

# Investor information

pursuant to Art. 105 AIFMA

and

# Trust agreement

including sub-fund-specific annexes

Status: 06.2025

## Postera Fund

AIF pursuant to Liechtenstein law  
with the legal form of a trust

(hereinafter: the AIF)

(umbrella structure)

Portfolio management:

  
Q U O R U S

AIFM:



## The organizational structure of the AIFM

|                            |   |
|----------------------------|---|
| <b>AIFM:</b>               | IFM Independent Fund Management AG<br>Landstrasse 30, FL-9494 Schaan  |
| <b>Board of Directors:</b> | Heimo Quaderer<br>H.R.H Archduke Simeon von Habsburg<br>Hugo Quaderer |
| <b>Executive Board:</b>    | Luis Ott<br>Alexander Wymann<br>Michael Oehry<br>Ramon Schäfer        |
| <b>Auditor:</b>            | Ernst & Young AG<br>Schanzenstrasse 4a, CH-3008 Bern                  |

## The AIF at a glance

|   |   |   |
|---|---|---|
| <b>Name of the AIF:</b>   | <b>Postera Fund</b>   |   |
| <b>Legal structure:</b>   | AIF in the legal form of a trust ("collective trust") pursuant to the Act on the Management of Alternative Investment Funds (AIFMA) dated December 19, 2012 |   |
| <b>Umbrella structure:</b>  | Umbrella structure with one compartment   |   |
| <b>Country of incorporation:</b>  | Liechtenstein   |   |
| <b>Date of incorporation:</b>   | February 26, 2018   |   |
| <b>Financial year:</b>  | The financial year of the AIF begins on January 1 and ends on December 31   |   |
| <b>Accounting currency of the AIF:</b>  | Euro (EUR)  |   |
| <b>Portfolio management:</b>  | Fund compartments:  | <b>Postera Fund – Crypto I</b><br>Quorus Vermögensverwaltung AG<br>Landstrasse 30, FL-9494 Schaan |
| <b>Investment consultant:</b>   | n/a   |   |
| <b>Depositary:</b>  | Bank Frick AG<br>Landstrasse 14, FL-9496 Balzers  |   |
| <b>Distributor:</b>   | IFM Independent Fund Management AG<br>Landstrasse 30, FL-9494 Schaan  |   |
| <b>Auditor:</b>   | Ernst & Young AG<br>Schanzenstrasse 4a, CH-3008 Bern  |   |
| <b>Promoter:</b>  | Postera Capital GmbH<br>Wilhelm-Tell-Str. 26, D-40219 Düsseldorf  |   |
| <b>Responsible supervisory authority:</b>   | Financial Market Authority Liechtenstein (FMA); <a href="http://www.fma-li.li">www.fma-li.li</a>  |   |
| <b>Information agent for professional and semiprofessional investors in Germany</b> | Hauck Aufhäuser Lampe Privatbank AG<br>Kaiserstrasse 24, D-60311 Frankfurt am Main  |   |
| <b>Representative for qualified investors in Switzerland</b>                        | LLB Swiss Investment AG<br>Claridenstrasse 20, CH-8002 Zürich   |   |
| <b>Paying agent for qualified investors in Switzerland</b>                          | Helvetische Bank AG<br>Seefeldstrasse 215, CH-8008 Zürich   |   |

Further information on the fund compartments is provided in Annex B "Compartments at a glance".

Distribution information pursuant to Art. 105 AIFMA is provided in the prospectus of the AIF and additionally in section 14.2 of this prospectus. Further, investors can obtain information about the AIF free of charge from the AIFM.

The AIF and its compartments are intended solely for distribution to professional investors as per Directive 2014/65/EU (MiFID II). The distribution of the AIF and its compartments to private investors is prohibited.

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

## Notes for investors/sales restrictions

The purchase of units of the AIF or of the respective sub-fund is governed by the then valid constitutive documents (trust agreement including Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance" as well as the investor information according to Art. 105 AIFMA and the Key information documents Document (the "PRIIP-KID") as well as the most recent annual report. Only the information contained in the above-mentioned documents is valid. With the purchase of the units, the investor is considered as having approved this information. **In Liechtenstein, the distribution of the AIF or the respective sub-fund is intended for professional investors as per Directive 2014/65/EU (MiFID II). Other countries, if any, are subject to the provisions of Annex C "Specific information for individual countries of distribution".**

This trust agreement constitutes neither an offer nor an invitation to buy units of the AIF or of the respective sub-fund for persons in a jurisdiction where such offers or invitations are unlawful, or in which the person who extends such an offer or invitation is not qualified to do so, or if the offer or invitation is extended to a person for whom the acceptance thereof would be unlawful. Information not contained in this trust agreement or in publicly accessible documents shall be deemed unaudited and unreliable. Potential investors should inform themselves about possible fiscal consequences, legal prerequisites and possible foreign exchange restrictions or control mechanisms that apply in their country of citizenship, residence, or current domicile and that might be relevant as regards buying, holding, exchanging, redeeming, or selling units. Further fiscal considerations are outlined in Art. 53 "Taxation". Annex C "Specific information for individual countries of distribution" contains information regarding distribution in different countries. The units of the AIF or of the respective sub-fund are not approved for distribution in all countries of the world. Local regulations shall apply in cases where units are issued, exchanged, and redeemed abroad.

