, the fund management company managed a total of 281 collective investment schemes (including subfunds) in Switzerland, with assets under management totaling CHF 210,207 million. The fund management company Credit Suisse Funds AG is registered with the US tax authorities as a "registered deemed compliant FFI" under the Agreement between the United States of America and Switzerland for Cooperation to Facilitate the Implementation of FATCA (Foreign Account Tax Compliance Act) "IGA Switzerland/USA".

Address:  
Credit Suisse Funds AG  
Uetlibergstrasse 231  
8045 Zurich

Website:  
[www.credit-suisse.com](http://www.credit-suisse.com)

## 2.2 Delegation of Investment Decisions

The investment decisions of the investment fund have been delegated to HSZ (Hong Kong) Limited, Unit 605A, 6/F, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, Hong Kong SAR, as the investment manager. HSZ (Hong Kong) Limited is a company incorporated under Hong Kong law.

HSZ (Hong Kong) Limited is an asset management company headquartered in Hong Kong, and as such is subject to oversight by the Securities and Futures Commission of Hong Kong. It possesses licenses of Type 4 ("Advising on Securities") and Type 9 ("Asset Management").

HSZ (Hong Kong) Limited possesses many years' experience in asset management and securities advisory with a focus on Asian markets. The precise execution of the remit is governed by the discretionary management agreement concluded between the fund management company and the asset manager.

## 2.3 Delegation of Other Tasks

The fund management company has transferred responsibility for the distribution and marketing of the investment fund to Carnegie Fund Services SA, 11 rue du Générale-Dufour, 1204 Geneva as principal distributor. The precise execution of the remit is governed by the principal distributor agreement concluded between the fund management company and the principal distributor.

The fund management company has delegated certain fund administration duties to the following group companies of Credit Suisse Group AG:

- Credit Suisse AG, Switzerland: specific tasks such as providing legal and compliance advice, facility management and the Management Information System (MIS).
- Credit Suisse (Switzerland) Ltd., Switzerland: specific tasks in relation to the provision of compliance advice, human resources, collateral management, IT services, and first line of defense support (FLDS).
- Credit Suisse Asset Management (Switzerland) Ltd., Switzerland: real estate administration (including fund and real estate accounting, and estate management).
- Credit Suisse Services AG, Switzerland: specific tasks in relation to the provision of compliance advice, managing the fund management company's finances, and tax advice.
- Credit Suisse Fund Services (Luxembourg) S.A., Luxembourg: specific tasks in relation to fund accounting, and support with monitoring the investment regulations.
- Credit Suisse (Poland) Sp.z.o.o., Poland: specific tasks in relation to fund accounting, information management (including product master data, price publications, fact sheet production, KIID production and report preparation), legal reporting (preparation of the annual report), and other support tasks.

The precise modalities for carrying out the duties involved are set out in an agreement between the fund management company and the aforementioned group companies. Further specific tasks may be delegated to the aforementioned group companies.

## 2.4 Exercising of Membership and Creditors' Rights

The Management Company exercises the membership and creditors' rights associated with the investments of the investment fund it manages independently and exclusively in the interests of the investors. The fund management company will, upon request, provide the investors with information on the exercising of membership and creditors' rights.

In the case of scheduled routine transactions, the fund management company is free to exercise membership and creditors' rights itself or to delegate their exercise to the custodian bank or a third party.

In the case of all other events that might have a lasting impact on the interests of the investors, in particular the exercising of membership and creditors' rights which the fund management company holds as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In such cases, it may base its actions on information it receives from the custodian bank, the portfolio manager, the company or from proxy advisors and other third parties, or on information it learns from the press.

The fund management company is free to waive the exercise of membership and creditors' rights.

## 3 Information on the Custodian Bank

The custodian bank is UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich.

The bank was founded in 2014 as a stock corporation ("Aktiengesellschaft") with headquarters in Zurich, and acquired the Private and Corporate Clients business booked in Switzerland as well as the Wealth Management business of UBS AG booked in Switzerland as at June 14, 2015.

UBS Switzerland AG is a universal bank offering a broad spectrum of banking services. UBS Switzerland AG is a subsidiary of UBS AG. With consolidated total assets of CHF 942,819 million and reported equity capital of CHF 55,313 million as at December 31, 2015, UBS AG has one of the strongest capital bases of any bank in the world. It employs 60,099 employees in an extensive global branch network.

The custodian bank may delegate the safekeeping of the fund assets to third-party custodians and collective securities depositaries in Switzerland or abroad, provided this is in the interests of efficient safekeeping. In relation to financial instruments, the investment fund's assets may only be transferred to regulated third-party custodians or collective securities depositaries. This does not apply to mandatory safekeeping at a location where the transfer to regulated third-party custodians and collective securities depositaries is not possible, in particular due to mandatory legal provisions or to the investment product's modalities.

The use of third-party custodians and collective securities depositaries means that deposited securities are no longer owned solely by the fund management company, which instead becomes only a co-owner.

Moreover, if the third-party custodians and collective securities depositaries are not regulated, they are unlikely to meet the requirements placed on Swiss banks in organizational terms.

The custodian bank is liable for damage caused by the agent unless it can prove that it applied the degree of due diligence with regard to the selection, instruction and monitoring required in the given circumstances.

The custodian bank is registered with the US tax authorities as a Reporting Financial Institution under Model 2 IGA in the sense of Sections 1471 – 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding decrees, "FATCA").

## 4 Information on Third Parties

### 4.1 Paying Agents

The paying agent is UBS Switzerland AG, including all its branches in Switzerland.

### 4.2 Distributors

The following institution has been appointed as principal distributor for the investment fund:

- Carnegie Fund Services SA, 11 rue du Générale-Dufour, 1204 Geneva

The principal distributor is entitled to appoint additional sub-distributors within the meaning of the Collective Investment Schemes Act of June 23, 2006.

### 4.3 Auditor

KPMG AG, Zurich, have been appointed as auditors.

## 5 Further Information

### 5.1 Useful Information

Swiss sec. no.:	See table at end of prospectus
ISIN numbers:	See table at end of prospectus
Listing:	None
Accounting year:	January 1 to December 31
Term:	Unlimited
Accounting currency:	See table at end of prospectus
Certificates:	Book-entry form
Appropriation of income:	Income will be distributed within four months of the end of the accounting year.

### 5.2 Terms for the Issue and Redemption of Fund Units

Fund units will be issued or redeemed on every bank working day in Zurich (Monday to Friday). No issues or redemptions will take place on Swiss public holidays – i.e. Easter, Whitsun, Christmas (incl. December 24), New Year (incl. December 31), Swiss National Day, etc. – or on days when the stock exchanges and markets in the main investment countries of the investment fund are closed, or under the exceptional circumstances defined under § 17 prov. 4 of the fund contract.

Subscription and redemption orders received by the custodian bank by the time stated in the table at the end of the prospectus on a given bank working day (order day) will be settled on the next bank working day (valuation day) on the basis of the net asset value calculated on this day. The net asset value taken as the basis for the settlement of the order is therefore not known when the order is placed (forward pricing). It is calculated on the valuation day on the basis of the closing prices on that day. The investment fund's assets will not be valued for days when the stock exchanges or markets in the investment fund's main investment countries are closed (e.g. bank and stock exchange holidays).

The net asset value of unit of a given class is determined by the proportion of the market value of those fund assets attributable to that unit class, minus any of the investment fund's liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It is rounded to 1/100 of the reference currency of the corresponding unit class.