In particular, in the United States of America (USA), the units were not registered pursuant to the United States Securities Act of 1933 and can therefore be neither offered nor sold in the USA and neither offered nor sold to US citizens. Among others, the term US citizen includes natural persons who (a) were born in the USA or one of its territories or possessions, (b) are nationalized citizens (or Green Card holders), (c) were born abroad as the child of a US citizen, (d) live predominantly in the USA without being US citizens), (e) are married to a US citizen, or (f) are subject to taxation in the USA. The term US citizen also encompasses: (a) Investment companies and capital companies established under the laws of one of the 50 US states or of the District of Columbia, (b) an investment company or business partnership founded under an "Act of Congress", (c) a pension fund incorporated as a US Trust, (d) an investment company subject to taxation in the USA, or (e) investment companies recognized as such by Regulation S of the US Securities Act of 1933 and/or the US Commodity Exchange Act. In general, units of AIF must not be offered in jurisdictions where and to persons for whom this is not permissible.

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# P A R T I: INVESTOR INFORMATION PURSUANT TO ART. 105 AIFMA

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As the AIFM, IFM Independent Fund Management AG, Schaan, provides investors of the **Postera Fund** with the following current information.

Apart from this information, it refers investors to the constitutive documents (trust agreement, Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance". With the purchase of the units, the investor is considered as having approved this information. This document does not replace the need for a careful review of the constitutive documents.

This AIF is intended for **professional investors** as per Directive 2014/65/EU (MiFID II).

## 1 General information

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

All notices to investors, including announcements regarding amendments to the trust agreement as well as to Annex A "Organizational structure of the AIFM/AIF" and to Annex B "Sub-funds a glance", shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the AIF and in other physical and electronic media mentioned in the trust agreement.

On every valuation day, the net asset value as well as the issue and redemption prices of the units of the AIF or each of its sub-funds or its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the AIF and other physical and electronic media (letter, fax, e-mail, or similar) mentioned in the fund documents.

The audited annual report shall be made available to investors free of charge at the domiciles of the AIFM and of the depositary.

## 2 Supplementary investor information pursuant to Art. 105 AIFMA

The following investor information basically applies to all sub-funds. Certain deviations related to individual sub-funds are indicated in the respective sections.

- 2.1 Description of investment strategy and objectives of the AIF (Art. 105 section 1 lit. a AIFMA)**  
See Annex B "Sub-funds at a glance" in "Investment principles of the sub-fund.
- 2.2 Information concerning the domicile of a master AIF, if any, if the AIF is a feeder AIF (Art. 105, section 1, lib. b AIFMA)**  
The sub-funds are not feeder AIFs.
- 2.3 Information concerning the domicile of the target fund if the AIF is a fund of funds (Art. 105, section 1, lit. c AIFMA)**  
The AIF and its sub-funds are not a fund of funds.



**2.4 Description of the types of assets in which the AIF is entitled to invest (Art. 105 section 1 lit. d 1. AIFMA)**

See Annex B "Sub-funds at a glance" in "Investment principles of the sub-fund".

**2.5 Description of the techniques it may employ and all associated risks, any applicable investment restrictions, the circumstances under which the AIF may use leveraged financing, the types and sources of leverage permitted and the associated risks, any other restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the AIFM is entitled to employ for the account of the AIF (Art. 105 section 1 lit. d 2. AIFMA)**

See trust agreement "General risks" as well as Annex B "Sub-funds at a glance" in "Risks and risk profiles of the sub-fund".

**2.6 Description of the procedure and prerequisites needed for changes to the investment strategy and policy (Art. 105, section 1, lit. d, 3 AIFMA)**

A modification of the investment policy within the scope of the legally and contractually permissible investment spectrum may change the risk exposure associated with the AIF or with the sub-fund. Within the scope of the applicable trust agreement, the AIFM is entitled to make significant changes to the investment policy of the AIF or the respective sub-fund at any time by amending the trust agreement including Annex B "Sub-funds at a glance". Information on publication regulations are provided in Section 1 "General information".

**2.7 Description of the key legal criteria of the contractual relationship entered into for the investment, including information concerning jurisdiction (Art. 105, section 1, lit. e, 1 AIFMA)**

The AIFM and the AIF with its sub-funds are subject to Liechtenstein law. Vaduz is the sole venue for all disputes involving investors, the AIFM, mandated third parties, and the depositary.

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

German is the legally binding language for this trust agreement as well as for Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance".

**2.8 Description of the key legal criteria of the contractual relationship entered into for the investment, including applicable law (Art. 105, section 1, lit. e, 2 AIFMA)**

The AIFM and the AIF with its sub-funds are subject to Liechtenstein law.

**2.9 Description of the key legal criteria of the contractual relationship entered into for the investment, including the enforceability of rulings in the AIF's domicile country (Art. 105, section 1, lit. e, 3 AIFMA)**

However, with respect to claims submitted by investors in other countries where the units of the AIF with its sub-funds are offered and sold, the AIFM and/or the depositary may submit themselves and the AIF or the respective sub-fund to the jurisdictions of such countries. Appeals may also be submitted in other jurisdictions if so required by law.

The enforceability of rulings in Liechtenstein is governed by the Executive Ordinance (EO). The enforceability of a foreign ruling in Liechtenstein (domicile



of the AIF) may require separate proceedings in the Principality of Liechtenstein.

**2.10 Information concerning the identity and the obligations of all service providers acting for the AIF, in particular the AIFM, the AIF's depositary and the accountant, and a description of the investors' rights; (Art. 105 section 1 lit. f AIFMA)**

See section II of the trust agreement "The organization" as well as Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance".

**2.11 Description of how the AIFM covers a potential liability resulting from occupational activities; (Art. 105 section 1 lit. g AIFMA)**

See trust agreement "The AIFM".

**2.12 Description of delegated management or custodial functions, the identification of the delegate and any conflicts of interest that may arise from such delegations; (Art. 105 section 1 lit. h AIFMA)**

See Annex B "Sub-funds at a glance" in "Delegation of functions by the AIFM" and "Depositary" as well as Annex D "Regulatory disclosure".

**2.13 Description of the valuation processes and methods used by the AIF (Art. 105 section 1 lit. i AIFMA)**

See Annex B "Sub-funds at a glance" in "Valuation".

**2.14 Description of the procedures for managing the AIF's liquidity risks, under consideration of redemption rights both under ordinary and extraordinary circumstances, and the redemption arrangements with investors (Art. 105 section 1 lit. k AIFMA)**

See trust agreement "General risks" as well as Annex B "Sub-funds at a glance" in "Risks of the sub-fund".

**2.15 Description of all fees, charges and other expenses and of the maximum amounts thereof to the extent they are directly or indirectly borne by the investors (Art. 105 section 1 lit. l AIFMA)**

See section X of the trust agreement "Costs and charges" as well as Annex B "Sub-funds at a glance".

**2.16 Description of how the AIFM ensures the fair treatment of investors and a description of any preferential treatment granted, stating the type of investors who obtain such preferential treatment and, where relevant, their legal or economic affiliations with the AIF or AIFM (Art. 105 section 1 lit. m AIFMA)**

The AIFM always acts in the interests of the AIF or its sub-funds, the investors, and market integrity. The focus is always on the equitable treatment of the investors. The preferential treatment of individual investors is explicitly excluded.

Each investor is treated like all others:

- ◆ Information is always published at the same time in known sources.
- ◆ The parameters for subscribing or redeeming fund units are identical per unit class for all investors.
- ◆ No investor is individually informed or receives privileges

**2.17 The latest annual report; (Art. 105 section 1 lit. n AIFMA)**

See trust agreement "Information for investors".

**2.18 Process and conditions for issuing and selling units of an AIF; (Art. 105 section 1 lit. o AIFMA)**

See trust agreement in "Issue of units" and in "Redemption of units".

- 2.19 The most recent net asset value of the AIF or the last market price of its units pursuant to Art. 43 AIFMA (Art. 105 section 1 lit. p AIFMA)**  
See trust agreement in "Information for investors".
- 2.20 Previous value trend of the AIF (Art. 105 section 1 lit. q AIFMA)**  
See trust agreement in "Information for investors".
- 2.21 where relevant, regarding the prime broker: its identity (Art. 105, section 1, lit. r, 1 AIFMA)**  
n/a
- 2.22 where relevant, regarding the prime broker: description of any material arrangements of the AIF with its prime brokers and the way conflicts of interest in relation thereto are settled and the provision in the contract with the depositary on the possibility of transfer and reuse of the AIF's assets and information about any transfer of liability to the prime broker that may exist (Art. 105, section 1, lit. r, 2 AIFMA);**  
n/a
- 2.23 a description of how and when the information required under Art. 106 section 1 lit. b and para. 2 will be disclosed (Art. 105, section 1, lit. s AIFMA).**  
The information specified by Art. 106, para. 1 lit. b and para. 2 AIFMA is disclosed in the annual report.

### 3 Specific information for individual countries of distribution

According to the applicable laws in the Principality of Liechtenstein, the constitutive documents must be submitted to the FMA. This distribution submittal only refers to information pertaining to the implementation of the provisions of the AIFMA. For this reason, the following Annex C entitled "Specific information for individual countries of distribution", based on foreign laws, is not subject to review by the FMA and is excluded from the distribution submittal.

Current status of this document that was submitted to the FMA: June 6<sup>th</sup> 2025.

# PART II: THE TRUST AGREEMENT

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## Preamble

The trust agreement as well as Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance" constitute a material entity. The trust agreement, Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance" are fully contained herein. The trust agreement, Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance" can be fully or partially amended or supplemented by the AIFM at any time. Amendments to the trust agreement, Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance" require prior approval by the FMA.