The issue price of the units of a particular class corresponds to the modified net asset value of this class calculated on the valuation day, plus the issuing commission. The issuing commission rates are set out in the table at the end of the Sales Prospectus.

The redemption price of the units of a particular class corresponds to the net asset value of that class calculated on the valuation day, less the redemption commission. The redemption commission rates are set out in the table at the end of the Sales Prospectus.

Incidental costs for the purchase and sale of investments (specifically standard brokerage charges, commission, taxes and duties) as well as the cost of verifying and maintaining quality standards in relation to physical assets incurred by the fund in connection with the investment of the amount paid in, or with the sale of that portion of investments corresponding to the redeemed unit(s), are charged to the assets of the fund.

The issue and redemption prices are rounded to 1/100 of the reference currency of the corresponding unit class. Payment will be made 3 bank working days after the valuation day (value date 3 days).

Units do not take the form of actual certificates but exist purely as book entries. The investors are not entitled to demand delivery of a unit certificate in registered or bearer form.

The fund management company and the custodian bank may, within the scope of their sales activities, refuse purchase applications and may suspend or limit the sale, distribution or transfer of units to individuals or corporate bodies in particular countries or areas.

### 5.3 Fees and Incidental Costs

Details on the fees and incidental costs for the fund are set out in the table at the end of the prospectus.

Furthermore, the fees and incidental costs listed under § 19 of the fund contract may also be charged to the fund.

Information on the rates actually charged can be found in the annual and semi-annual reports.

In addition to the management fee, the fund management company draws a "performance fee" amounting to a maximum of 10% of the outperformance of 5% p.a. ("hurdle rate"), calculated on the net asset value of the relevant assets of a unit class. The performance fee is calculated daily and, where due, is paid out from the assets of the corresponding unit class at the end of the corresponding quarter (March, June, September, December). If a performance fee is due on a particular day of an accounting year, the net asset value per share (prior to the deduction of the performance fee) forms the basis for the calculation of the performance fee on the following day. The performance fee is calculated separately in each case for unit classes with different commission rates for different unit values.

The performance fee is subject to what is known as a "high water mark". Declines in value in relation to the initial issue price, the net asset value at the beginning of an accounting year, and the peak value forming the basis for a performance fee calculation must be made good before another performance fee is payable. The claim to the performance fee only arises if the net asset value per unit of the corresponding unit class lies above both the minimum net asset value per unit produced by the hurdle rate and the high water mark. The performance fee is calculated on the proportion of the net asset value (prior to performance fee) that exceeds the higher of (a) a high water mark and (b) the minimum net asset value per unit of a unit class. The hurdle rate refers to an accounting year in each case. A simple case of underperformance in an accounting year without any loss in value does not need to be offset in following years. At the start of the year, the high water mark always forms the basis for the calculation of the minimum net asset value.

Upon launch of the investment fund, the high water mark corresponds to the initial issue price per unit (not taking into account issuing commission). If a performance fee is due for any particular day of an accounting year, the high water mark of the following day then corresponds to this most recent peak net asset value per unit (prior to deduction of the paid performance fee). If no performance fee can be levied during an accounting year, the high water mark at the beginning of the following year corresponds to the higher of (a) the initial issue price, (b) the most recent peak net asset value, and (c) the net asset value per unit on the last valuation day of the prior accounting year.

For distribution classes, the high water mark and the calculation basis of the hurdle rate are adjusted to the calculation of the performance fee. The performance fee is calculated and paid out in the accounting currency of the investment fund (USD) for all unit classes.

Performance fee calculation examples are provided in the annex to this prospectus.

### Payment of Retrocessions and Rebates

The fund management company and its agents may pay retrocessions (trailer fees) as remuneration for the marketing of fund units in or from Switzerland. This remuneration covers the following services in particular:



- Providing marketing and legal documents and keeping a stock of such documents;
- Forwarding or making available the legally prescribed publications and other publications;
- Performing due-diligence tasks in areas such as the clarification of client requirements and sales restrictions;
- Investigating and responding to investors' specific inquiries relating to the investment product or the provider;
- Servicing existing investors;
- Training sales force staff;
- Appointing and monitoring sub-distributors;
- Entrusting a firm of auditors with the task of verifying compliance in respect of certain obligations of the distributor;
- etc.

Retrocessions are not regarded as rebates even if they are ultimately forwarded to investors either entirely or in part.

The recipients of the retrocessions guarantee transparent disclosure and will inform investors – spontaneously and free of charge – of the size of the fee they have received for their sales activities.

On request, the recipients of the retrocessions will disclose the amounts they have actually received for the sale of the collective investment scheme units of these investors.

The fund management company and its agents do not pay rebates on sales in or from Switzerland in order to reduce the fees and costs charged to the investment fund and borne by the investors.

The asset manager may at its own discretion pass on its asset management fee in whole or in part to investors and other recipients.

#### **Total Expense Ratio**

The coefficient of all costs debited to the fund assets on an ongoing basis (total expense ratio, TER) can be found in the table at the end of the prospectus.

#### **Commission-Sharing Agreements and Soft Commissions**

- The fund management company has not concluded any fee splitting agreements.
- The fund management company has not concluded any agreements in respect of soft commissions.

#### **5.4 Publication of Official Notices by the Fund**

Further information on the investment fund may be found in the latest annual and semi-annual report. The latest information can also be found on the internet at [www.hszgroup.com](http://www.hszgroup.com).

The prospectus with integrated fund contract, the Key Investor Information Document (KIID) and the latest annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

In the event of a change to the fund contract, a change in the fund management company or the custodian bank or the dissolution of the investment fund, the corresponding notice will be published by the fund management company on the electronic data platform Swiss Fund Data ([www.swissfunddata.ch](http://www.swissfunddata.ch)).

Prices are published for all unit classes on any day on which units are issued or redeemed, and at least twice a month (namely on the first and third Monday of the month) on the electronic platform Swiss Fund Data ([www.swissfunddata.ch](http://www.swissfunddata.ch)) and in other Swiss and international newspaper and electronic media where appropriate.

#### **5.5 Sales Restrictions**

With respect to the issue and redemption of units outside Switzerland, the regulations regarding investment funds and taxes in the country in question apply.

- a) The fund has been authorized for sale in the following countries:  
Switzerland  
The fund management company may at any time apply for the fund to be distributed in other countries.
- b) Units of this collective investment scheme may not be offered, sold or delivered within the United States of America or its territories. Units of this collective investment scheme may not be offered, sold or delivered to citizens and/or residents of the United States of America and/or persons or entities whose income and/or revenue, irrespective of source, is subject to US income tax, including those deemed to be US persons under Regulation S of the US Securities

Act of 1933 and/or the US Commodity Exchange Act, as amended.

#### **5.6 Detailed Regulations**

All further information on the fund – such as the method used for the valuation of the fund's assets, a list of all fees and incidental costs charged to the investor and the fund, and the appropriation of net income – is set out in detail in the fund contract.

## Annex: Sample Calculation of Performance Fee

(Theoretical assumption. Does not reflect current rates)

Examples 1 and 2 involve two successive days, namely the first and second day of the first year. Examples 3 and 4 are based on the 15th day of the second and third year.