To the extent that they are not governed by this trust agreement, the legal relationships between the investors and the AIFM are governed by the Act on the Management of Alternative Investment Funds (AIFMA) dated December 19, 2012, and by the latest Ordinance on the Management of Alternative Investment Funds (AIFMO) and, unless not specified there, by the provisions related to trusts in the Persons and Companies Act (PGR).

## I. General provisions

### Art. 1 General information on the AIF

The **Postera Fund** (hereinafter: AIF) was incorporated pursuant to the Act on the Management of Alternative Investment Funds (AIFMA) dated December 19, 2012, and pursuant to the latest version of the Ordinance on the Management of Alternative Investment Funds (AIFMO). The AIFM informed the FMA with a distribution notice on November 16, 2017. The affirmative message from the FMA was sent to the AIFM on February 26, 2018. The AIF was listed in the Liechtenstein commercial register by the Department of Justice on February 28, 2018. The trust agreement incl. Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance" were ratified on February 26, 2018.

The amendments to the trust agreement, Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance" were most recently communicated to the FMA by an amendment notice dated June 6, 2025 and entered into force on June 12, 2025.

The valid edition is available on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li) or can also be obtained free of charge from the AIFM and the depositary.

The AIF is a legally dependent, open-ended undertaking for collective investments and is subject to the Act on the Management of Alternative Investment Funds (AIFMA) dated December 19, 2012.

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

The AIF has an umbrella structure and can encompass several sub-funds. The individual sub-funds are separate with respect to assets and liability legislation.

The sub-funds may invest according to their investment policy. The investment policy of each sub-fund is defined within the framework of the investment objectives. The AIF or any of its sub-funds shall form a separate fund for the benefit of its investors. In the event of a bankruptcy of the AIFM, the separate fund does not fall into the AIFM's bankruptcy estate.

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

By purchasing units of one or several sub-funds of the AIF, each investor acknowledges the trust agreement that governs the contractual relationships between the investors, the AIFM, and the depositary as well as the duly executed amendments of this document. When amendments to the trust agreement, the annual report or other documents are published on the website of the Liechtenstein Investment Fund Association, such changes shall be binding on the investors.

## **Art. 2 General information concerning the sub-funds**

The investors are beneficiaries of the respective AIF sub-fund's assets on a pro rata basis in accordance with the number of units they own.

The units are not securitized and exist only in the company's books, i.e. no certificates are issued. Assemblies or meetings of investors are not mandated. By subscribing or purchasing units, the investor acknowledges the trust agreement as well as Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance". Investors, heirs, or other beneficiaries cannot demand a split or dissolution of the AIF and its sub-funds. Details concerning the individual sub-funds of the AIF are provided in Annex A "Sub-funds at a glance".

The AIFM can resolve at any time to issue further sub-funds and to modify the constitutive documents accordingly.

Basically, all units of a sub-fund embody the same rights unless the AIFM resolves to issue different unit classes within a sub-fund in accordance with Art. 26 of the trust agreement.

Each sub-fund constitutes a separate fund as regards the relationship of the investors amongst each other. The rights and obligations of the investors of a sub-fund are separate from those of the investors of the other sub-funds.

With respect to third parties, the assets of the individual sub-funds only constitute liabilities that were entered into by the respective sub-funds.

These constitutive documents as well as the investor information pursuant to Art. 105 AIFMA apply to all sub-funds of the **Postera Fund**.

Currently, the AIF offers subscriptions to the following sub-funds:

- ◆ Postera Fund – Crypto I

## II. The organization

### Art. 3 Domicile country / Responsible supervisory authority

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

### Art. 4 Legal relationships

The legal relationships between the investors and the AIFM are governed by the Act on the Management of Alternative Investment Funds (AIFMA) dated December 19, 2012, and by the Ordinance dated March 22, 2016, on the Management of Alternative Investment Funds (AIFMO) and, unless otherwise specified, by the provisions related to trusts in the Persons and Companies Act (PGR).

### Art. 5 The AIFM

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

IFM Independent Fund Management AG was incorporated on October 29, 1996, for an unlimited period, in the form of a joint-stock corporation. The AIFM is domiciled and headquartered in Schaan, Principality of Liechtenstein.

In compliance with the AIFMA, the AIFM is approved by the Financial Market Authority Liechtenstein (FMA) and registered in the FMA's official list of AIFMs entitled to operate in Liechtenstein.

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

The AIFM has covered occupational liability risks associated with the management of AIFs and attributable to the occupational negligence of its bodies or employees, with equity capital amounting to at least 0.01% of the assets of all managed AIFs. This coverage is reviewed and adjusted on an annual basis.

The AIFM manages the AIF for the account and in the exclusive interest of the investors pursuant to the provisions of the trust agreement and of Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance".

Pursuant to legal provisions and to this trust agreement, the AIFM is entitled in its own name to dispose of all assets belonging to the AIF and to exercise all rights resulting herefrom. Details regarding the rights and obligations of the AIFM are provided in the AIFMA.