### Example 1

Background situation:

– Observation period	Day 1, Year 1 (D1/Y1)
– Reference date	Valuation date after D1/Y1
– Initial issue price	USD 100.00
– Unit value on reference date	USD 101.50

Calculation of performance fee per unit at end of D1/Y1:

– Minimum net asset value on basis of hurdle rate	USD 100.01
	(USD 100.00 plus 5% p.a. for D1/Y1)
– Performance fee per unit	USD 0.15
	(USD 101.50 minus USD 100.01, of which 10%)
– Net asset value at end of D1/Y1	USD 101.35
	(USD 101.50 – USD 0.15)
– New high water mark	
(instead of initial issue price)	USD 101.50

### Example 2

Background situation:

– Observation period	Day 2, Year 1 (D2/Y1)
– Reference date	Valuation date after D2/Y1
– Unit value on reference date	USD 105.20
– High water mark (peak value end of D1/Y1)	USD 101.50

Calculation of performance fee per unit at end of D2/Y1:

– Minimum net asset value on basis of hurdle rate	USD 100.03
	(USD 100.00 plus 5% p.a. D1 and D2/Y1)
– Performance fee per unit	USD 0.37
	(USD 105.20 minus USD 101.50, of which 10%)
– Net asset value at end of D2/Y1	USD 104.83
	(USD 105.20 – USD 0.37)
– New high water mark (instead of peak value D1/Y1)	USD 105.20

### Example 3

Background situation:

– Observation period	Day 15, Year 2 (D15/Y2)
– Reference date	Valuation date after D15/Y2
– Unit value on reference date	USD 109.20
– Unit value D365/Y1	USD 106.20
– High water mark (peak value D304/Y1)	USD 107.00

Calculation of performance fee per unit at end of D15/Y2:

– Minimum net asset value on basis of hurdle rate	USD 106.41
	(USD 106.20 plus 5% p.a. for D1/Y2 to D15/Y2)
– Performance fee per unit	USD 0.22
	(USD 109.20 minus USD 107.00, of which 10%)
– Net asset value at end of D15/Y2	USD 108.98
	(USD 109.20 – USD 0.22)
– New high water mark (instead of peak value D304/Y1)	USD 109.20

### Example 4

Background situation:

– Observation period	Day 15, Year 3 (D15/Y3)
– Reference date	Valuation date after D15/Y3
– Unit value on reference date	USD 112.70
– Unit value D365/Y2	USD 112.00
– High water mark (peak value D334/Y2)	USD 113.30

Calculation of performance fee per unit at end of D15/Y3:

– Minimum net asset value on basis of hurdle rate	USD 112.22
	(USD 112.00 plus 5% p.a. for D1 to D15/Y3)
– Performance fee per unit	None
(unit value on reference date below high water mark)	

Investment fund	Unit classes	Swiss sec. no.	ISIN no.	Fund's unit of account	Reference currency	Max. issuing /redemption commission charged to investors <sup>1)</sup>	Max. management fee charged to investment fund <sup>2)</sup>	Max. custodian bank fee charged to investment fund	Valuation date (days as of sub-scription / redemption)	Valuation date (days as of valuation)	Deadline for daily subscription and redemption of fund units (CET)	Minimum investment amount / minimum holding	Delegation of investment decisions	Total expense ratio (TER)		
														31.12.2014	31.12.2015	31.12.2016
HSZ China Fund	A USD	2682803	CH0026828035	USD	USD	None	1.50%	0.15%	1	3	14:30	n/a	HSZ (Hong Kong) Limited, Hong Kong	1.68%	1.69% <sup>4)</sup> 2.66% <sup>5)</sup>	1.68%
	A CHF	2682806	CH0026828068	USD	CHF									1.68%	1.69% <sup>4)</sup> 2.28% <sup>5)</sup>	1.68%
	A EUR	2682809	CH0026828092	USD	EUR									1.68%	1.69% <sup>4)</sup> 2.54% <sup>5)</sup>	1.68%
	E USD	[<•>]	[<•>]	USD	USD									–	–	–
	C USD <sup>6)</sup>	28568604	CH0285686041	USD	USD	–	1.22% <sup>4)</sup> 1.22% <sup>5)</sup>							1.23%		
	C CHF <sup>6)</sup>	28568580	CH0285685803	USD	CHF	–	1.22% <sup>4)</sup> 1.22% <sup>5)</sup>							1.23%		
	C EUR <sup>6)</sup>	28568600	CH0285686009	USD	EUR	–	–							–		
	I USD <sup>6)</sup>	36845408	CH0368454085	USD	USD	None	USD 10 million / USD 10 million					–		–	–	
	I CHF <sup>6)</sup>	36845220	CH0368452204	USD	CHF	None	CHF 10 million / CHF 10 million					–		–	–	
	I EUR <sup>6)</sup>	36845646	CH0368456460	USD	EUR	None	EUR 10 million / EUR 10 million					–		–	–	

<sup>1)</sup> Fees and incidental costs charged to investors: issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad. Redemption commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad.

<sup>2)</sup> Fees and incidental costs charged to the fund's assets: management commission payable to the fund management company for the management, administration and sale of the investment fund. The costs and commissions set out in § 19 of the fund contract may additionally be charged to the fund's assets.

<sup>3)</sup> In the case of the unit classes "C USD" and "I USD", "C CHF" and "I CHF", and "C EUR" and "I EUR", the fund management company only draws a reduced performance fee. The performance fee is calculated as if the high water mark of the launch of the unit classes "C USD" and "I USD", "C CHF" and "I CHF", and "C EUR" and "I EUR", were in each case identical to those of the unit classes "A USD", "A CHF" and "A EUR". The fund management company waives this part of the performance fee to the corresponding extent.

<sup>4)</sup> excl. performance fee

<sup>5)</sup> incl. performance fee

<sup>6)</sup> The units are held exclusively in a custody account with the custodian bank.

## Part 2: Fund Contract

### I. General Information

#### § 1 Name of the Fund, Name and Registered Office of the Fund Management Company, Custodian Bank and Asset Manager

1. A contractual investment fund of the category "Other Funds for Traditional Investments" has been established under the name HSZ China Fund (the "investment fund" or "fund") in accordance with Art. 25 et seq. in conjunction with Art. 68 et seq. of the Collective Investment Schemes Act (CISA) of June 23, 2006.
2. The fund management company is Credit Suisse Funds AG, Zurich.
3. The custodian bank is UBS Switzerland AG, Zurich.
4. The asset manager is HSZ (Hong Kong) Limited, Hong Kong.

### II. Rights and Obligations of the Parties to the Contract

#### § 2 The Fund Contract

The legal relationship between the investor on the one hand and the fund management company and the custodian bank on the other shall be governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

#### § 3 The Fund Management Company

1. The fund management company manages the fund at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value and determines the issue and redemption prices of units as well as distributions of income. It exercises all rights associated with the fund.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information about the fund. They disclose all fees and expenses charged directly or indirectly to the investors and their use; they provide the investors with full, truthful and comprehensible information about compensation for the distribution of collective investment schemes in the form of commission, brokerage fees and other pecuniary benefits.
3. The fund management company can delegate investment decisions as well as specific tasks, provided this is in the interests of efficient management. It shall commission only persons who are qualified to execute the task flawlessly, and shall ensure the provision of instructions as well as monitoring and controlling in respect of the tasks. The investment decisions may only be delegated to asset managers subject to a recognized supervisory body. Where foreign laws require an agreement on cooperation and the exchange of information with the foreign supervisory bodies, the fund management company may only delegate the investment decisions to an asset manager abroad if such agreement exists between the FINMA and the relevant foreign supervisory authorities in relation to the investment decisions concerned.  
The fund management company shall be liable for the actions of its agents as if they were its own actions.
4. The fund management company may, with the consent of the custodian bank, submit a change to the present fund contract to the supervisory authority for approval (cf. § 26).
5. The fund management company may merge the fund with other investment funds pursuant to the provisions set forth under § 24 and may dissolve the fund pursuant to the provisions set forth under § 25.
6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution of its tasks, and to be reimbursed for expenses incurred in connection with such liabilities.