The main activities of the AIFM are asset management (portfolio management and/or risk management). It also handles administrative and distribution activities.

In compliance with the AIFMA, and subject to the approval of the Liechtenstein Financial Market Authority (FMA), the AIFM may delegate certain tasks to third parties.

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

The AIFM manages the AIF for the account and in the exclusive interest of the investors pursuant to the provisions of the trust agreement and of Annex A "Sub-funds at a glance".

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

#### **a) Board of Directors**

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

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

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

#### **b) Executive Board**

President: Luis Ott, Managing Director

Members: Alexander Wymann, Deputy Managing Director  
Michael Oehry  
Ramon Schäfer

### **Art. 6 Delegation of functions**

In compliance with the provisions of the AIFMA and the AIFMO, the AIFM may delegate to third parties a part of its functions in the interest of efficient business management. The accurate implementation of the mandate is governed by a contract concluded between the AIFM and the appointed agent.

#### **a) Portfolio management**

Quorus Vermögensverwaltung AG, Landstrasse 30, FL-9494 Schaan, acts as the portfolio manager for the following sub-funds:

◆ Postera Fund – Crypto I

Quorus Vermögensverwaltung AG is specialized in investment and asset management for institutional and private clients and is prudentially supervised by the Financial Market Authority Liechtenstein (FMA).

The responsibility of the portfolio manager is mainly to implement the proprietary investment policy on a daily basis and manage the everyday business of the AIF and its sub-funds as well as to render other associated services under the supervision, control, and responsibility of the AIFM. The fulfillment of these duties takes into account the principles of the investment policy and the investment restrictions of the AIF and its sub-funds as described in this trust agreement including fund-specific annexes.

In the execution of his activities, the portfolio manager is obliged, wherever he identifies potential conflicts of interest with the AIF or the AIFM, to respect the interests of the AIFM at all times and to spare no effort in resolving such conflicts in a fair and equitable manner. In particular, the portfolio manager acknowledges Art. 35 AIFMA (Code of Conduct).

The portfolio manager is entitled, under consideration of the interests of the investors, to appoint an asset manager for its own account and responsibility and/or to seek counsel by appropriate professional bodies.

The implementation of the operations is governed by an agreement on the delegation of functions (portfolio management) concluded between the AIFM and Quorus Vermögensverwaltung AG.

## **b) Distributor**

The AIFM is the distributor for the sub-fund.

## **Art. 7 Investment consultant**

No investment consultant was appointed.

## **Art. 8 Depositary**

The depositary for the sub-funds is Bank Frick AG, Landstrasse 14, FL-9496 Balzers, Liechtenstein ([www.bankfrick.li](http://www.bankfrick.li)).

Bank Frick AG (previously: Bank Frick & Co. AG) was established in 1998 by Liechtenstein fiduciary Kuno Frick Sr. together with financial investors in Austria. Today, Bank Frick AG is majority-owned by the Frick family. The bank is strategically involved in digital banking services. Its roots are in private banking and in the development of customized financial services. Further business activities are institutional banking and comprehensive fund-related services. Further information on the depositary (annual reports, brochures, etc.) is available directly at its domicile or on its website [www.bankfrick.li](http://www.bankfrick.li).

The depositary fulfills its duties and assumes responsibilities as defined by the AIFMA and the depositary agreement in the then applicable version ("depositary agreement"). According to the law and the depositary agreement, the depositary is responsible for (i) the general supervision of all assets of the AIF and (ii) the safekeeping of the assets of the AIF entrusted to the depositary or held in its name and (iii) the administrative activities in conjunction with the respective obligations.

Investors are requested to note that there may be jurisdictions in which the effect of the fundamentally prescribed separation of assets is not recognized with respect to asset rights domiciled there in the event of bankruptcy. The AIFM and the depositary shall cooperate with the aim of preventing the safekeeping of assets in such jurisdictions.

On behalf of the AIFM, the depositary shall maintain the unit register of the AIF.

The depositary is entitled to transfer its obligations to one or several agents ("subdepositories") in compliance with the applicable decrees and provisions. A list of the subdepositories appointed to hold assets on behalf and for the account of the AIF can be obtained from the depositary.

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

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



## Art. 9 Prime broker

A prime broker can only be a credit institution, a regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional investors primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services such as clearing and settlement of trades, custodial services, securities lending, customized technology and operational support facilities.

A prime broker may be appointed as a subdepository by the depository or as a business partner by the AIFM.

No prime broker was appointed for the AIF.

## Art. 10 Auditor of the AIFM and of the AIF

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

The AIFM and the AIF shall have their activities audited on an annual basis by an auditor which is FMA-accredited pursuant to the AIFMA and with whom they have no affiliations.