#### § 4 The Custodian Bank

1. The custodian bank is responsible for the safekeeping of the fund's assets. It handles the issue and redemption of fund units as well as payments on behalf of the fund.
2. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and

exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information about the fund. They disclose all fees and expenses charged directly or indirectly to the investors and their use; they provide the investors with full, truthful and comprehensible information about compensation for the distribution of collective investment schemes in the form of commission, brokerage fees and other pecuniary benefits.

3. The custodian bank is responsible for account and safekeeping account management on behalf of the fund, but does not have independent access to its assets.
4. The custodian bank shall ensure that the countervalue of transactions relating to the investment fund's assets is transferred within the usual time limits. It notifies the fund management company if the countervalue is not refunded within the usual time limit and where possible requests reimbursement for the asset item concerned from the counterparty.
5. The custodian bank keeps the required records and accounts in such a manner that it is at all times able to distinguish between the assets of the individual funds held in safe custody.  
In relation to assets that cannot be placed in safe custody, the custodian bank verifies ownership by the fund management company and keeps a record thereof.
6. The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians and collective securities depositaries in Switzerland or abroad, provided this is in the interests of efficient safekeeping. It shall verify and monitor whether the third-party custodian and collective securities depositary it has commissioned:
  - a) possesses an appropriate organizational structure, financial guarantees and the specialist qualifications required given the nature and complexity of the assets entrusted to it;
  - b) is subject to regular external audits, thereby ensuring that it possesses the financial instruments;
  - c) holds in safekeeping the assets received from the custodian bank in such a way that the custodian bank can at any time properly identify them through regular checks on holdings as being unquestionably part of the fund's assets;
  - d) complies with the provisions applicable to the custodian bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.

The custodian bank is liable for damage caused by the agent unless it can prove that it applied the degree of due diligence with regard to the selection, instruction and monitoring required in the given circumstances. The prospectus contains information about the risks associated with the transfer of safekeeping to third-party custodians and collective securities depositaries.

In relation to financial instruments, any transfer as referred to in the above paragraph may only be to regulated third-party custodians and collective securities depositaries. This does not apply to mandatory safekeeping at a location where the transfer to regulated third-party custodians and collective securities depositaries is not possible, in particular due to mandatory legal provisions or to the investment product's modalities. Investors must be informed in the prospectus of safekeeping by non-regulated third-party custodians or collective securities depositaries.

7. The custodian bank ensures that the fund management company complies with the law and the fund contract. It checks whether the calculation of the net asset value and of the issue and redemption prices of the units as well as the investment decisions are in compliance with the law and the fund contract, and whether the income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments which the fund management company makes in accordance with the investment regulations.
8. The custodian bank is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution of its tasks, and to be reimbursed for expenses incurred in connection with such liabilities.

#### § 5 The Investors

1. There are no restrictions on investor eligibility.

Restrictions as defined in § 6 prov. 4 are possible for individual classes.

2. On concluding the contract and making a payment in cash, investors acquire a claim against the fund management company in respect of a participation in the investment fund's assets and income. The investors' claim is evidenced in the form of fund units.
3. Investors are only obliged to remit payment for the units of the fund they subscribe. They shall not be held personally liable for the liabilities of the fund.
4. Investors may at any time request that the fund management company supply them with information regarding the basis on which the net asset value per unit is calculated. If investors express an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercising of membership and creditors' rights or on risk management, they must be given such information by the fund management company at any time. Investors may request at the courts of the registered office of the fund management company that the auditors or another expert investigate the matter requiring clarification and furnish them with a report.
5. Investors may terminate the fund contract at any time and demand that their share in the fund be paid out in cash.
6. If requested, the investors are obliged to provide the fund management company, the custodian bank and their agents with proof that they comply with or continue to comply with the provisions laid down in the law and the fund contract in respect of participation in the investment fund or in a unit class. Furthermore, they are obliged to inform the fund management company, the custodian bank and their agents immediately once they no longer meet these prerequisites.
7. The fund management company in conjunction with the custodian bank must make an enforced redemption of the units of an investor at the current redemption price if:
  - a) this is necessary to safeguard the reputation of the financial market, specifically to combat money laundering;
  - b) the investor no longer meets the statutory or contractual requirements for participation in the investment fund.
8. The fund management company in conjunction with the custodian bank can also make an enforced redemption of the units of an investor at the current redemption price if:
  - a) the participation of the investor in the investment fund is such that it could have a significant detrimental impact on the economic interests of the other investors, in particular if the participation could result in tax disadvantages for the investment fund in Switzerland or abroad;
  - b) investors have acquired or received their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;
  - c) there is a detrimental impact on the economic interests of the investors, in particular in cases where individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a pecuniary gain by exploiting the time differences between the setting of the closing prices and the valuation of the fund's assets (market timing).

## § 6 Units and Unit Classes

1. The fund management company can establish different unit classes and can also merge or dissolve unit classes at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the fund, which are not segmented. This share may differ due to class-specific costs or distributions or class-specific income and the various classes may therefore have different net asset values per unit. Class-specific costs are covered by the assets of the fund as a whole.
2. Notification of the establishment, dissolution or merger of unit classes shall be published in the medium of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 26.
3. The various unit classes may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required and investor eligibility.

Fees and costs are only charged to the unit class for which the respective service is performed. Fees and costs that cannot be unequivocally allocated to a unit class shall be charged to the individual unit classes on a pro rata basis in relation to their share of the fund's assets.

4. The following unit classes currently exist:

"A USD" units are distribution units, and are issued in the accounting currency of the investment fund, namely the US dollar.

"A CHF" units are distribution units, and are issued in Swiss francs. No currency hedging is undertaken.

"A EUR" units are distribution units, and are issued in euros. No currency hedging is undertaken.

"C USD" units differ from "A USD" units only by virtue of the fact that the latter are exclusively available to investors who have concluded a written agreement with a fund distributor in which the acquisition of unit classes without retrocessions is explicitly envisaged.

"C CHF" units differ from "A CHF" units only by virtue of the fact that the latter are exclusively available to investors who have concluded a written agreement with a fund distributor in which the acquisition of unit classes without retrocessions is explicitly envisaged.

"C EUR" units differ from "A EUR" units only by virtue of the fact that the latter are exclusively available to investors who have concluded a written agreement with a fund distributor in which the acquisition of unit classes without retrocessions is explicitly envisaged.

"E USD" units differ from "A USD" units only by virtue of the fact that the latter are exclusively available to investors who subscribe via the sub-distributor Eureka Capital Partners Pte Ltd, Singapore.

"I USD" units differ from "A USD" units only in the following respect: The minimum initial investment for class "I USD" units and the minimum number of class "I USD" units that must be held by the investor at any given time (minimum holding) are stated in the table at the end of the prospectus. If the value of the units held falls below this minimum holding figure as a result of a redemption, the fund management company may take steps to switch the investment into units of another class for which the investor is eligible. If the value of the units falls below the minimum holding figure for market or performance-related reasons, no switch to another unit class will take place.

"I CHF" units differ from "A CHF" units only in the following respect: The minimum initial investment for class "I CHF" units and the minimum number of class "I CHF" units that must be held by the investor at any given time (minimum holding) are stated in the table at the end of the prospectus. If the value of the units held falls below this minimum holding figure as a result of a redemption, the fund management company may take steps to switch the investment into units of another class for which the investor is eligible. If the value of the units falls below the minimum holding figure for market or performance-related reasons, no switch to another unit class will take place.

"I EUR" units differ from "A EUR" units only in the following respect: The minimum initial investment for class "I EUR" units and the minimum number of class "I EUR" units that must be held by the investor at any given time (minimum holding) are stated in the table at the end of the prospectus. If the value of the units held falls below this minimum holding figure as a result of a redemption, the fund management company may take steps to switch the investment into units of another class for which the investor is eligible. If the value of the units falls below the minimum holding figure for market or performance-related reasons, no switch to another unit class will take place.

5. Units do not take the form of actual certificates but exist purely as book entries. The investors are not entitled to demand delivery of a unit certificate in registered or bearer form.

6. The fund management company and the custodian bank are obliged to instruct investors who no longer meet the prerequisites for holding a unit class to ensure within 30 calendar days that their units are redeemed pursuant to § 17 or switched into units of another class whose prerequisites they do meet. If an investor fails to comply with this demand, the fund management company must, in cooperation with the custodian bank, make an enforced switch

into another unit class of the fund or, should this not be possible, enforce the redemption of the units in question pursuant to § 5 prov. 7.

### III. Investment Policy Guidelines

#### A. Investment Principles

##### § 7 Compliance with Investment Regulations

1. In selecting individual investments, the fund management company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to the fund assets at market value and must be complied with at all times.
2. If the limits are exceeded as a result of market-related changes, the investments must be restored to the permitted level within a reasonable period, taking due account of the investors' interests. If the limits relating to derivatives pursuant to § 12 below are exceeded due to a change in the delta, this is to be rectified within three bank working days at the latest, taking due account of the investors' interests.

##### § 8 Investment Policy

1. The fund management company may invest the assets of this investment fund in the following investments. The risks involved in these investments must be disclosed in the prospectus.
  - a) Securities issued on a large scale and non-certificated rights with a like function which are traded on a stock exchange or another regulated market open to the public and which embody participation rights and claims or the right to purchase such securities and rights by subscription or exchange (e.g. warrants in particular).

Investments in securities from new issues are only permitted if their admission to a stock exchange or other regulated market open to the public is envisaged under the terms of issue. If they have not been admitted to a stock exchange or other regulated market open to the public within a year of their acquisition, these securities must be sold within one month or included under the restriction set down in prov. 1 d).
  - b) Derivatives, if (i) the underlying securities are securities pursuant to section a), derivatives pursuant to section b), money market instruments pursuant to section d), financial indices, interest rates, exchange rates, credits or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Derivatives are traded either on an exchange or other regulated market open to the public, or OTC.

OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specializing in such transactions, and (ii) the OTC derivatives can be traded daily or a return to the issuer is possible at any time. In addition, it must be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.
  - c) Structured products, if (i) the underlying securities are securities pursuant to section a), derivatives pursuant to section b), structured products pursuant to section c), money market instruments pursuant to section d), financial indices, interest rates, exchange rates, credits or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Structured products are either traded on a stock exchange or another regulated market open to the public, or are traded OTC.

OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specializing in such transactions, and (ii) the OTC products can be traded daily or a return to the issuer is possible at any time. In addition, it must be possible for them to be valued in a reliable and transparent manner.
  - d) Money market instruments, provided these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public; money market instruments which are not traded on an exchange or other regulated market open to the public may only be acquired if the issue or the issuer is subject to provisions regarding creditor or investor

protection and if the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 CISO.

- e) Investments other than those specified in a) to d) above up to a total of 10% of the fund assets. The following are not permitted: (i) investments in precious metals, precious metals certificates, commodities and commodity certificates, and (ii) genuine short-selling of investments of any kind.
2. The investment fund holds at least two thirds of its investments either directly or indirectly in equity-related securities and security rights of selected issuers that are headquartered in the People's Republic of China, exercise the majority of their commercial activities in the People's Republic of China, or which in their capacity as holding companies primarily have holdings in companies headquartered in the People's Republic of China. At least 51% of the fund assets must be direct investments.

Up to a third of the fund assets may be invested in equity-related securities and securities rights and money market instruments of issuers worldwide.

The term "equity-related securities and security rights" is deemed to encompass equities, participation certificates, dividend-right certificates, convertible and warrant bonds with equity conversion potential, derivatives (including warrants), and structured products. Investments in other investment funds as well as pure debt securities and debt rights are excluded. Exempted from this exclusion are so-called participatory notes, even if the level of participation can at times relate to 100% liquid assets.

Overall, no more than 49% of fund assets may be invested in structured products.

Among other things, the investment fund invests in participatory notes. Participatory notes encompass structured products (certificates) that enable participation in the performance of A-shares of Chinese stock corporations.

##### § 9 Liquid Assets

The fund management company may also hold liquid assets in an appropriate amount in the fund's unit of account and in any other currency in which investments are permitted. Liquid assets comprise bank credit balances at sight or on demand with maturities of up to twelve months.

#### B. Investment Techniques and Instruments

##### § 10 Securities Lending

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

##### § 11 Securities Repurchase Agreements

The fund management company does not enter into securities repurchase ("repo") agreements.

##### § 12 Derivatives

1. The fund management company may use derivatives. It shall ensure that, even under extreme market circumstances, the financial effect of the use of derivatives does not result in a deviation from the investment objectives set out in this fund contract and the prospectus and that it does not change the investment character of the fund. Furthermore, the underlyings of the derivatives must be permitted as investments according to the present fund contract.
2. The Commitment II approach is applied to the assessment of risk. The overall exposure of this investment fund associated with derivatives may therefore not exceed 100% of its net assets and the overall exposure may not exceed a total of 200% of its net assets. When taking into account the possibility of temporary borrowing amounting to no more than 10% of the net fund assets pursuant to § 13 prov. 2, the overall exposure of the investment fund may not exceed 210% of the net fund assets. The total exposure is calculated in accordance with Art. 35 CISO-FINMA.
3. The fund management company may in particular use basic forms of derivatives such as call or put options whose value at expiration is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite algebraic sign, swaps whose payments are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner, as well as futures and forward transactions whose value is

linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives as well as derivatives whose economic mode of operation cannot be described by a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).