# III. Distribution

## Art. 11 Distribution information / sales restrictions

The AIFM shall provide the investors, before they purchase units of the AIF and its sub-funds, with the latest information as specified by the AIFMA on the website of the LAFV Liechtenstein Investment Fund Association at [www.lafv.li](http://www.lafv.li) and the website of the AIFM at [www.ifm.li](http://www.ifm.li); said information is also available free of charge from the AIFM or the depository.

The purchase of units is based on the constitutive documents as well as the latest available annual report. Only the information contained in the constitutive documents is valid. With the purchase of the units, the investor is considered as having approved this information.

The units of the AIF and its sub-funds are not approved for distribution in all countries of the world. Local regulations shall apply in cases where units are issued, redeemed, and exchanged abroad. Annex C "Specific information for individual countries of distribution" contains information regarding distribution in different countries.

### a) Distribution

In Liechtenstein, the **distribution of units of the AIF and its respective sub-funds** is intended for all investors mentioned below:

- ◆ Professional investors as per Directive 2014/65/EU (MiFID II)

Definitions of the individual investor groups are provided in Art. 12 below.

### b) Subscription agencies

Units of the AIF or its sub-funds can be purchased from the depository or any other domestic or foreign bank subject to Directive 91/308/EEC as set forth in Directive 2015/849/EU or an equivalent regulation and an appropriate supervisory authority.

## Art. 12 Professional investors / private investors

### A. Professional investors

**The following applies to AIF for professional investors as per Directive 2014/65/EU (MiFID II):**

A professional client is a client who has sufficient experience, know-how, and insight to make investment decisions himself and who is capable of adequately assessing the risks involved in such decisions. To be recognized as a professional client, a client must meet the following criteria:

#### I. Categories of clients recognized as professional clients

Within the spirit of the Directive, the following legal personalities should be regarded as professional clients with respect to securities services and financial instruments:

1. Legal personalities that must be authorized or subject to supervision to become active in the financial markets. The list below is to be interpreted such that it contains all authorized legal personalities which perform those activities that characterize the listed legal personalities: Legal personalities authorized by a member state within the scope of a Directive, legal personalities that are authorized or supervised by a member state without reference to a Directive, legal personalities that are authorized or supervised by a third country:
  - a) Credit institutions
  - b) Investment firms
  - c) Other authorized or supervised credit institutions
  - d) Insurance companies
  - e) Undertakings for collective investment and their management companies
  - f) Pension funds and their management companies
  - g) Commodities and commodity derivatives dealers
  - h) Local investors
  - i) Other institutional investors.
2. Large corporations that at the corporate level fulfill two of the following requirements:
  - ◆ Total assets: EUR 20,000,000
  - ◆ Net revenues: EUR 40,000,000
  - ◆ Equity: EUR 2,000,000
3. National and regional governments, public-sector debt administrators, central banks, international and supranational entities such as the World Bank, the IMF, the ECB, the EIB, and other comparable international organizations.
4. Other institutional investors whose main activity is investing in financial instruments, including entities that securitize liabilities and pursue other financing transactions. The above-mentioned legal personalities are deemed to be professional clients. However, they must have the option of applying for the status of a non-professional client, for which investment firms are willing to provide a higher level of protection. If the client of an investment firm is one of the companies mentioned above, the investment firm must make the client aware of the fact, before rendering any services, that he is considered a professional client according to the available information and will be treated as such unless the investment firm and the client agree otherwise. The firm must also inform the client that an amendment of the agreed terms can be applied for to establish a higher level of protection.

It is at the discretion of the client deemed a professional client to apply for the higher level of protection if he believes that he cannot correctly assess or control the risk involved in an investment.

The higher level of protection is granted when a client deemed a professional client concludes a written agreement with the investment firm pursuant to which he will not be treated as a professional client within the spirit of the code of conduct. It shall be specified in the agreement whether it applies to one or several services or transactions or to one or several types of products or transactions.

5. Clients that on request can be treated as professional clients in accordance with Directive 2014/65/EU (MiFID II).

#### **B. Private investors**

A private investor is any investor who is not a professional investor.

## **IV. Amendments to the trust agreement/structural measures**

### **Art. 13 Amendments to the trust agreement**

This trust agreement may be fully or partially amended or supplemented by the AIFM at any time.

The AIFM shall inform the FMA in writing of material changes to the information submitted pursuant to Art. 112 para. 2 AIFMA at least one month before implementing the change or immediately upon occurrence of an unplanned change.

### **Art. 14 General notes on structural measures**

All types of structural measures are permissible. Structural measures include

- a) Mergers of:
  1. domestic AIFs or their sub-funds with domestic AIFs or their sub-funds;
  2. foreign AIFs or their sub-funds with domestic AIFs or their sub-funds;
  3. domestic AIFs or their sub-funds with foreign AIFs or their sub-funds, provided that the law of the country in which the foreign AIF is domiciled allows it, as well as
- b) Splits of AIFs or their sub-funds, whereby the split of AIFs is subject to the spirit of the provisions for mergers pursuant to Art. 78 and 79 AIFMA.

The provisions of the UCITSA shall apply to structural measures involving AIFs and UCITs.