4.
    - a) Opposite positions in derivatives relating to the same underlying as well as opposite positions in derivatives and investments relating to the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the eligible amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
    - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, in addition to the rules of a) above, any netting must also fulfill hedging prerequisites, i.e. derivatives transactions may not be based on an investment strategy designed to generate a profit. In addition, the derivative must lead to a demonstrable reduction of risk, the risks of the derivative must be balanced out, derivatives, underlyings or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must be effective even under extraordinary market conditions.
    - c) Where mainly interest-rate derivatives are used, the amount included in the total derivatives exposure may be calculated using internationally recognized duration netting rules, provided the rules result in a proper calculation of the fund's risk profile, the main risks are taken into account, the application of these rules does not result in an unjustified leverage effect, no interest rate arbitrage strategies are followed, and the leverage effect of the fund is not increased either by the application of these rules or by investment in short-term positions.
    - d) Derivatives that are used purely to hedge foreign currency risks and do not involve any leverage effect or additional market risks may be netted when calculating overall derivatives exposure, without being subject to the requirements of b).
    - e) Payment obligations in respect of derivatives must at all times be covered by near-money assets, debt securities and rights or equities that are traded on an exchange or other regulated market open to the public, in accordance with collective investment schemes legislation. These near-money assets and investments may be used to cover several derivative positions at the same time, provided these are subject to market risk, credit risk, currency risk, or interest rate risk and are based on the same underlyings.
    - f) If, with a derivative, the fund management company enters into an obligation for the physical delivery of an underlying, the derivative must be covered by the corresponding underlyings or by other investments, provided the investments and the underlyings exhibit a high correlation, the investments and the underlyings are highly liquid and, should delivery be requested, they may be purchased or sold at any time. The fund management company must have unrestricted access to these underlyings or investments at all times. Underlyings may be used as cover for several derivative positions at the same time, provided these are subject to market risk, credit risk, currency risk or interest rate risk and are based on the same underlyings.
  5. The fund management company may use both standardized and non-standardized derivatives. It may conclude transactions in derivative financial instruments on an exchange or another regulated market open to the public or in OTC (over-the-counter) trading.
  6.
    - a) The fund management company may conclude OTC transactions only with regulated financial intermediaries specialized in such types of transactions that ensure proper execution of the contract. In the case of counterparties other than the custodian bank, the former or its guarantor must have a high credit rating.
    - b) It must be possible to determine the price of an OTC derivative reliably and comprehensively on a daily basis, and it must also be possible to sell it at market value, liquidate it, or close it out through an offsetting transaction at any time.
    - c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognized in practice, based on the market value of the underlyings. Before concluding a contract for such a derivative, specific offers should in principle be obtained from at least two potential counterparties, following which the contract should be concluded with the counterparty providing the most favorable offer in terms of price. Deviations from this principle are permissible for reasons of risk diversification or if other aspects of the contract such as the credit rating or range of services offered by the counterparty make another offer appear more advantageous for investors overall. Moreover, in exceptional situations the requirement to obtain offers from at least two potential counterparties may be waived if this is deemed to be in the best interests of investors. The reasons for this and the conclusion of the contract and its pricing shall be clearly documented.
    - d) The fund management company and its agents may only accept collateral in the context of an OTC transaction if it meets the requirements set out under Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and must not be the counterparty itself or a company belonging to, or otherwise dependent on, the corporate group of the counterparty. The collateral must be highly liquid, must be traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least once a day on all trading days. When managing the collateral, the fund management company and its agents must fulfill the obligations and requirements set out under Art. 52 CISO-FINMA. In particular, they must ensure appropriate diversification of the collateral by country, market, and issuer; appropriate issuer diversification is deemed to have been achieved as long as the collateral of a single issuer does not correspond to more than 20% of the net asset value. Exceptions for publicly guaranteed or publicly issued investments pursuant to Art. 83 CISO remain reserved. Furthermore, the fund management company and its agents must be able – at any time and without the counterparty's involvement or approval – to demand right and power of disposal with respect to the collateral received in the event of the counterparty's default. The collateral received must be held in safekeeping with the custodian bank. The collateral received may be held by a supervised third-party depository on the fund management company's behalf if the collateral's ownership is not transferred and the depository is independent of the counterparty.
  7. In respect of compliance with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives shall be taken into account in accordance with the legislation on collective investment schemes.
  8. In addition to the market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.
  9. The prospectus contains further information on:
    - the importance of derivatives as part of the investment strategy;
    - the effect of the use of derivatives on the investment fund's risk profile;
    - the counterparty risks attached to derivatives;
    - the increased volatility and increased overall exposure (leverage effect) resulting from the use of derivatives;
    - the collateral strategy.
- § 13 Taking Up and Extending Loans**
1. The fund management company may not grant loans for the fund's account.
  2. The fund management company may borrow the equivalent of up to 10% of the net fund assets on a temporary basis.
- § 14 Encumbrance of the Fund's Assets**
1. No more than 25% of the fund's net assets may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of the fund.
  2. The fund's assets may not be encumbered with guarantees.

## C. Investment Restrictions

### § 15 Risk Diversification

1. The risk diversification rules pursuant to § 15 shall include the following:
    - a) investments pursuant to § 8, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market it relates to, and is published in an appropriate manner;
    - b) liquid assets pursuant to § 9;
    - c) claims against counterparties arising from OTC transactions.
  2. Companies that are classified as a group under international accounting rules shall be regarded as one issuer.
  3. Including derivatives and structured products, the fund management company may invest a maximum of 15% of the fund assets in securities and money market instruments of the same issuer.
  4. The fund management company may invest up to 20% of the fund's assets in sight and term deposits with the same bank. The liquidity as per § 9 and the credit balances on bank accounts as per § 8 are included in this limit.
  5. The fund management company may invest up to 5% of the fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union or another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the fund's assets. The above-mentioned limit of 5% increases to 15% if the fund management company invests in participatory notes pursuant to § 8 prov. 2. Where claims arising from OTC transactions are hedged through collateral in the form of liquid assets as defined in Art. 50–55 CISO-FINMA, these claims are not taken into account in the calculation of the counterparty risk.
  6. Investments, deposits and claims pursuant to provs. 3 to 5 above and issued by the same issuer/borrower may not in total exceed 30% of the fund's assets, with the exception of the higher limits described in prov. 11.
  7. Investments pursuant to prov. 3 above of the same group of companies may not in total exceed 20% of the fund's assets.
  8. The fund management company may not acquire equity securities which in total represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company, unless special authorization is granted by the supervisory authority.
  9. The fund management company may acquire for the fund's assets up to 15% of the non-voting equity instruments and/or money market instruments of a single issuer. These restrictions do not apply if the gross amount of the money market instruments cannot be calculated at the time of the acquisition.
  10. The restrictions in prov. 9 above do not apply to money market instruments which are issued or guaranteed by a state or a public-law entity in an OECD country or by international organizations with public-law characteristics to which Switzerland or a European Union member state belong.
  11. The limit in prov. 3 above is increased from 15% to one third if the money market instruments are issued or guaranteed by an OECD country, by a public-law entity from the OECD, or by an international public-law organization to which Switzerland or a member state of the European Union belongs. However, the individual limits described in provs. 3 and 5 above may not be accumulated with the existing limit of one third. The aforementioned authorized issuers/guarantors are: the Council of Europe, the International Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank, and Eurofima (European Company for the Financing of Railroad Rolling Stock).
- will not be calculated on days when the stock exchanges/markets in the investment fund's main investment countries are closed (e.g. bank and stock exchange holidays).
2. Securities traded on an exchange or other regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market value is available shall be valued at the price that would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.
  3. The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: The valuation price of such investments is successively adjusted in line with the repayment price, taking the purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).
  4. Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or credit ratings, the valuation principles for time deposits at banks will be adjusted in line with the new conditions.
  5. The net asset value of unit of a given class is determined by the proportion of the market value of those fund assets attributable to that unit class, minus any of the fund's liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded up or down to 1/100 of the unit of account.
  6. The share of the market value of the net fund assets (fund's assets minus liabilities) attributable to the respective unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit class. The calculation is made on the basis of the assets accruing to the investment fund for each unit class. The share is recalculated when one of the following events occurs:
    - a) When units are issued and redeemed;
    - b) On the reference date for distributions, if (i) said distributions only relate to individual unit classes (distribution classes) or if (ii) the distributions for the various unit classes differ when expressed as percentages of their respective net asset values or if (iii) different commissions or costs (expressed as percentages of the distribution) are charged on the distributions of the various unit classes;
    - c) When the net asset value is calculated, in connection with the assignment of liabilities (including due or accrued costs and commissions) to the various unit classes if there are differences between the liabilities of the various unit classes, expressed as percentages of their respective net asset values, and specifically if (i) different commission rates are applied to the different unit classes or if (ii) class-specific costs are charged;
    - d) When the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains stem from transactions made solely in the interests of one unit class or in the interests of several unit classes but disproportionately to their share of the net fund assets.

### § 17 Issue and Redemption of Units

1. Subscription and redemption orders for units are accepted up to a certain cut-off time, as determined in the prospectus, on the day the orders are placed. The definitive price of the units for the issues and redemptions is determined at the earliest on the bank working day following the day the order is placed (valuation day). This is referred to as "forward pricing". The detailed modalities are set down in the prospectus.
2. The issue and redemption price of units is based on the net asset value per unit on the valuation day calculated on the basis of the closing prices pursuant to § 16. In the case of unit issues, an issuing commission may be added to the net asset value pursuant

## IV. Calculation of the Net Asset Value, and Issue and Redemption of Units

### § 16 Calculation of the Net Asset Value

1. The net asset value of the investment fund and the share of assets attributable to the individual classes are calculated in USD at the market value as of the end of the financial year and for each day on which units are issued or redeemed. The value of the fund assets



to § 18 and, in the case of unit redemptions, a redemption commission may be deducted from the net asset value pursuant to § 18.

Incidental costs for the purchase and sale of investments (specifically standard brokerage charges, commission, taxes and duties) as well as the cost of verifying and maintaining quality standards in relation to physical assets incurred by the fund in connection with the investment of the amount paid in, or with the sale of that portion of investments corresponding to the redeemed unit(s), are charged to the assets of the fund.

3. The fund management company may suspend the issue of units at any time, and may reject applications for the subscription or switching of units.
4. The fund management company may temporarily and by way of exception defer repayment in respect of units in the interests of all investors if:
  - a) a market that is used as the basis for the valuation of a significant proportion of the fund's assets is closed, or when trading on such a market is limited or suspended;
  - b) a political, economic, military, monetary or other emergency occurs;
  - c) owing to exchange controls or restrictions on other asset transfers, the fund can no longer transact its business;
  - d) large-scale redemptions of units occur that could significantly affect the interests of the remaining investors.
5. The fund management company shall immediately apprise the auditors and the supervisory authority of any decision to defer redemptions. It shall also notify the investors in a suitable manner.
6. No units shall be issued as long as the repayment in respect of units is deferred for the reasons stipulated under prov. 4 a)–c).

## V. Fees and Incidental Costs

### § 18 Fees and Incidental Costs Charged to the Investor

1. Upon the issuance or redemption of units, the investor is not charged any issuing or redemption commission in favor of the fund management company, the custodian bank, and/or distributors either in Switzerland or abroad.
2. In the event that coupons (that have been detached from a certificate provided to the unit holder) are physically submitted for redemption to the custodian bank or to another paying agent of the investment fund, an additional coupon redemption fee of a maximum of 2% of the gross amount of the distribution, but at least CHF 50 (or equivalent value in the unit's reference currency) may be claimed from the submitting party by the custodian bank or the paying agent.
3. For the distribution of liquidation proceeds in the event of the investment fund's dissolution, the custodian bank will calculate and charge to the unit holder a commission of 0.50% of the gross distribution amount.

### § 19 Fees and Incidental Costs Charged to the Fund's Assets

1. For the administration, asset management and distribution of the investment fund, the fund management company shall charge the investment fund a commission not exceeding 1.5% p.a. of the investment fund's net asset value, to be charged to the fund's assets on a pro rata basis every time the net asset value is calculated and paid out at the beginning of each month on the basis of the investment fund's average net assets in the preceding month (management fee).  
The management fee may be levied at different rates for individual unit classes as per the table in the prospectus.  
The rate of the management fee actually charged is stated in the annual and semi-annual reports.
2. For the safekeeping of the fund's assets, the handling of the investment fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4, the custodian bank shall charge the investment fund an annual commission not exceeding 0.15% of the net asset value of the investment fund, to be charged to the fund's assets on a pro rata basis every time the net asset value is calculated. This custodian bank fee shall be charged to the investment fund at the beginning of each month on the basis of the investment fund's average net assets in the preceding month.

The rate of the custodian bank fee actually charged is stated in the annual and semi-annual reports.

3. In addition, the fund management company draws a "performance fee" amounting to a maximum of 10% of the outperformance of 5% p.a. ("hurdle rate"), calculated on the net asset value of the relevant assets of a unit class. The performance fee is calculated daily and, where due, is paid out from the assets of the corresponding unit class at the end of the corresponding quarter (March, June, September, December). If a performance fee is due on a particular day of an accounting year, the net asset value per share (prior to the deduction of the performance fee) forms the basis for the calculation of the performance fee on the following day. The performance fee is calculated separately in each case for unit classes with different commission rates for different unit values. The performance fee is subject to what is known as a "high water mark". Declines in value in relation to the initial issue price, the net asset value at the beginning of an accounting year, and the peak value forming the basis for a performance fee calculation must be made good before another performance fee is payable. The claim to the performance fee only arises if the net asset value per unit of the corresponding unit class lies above both the minimum net asset value per unit produced by the hurdle rate and the high water mark. The performance fee is calculated on the proportion of the net asset value (prior to performance fee) that exceeds the higher of (a) a high water mark and (b) the minimum net asset value per unit of a unit class. The hurdle rate refers to an accounting year in each case. A simple case of underperformance in an accounting year without any loss in value does not need to be offset in following years. At the start of the year, the high water mark always forms the basis for the calculation of the minimum net asset value. Upon launch of the investment fund, the high water mark corresponds to the initial issue price per unit (without taking into account issuing commission). If a performance fee is due for any particular day of an accounting year, the high water mark of the following day then corresponds to this most recent peak net asset value per unit (prior to deduction of the paid performance fee). If no performance fee can be levied during an accounting year, the high water mark at the beginning of the following year corresponds to the higher of (a) the initial issue price, (b) the most recent peak net asset value and (c) the net asset value per unit on the last valuation day of the prior accounting year.  
For distribution classes, the high water mark and the calculation basis of the hurdle rate are adjusted to the calculation of the performance fee. The performance fee is calculated and paid out in the accounting currency of the investment fund (USD) for all unit classes.
4. For the distribution of annual income to the investor, the custodian bank may charge the investment fund a commission not exceeding 0.5% of the gross amount of the distribution.
5. Furthermore, the fund management company and the custodian bank shall be entitled to reimbursement of the following costs incurred in the course of executing the collective investment contract:
  - a) fees charged by the supervisory authority for establishing, amending, liquidating and merging the investment fund;
  - b) annual fees charged by the supervisory authority;
  - c) fees charged by the auditor for annual auditing as well as certification in connection with establishing, amending, liquidating and merging the investment fund;
  - d) fees paid for legal and tax advisors in connection with establishing, amending, liquidating or merging the investment fund, as well as acting in the interests of the fund and its investors generally;
  - e) costs for the publication of the net asset value of the investment fund, as well as all costs for the issuing of notices to the investors including translation costs, where such costs are not ascribed to an error on the part of the fund management company;
  - f) cost of printing legal documents as well as the annual and semi-annual reports of the investment fund;
  - g) costs incurred by registering the investment fund with a foreign supervisory authority, specifically the commission levied by the foreign supervisory authority, translation costs and compensation for the representative or paying agent abroad;

- h) costs in connection with the exercising of voting rights or creditors' rights by the investment fund, including fees for external consultants;
  - i) costs and fees in connection with intellectual property or usage rights registered in the investment fund's name;
  - j) all costs incurred as a result of extraordinary steps taken by the fund management company, the asset manager of collective investment schemes or the custodian bank to safeguard the interests of the investor.
6. The investment fund shall also bear all incidental costs for the purchase and sale of investments (such as standard brokerage charges, fees, taxes and duties) incurred in the management of the fund's assets, as well as the cost of verifying and maintaining quality standards in relation to physical assets. These costs will be offset directly against the stated acquisition or saleable value of the respective investments.
7. In accordance with the provisions of the prospectus, the fund management company and its agents may pay trailer fees as compensation for sales and distribution activities in relation to the fund units as well as rebates in order to reduce the fees or costs charged to the fund and incurred by the investors.