Unless otherwise stipulated below, the legal provisions of Arts. 76 ff of the AIFMA and the relevant provisions of the ordinance shall apply to structural measures.

### **Art. 15 Merger**

The AIFM may, at any time and at its discretion, if applicable with the approval of the respective supervisory authorities, resolve to merge the AIF with one or several other AIFs. This applies regardless of the legal status and/or the domicile of the funds. Sub-funds and unit classes of the AIF can be merged with each other but the AIF and the unit classes, if any, can also be merged with one or several other AIFs or their sub-funds and unit classes.

The merger of AIFs requires the prior approval of the FMA.

The FMA shall grant its approval if:

- ◆ the depositaries involved have given their written consent;
- ◆ the constitutive documents of the AIFs involved in the merger allow the possibility of a merger;
- ◆ the authorization of the AIFM of the acquiring AIF entitles it to manage the investment strategies of the AIF to be acquired;
- ◆ the assets of the AIFs involved in the merger are valued on the same day as the conversion ratio is calculated and the assets and liabilities are appropriated.

The merger becomes effective on the scheduled merger date. The transferring AIF is dissolved when the merger becomes effective. The investors shall be informed when the merger is completed. The AIFM of the transferring AIF shall notify the FMA of the completion of the merger and convey the confirmation of the appointed auditor that the merger has been properly implemented, indicating the conversion ratio on the date on which the merger becomes effective. In the subsequent year, the annual report of the acquiring AIF shall indicate the merger. An audited final report shall be prepared for the transferring AIF.

If an AIF involved in the merger is also distributed to private investors, the following conditions shall apply in addition to the provisions mentioned in Art. 78 AIFMA:

- a) private investors must be informed about the intended merger at least 30 days prior to the closing date; and
- b) neither the AIF nor the private investors shall be burdened with merger costs unless the private investors have agreed to accept such costs with a qualified majority.

All assets of the AIF or the sub-fund may, at a given transfer date, be transferred to another existing AIF or an AIF or sub-fund newly founded within the scope of a merger.

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

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

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

The transfer of the assets of this AIF to another domestic AIF or another foreign AIF shall occur only with the approval of the Financial Market Authority Liechtenstein (FMA).

Additionally, mergers are subject to the provisions of Art. 78 AIFMA. If private investors are involved, Art. 79 AIFMA must be considered.

### **Art. 16 Information, consent, and investor rights**

Information for investors must be provided on a durable data medium or in the official gazette according to Art. 85 AIFMA to the extent that the constitutive documents foresee publications in the official gazette.

Information concerning the merger shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)), the official gazette of the AIF.

If the units of the AIF involved in the merger are distributed only to professional investors, the merger plan shall provide at least the following information:

- a) the AIFs that are involved;
- b) the background and rationale of the planned merger; and
- c) the planned effective date of the merger.

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

On request by an investor, the AIFM shall provide the merger plan free of charge. It is not obliged to publish the merger plan.

### **Art. 17 Costs of structural measures**

If an AIF involved in the merger is also distributed to private investors, neither the AIF nor the private investors shall be burdened with merger costs unless the private investors have agreed to accept such costs with a qualified majority.

As regards AIFs or sub-funds that are distributed exclusively to professional investors, structural measures, legal, consulting, and administrative costs associated with the preparation and implementation of the measures shall be debited to the respective sub-fund's assets. In such cases, the information for investors shall indicate the estimated costs in total and pro rata per unit.

This applies analogously to splits.

## **V. Dissolution of the AIF, its sub-funds, and unit classes**

### **Art. 18 In general**

The provisions regarding the dissolution of the AIF shall also apply to its sub-funds.

Information for investors must be provided on a durable data medium or in the official gazette according to Art. 85 AIFMA to the extent that the constitutive documents foresee publications in the official gazette.

Information concerning the dissolution shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)), the official gazette of the AIF and its sub-funds.

## **Art. 19 Resolution to dissolve**

The AIF or any of its sub-funds shall be imperatively dissolved in the cases provided by law. Additionally, the AIFM is entitled to dissolve the AIF or individual sub-funds at any time.

Unit classes can be dissolved upon decision by the AIFM.

Investors, their heirs, and other persons cannot demand the split or dissolution of the AIF, of an individual sub-fund or of an individual unit class.

The resolution to dissolve a sub-fund or a unit class shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the AIF and other physical and durable media (letter, fax, e-mail, or similar) mentioned in the fund documents. A copy of the notice to investors shall be submitted to the FMA. Once the dissolution decision has been taken, no further units shall be issued, exchanged, or redeemed.

When dissolving the AIF or one of its sub-funds, the AIFM shall immediately liquidate the assets of the AIF or of a sub-fund in the best interest of the investors. In all other respects, the liquidation of the AIF or of the respective sub-fund shall be governed by the provisions of the Liechtenstein Persons and Companies Act (PGR).

If the AIFM dissolves a unit class without dissolving the AIF or the sub-fund, all units of this class shall be redeemed at their then applicable net asset value. This redemption shall be published by the AIFM, and the redemption price shall be credited by the depositary to the investors.