## **VI. Financial Statements and Audits**

### **§ 20 Financial Statements**

1. The fund's accounting currency is the US dollar.
2. The accounting year runs from January 1 until December 31.
3. The fund management company shall publish an audited annual report for the investment fund within four months of the end of the accounting year.
4. The fund management company shall publish a semi-annual report for the investment fund within two months following the end of the first half of the financial year.
5. The investor's right to obtain information under § 5 prov. 4 is reserved.

### **§ 21 Audits**

The auditors shall examine whether the fund management company and the custodian bank have acted in compliance with the statutory and contractual provisions as well as the code of conduct of the Swiss Funds & Asset Management Association (SFAMA). The annual report shall contain a short report by the auditors on the published annual financial statements.

## **VII. Appropriation of Net Income**

### **§ 22**

1. The net income of the investment fund shall be distributed annually to investors within four months of the end of the financial year in the reference currency of the unit class concerned. The fund management company may make additional interim distributions from the income.
2. Up to 30% of the net income of a unit class may be carried forward to the new account. If the net income in a financial year including income carried forward from previous financial years is less than 1 % of net assets and less than CHF 1, USD 1, EUR 1 or JPY 1 per unit, depending on the accounting currency, a distribution may be waived and the entire net income may be carried forward to the new account.

## **VIII. Publication of Official Notices by the Fund**

### **§ 23**

1. The medium of publication of the fund is the print medium or electronic medium specified in the prospectus. Notification of any change in a medium of publication shall be published in the medium of publication.
2. The following information in particular shall be published in the medium of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, dissolution or merger of unit classes, as well as the liquidation of the fund. Amendments that are required by law and that do not affect the rights of investors or are of an exclusively formal nature

may be exempted from the duty to publish subject to the approval of the supervisory authority.

3. Each time units are issued or redeemed, the fund management company shall publish both the issue and the redemption prices or the net asset value together with a footnote "excluding commissions" for all unit classes in the print medium and electronic medium specified in the prospectus. The prices shall be published at least twice a month. The weeks and days of the week in/on which publication takes place are set down in the prospectus.
4. The prospectus with integrated fund contract, the key investor information document (KIID) and the respective annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

## **IX. Restructuring and Dissolution**

### **§ 24 Mergers**

1. Subject to the consent of the custodian bank, the fund management company can merge funds by transferring – as of the time of the merger – the assets and liabilities of the fund(s) being acquired to the acquiring fund. The investors of the fund(s) being acquired shall receive the corresponding number of units in the acquiring fund. The fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring fund shall also apply for the fund(s) being acquired.
2. Funds may only be merged if:
  - a) provision for this is made in the relevant fund contracts;
  - b) they are managed by the same fund management company;
  - c) the relevant fund contracts are basically identical in terms of the following provisions:
    - the investment policy, investment techniques, risk diversification, as well as the risks associated with the investment
    - the appropriation of net income and capital gains realized on the sale of assets and rights
    - the type, amount and calculation of all fees, the issue and redemption commission together with the incidental costs for the purchase and sale of the investments (specifically standard brokerage charges, fees, taxes and duties), as well as the cost of verifying and maintaining quality standards in relation to physical assets that may be charged to the fund's assets or to the investors
    - the duration of the contract and the conditions of dissolution
    - the redemption conditions
  - d) the valuation of the assets of the funds involved, the calculation of the exchange ratio and the transfer of the assets and liabilities take place on the same day;
  - e) no costs shall arise as a result for either the fund or the investors.  
This is subject to § 19 prov. 5 a), c) and d).
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferral of repayment in respect of the units of the funds involved.
4. The fund management company must submit the proposed merger together with the merger schedule to the supervisory authority for review at least one month before the planned publication of the intended changes to the fund contract. The merger schedule must contain information on the reasons for the merger, the investment policies of the funds involved and any differences between the acquiring fund and the fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds, as well as a statement from the statutory auditors.
5. The fund management company must publish the intended changes to the fund contract pursuant to § 23 prov. 2 and the proposed merger and its timing together with the merger schedule at least two months before the planned date of merger in the medium of publication of the investment funds in question. It must inform the investors that they may lodge objections against the proposed changes to the fund contract with the supervisory authority within 30 days of the notice, or request the redemption of their units in cash.

6. The auditors must check directly that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.
7. The fund management company shall inform the supervisory authority of the conclusion of the merger and shall publish notification of the completion of the merger, the confirmation from the auditors regarding the proper execution of the merger and the exchange ratio without delay in the publication medium of the funds involved.
8. The fund management company must make reference to the merger in the next annual report of the acquiring fund and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the fund being acquired.

The registered office of the fund management company and of the custodian bank is in Zurich.

Date of approval of the fund contract by the Swiss Financial Market Supervisory Authority FINMA: August 29, 2018

#### **§ 25 Duration of the Investment Fund and Dissolution**

1. The fund has been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve the investment fund by terminating the fund contract.
3. The fund may be dissolved by order of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch) or a longer extended period approved by the supervisory authority at the request of the custodian bank and the fund management company it does not have net assets of at least 5 million Swiss francs (or the equivalent).
4. The fund management company shall inform the supervisory authority of the dissolution immediately and shall publish notification in the medium of publication.
5. Once the fund contract has been terminated, the fund management company may liquidate the fund forthwith. If the supervisory authority has ordered the dissolution of the fund, it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in installments. Prior to the final payment, the fund management company must obtain authorization from the supervisory authority.

### **X. Changes to the Fund Contract**

#### **§ 26**

If changes are made to the present fund contract, or if the merger of unit classes or a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days of the publication. In the publication, the fund management company informs investors about which changes to the fund contract are covered by FINMA's verification and ascertainment of compliance with the law. In the event of a change to the fund contract (including the merger of unit classes), the investors can also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23 prov. 2 that have been exempted from the duty to publish with the approval of the supervisory authority.

### **XI. Applicable Law and Place of Jurisdiction**

#### **§ 27**

1. The Fund is subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of June 23, 2006, the Ordinance on Collective Investment Schemes of November 22, 2006, and the FINMA Ordinance on Collective Investment Schemes of August 27, 2014.  
The court of jurisdiction is the court at the fund management company's registered office.
2. For the interpretation of the fund contract, the German-language version shall be binding.
3. The present fund contract enters into force on August 31, 2018.
4. The present fund contract supersedes the fund contract dated February 9, 2018.
5. When approving the fund contract, FINMA exclusively examines the provisions pursuant to Art. 35a para. 1 a) to g) CISO and establishes whether they comply with the law.