## **Art. 20 Reasons for dissolution**

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

## **Art. 21 Costs of dissolution**

The costs of dissolution shall be deducted from the net assets of the AIF or of the respective sub-fund.

## **Art. 22 Dissolution and bankruptcy of the AIFM or of the depositary**

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

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

## **Art. 23 Termination of the depositary agreement**

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

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

### **Art. 24 Creation of sub-funds**

The AIF consists of one or several sub-funds. The AIFM can resolve, at any time, to create further sub-funds and dissolve or merge existing sub-funds. The trust agreement including the sub-fund-specific Annex B "Sub-funds at a glance" shall be amended accordingly.

The investors are beneficiaries of the respective AIF sub-fund's assets on a pro rata basis in accordance with the number of units they own.

Each sub-fund constitutes a separate fund as regards the relationship of the investors amongst each other. The rights and obligations of the investors of a sub-fund are separate from those of the investors of the other sub-funds.

With respect to third parties, the assets of the individual sub-funds only constitute liabilities that were entered into by the respective sub-funds.

### **Art. 25 Duration of the individual sub-funds**

The sub-funds can be established for a limited or unlimited period of time. The duration of a sub-fund is defined in Annex B "Sub-funds at a glance" of the respective sub-fund.

### **Art. 26 Creation of unit classes**

The AIFM can create several unit classes for each sub-fund.

Unit classes can be created that, for example, differ from existing unit classes with respect to the use of proceeds, the issue premium, the reference currency and the deployment of currency hedging instruments, the management fee, the minimum amount to be invested, the lock-up period, or a combination of these characteristics. The rights of investors who purchased units assigned to existing unit classes are not affected by the creation of new unit classes.

Currently, there are unit classes designated as **"EUR"** and **"GBP"**. Units of the **"EUR"** unit class are issued and repurchased in euros, the accounting currency of the AIF, and units of the **"GBP"** unit class in British pounds.

The currency code in the unit class designations refers to their reference currency. It is not necessarily the currency in which investments are made. The currency risks of the unit classes denominated in **GBP** can be fully or partially hedged; this may have a negative effect on the NAV of the unit class denominated in **EUR**. The costs, if any, of a currency translation hedge of the GBP unit class are allocated to that class.



The unit classes created in conjunction with any sub-fund as well as the charges and reimbursements incurred in conjunction with the units of the sub-fund are indicated in Annex B "Sub-funds at a glance".

**Side pockets:**

The AIFM, subject to the approval of the supervisory authority (FMA) is entitled to split off illiquid asset components and transfer them to separate investment sub-funds (side pockets). This is the case when a significant portion of the AIF (more than 10%) cannot be duly valued in the long term or turns out to be unsalable. The unit owners shall receive units of the side pocket proportionally to their ownership of the original assets of the AIF. Unit trading shall be suspended while the side pocket is being formed. After creation of the side pocket, this sub-fund shall be placed in liquidation and shall distribute the liquidation proceeds to the unit owners as soon as the instruments it contains can be valued or sold again. Until the liquidation process has been completed, no units in the side pockets thus formed shall be issued or redeemed.

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

Pursuant to the provisions of the AIFMA, the assets of the sub-funds shall be invested according to the following investment policy principles and within the investment restrictions.

### **Art. 27 Investment objective**

The sub-fund-specific investment policy is described in Annex B "Sub-funds at a glance".

### **Art. 28 Investment policy**

The sub-fund-specific investment policy is described in Annex B "Sub-funds at a glance".

The general investment principles and investment restrictions set forth below apply to all sub-funds to the extent that no deviations or amendments are imposed on the respective sub-fund in Annex B "Sub-funds at a glance".

### **Art. 29 Accounting/reference currency**

The accounting currency of the sub-fund as well as the reference currency for each unit class are stated in Annex B "Sub-funds at a glance".

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

### **Art. 30 Profile of a typical investor**

The profile of the typical investor of the respective sub-funds is described in Annex B "Sub-funds at a glance".

## **Art. 31 Permissible investments**

Basically, an AIF or any of its sub-funds may invest in all asset classes. Restrictions, if any, are mentioned in Annex B "Sub-funds at a glance".

## **Art. 32 Non-permissible investments**

The non-permitted investments of the respective sub-fund are indicated in Annex B "Sub-funds at a glance".

In the interest of unit owners, the AIFM may define further investment restrictions at any time, to the extent that they are necessary to comply with the laws and regulations of those countries in which the units of the AIF are offered and sold.

## **Art. 33 Investment limits**

The legal provisions of the AIFMA do not include investment limits. Restrictions specified by the AIFM, if any, are mentioned in Annex B "Sub-funds at a glance".

### **A. Investment cycles during which the respective investment limits must be attained**

The investment limits must be attained within the time periods defined in Annex B "Sub-funds at a glance".

### **B. Procedure in the event of deviations from the investment limits**

1. A sub-fund does not need to comply with the investment limits when exercising the subscription rights derived from securities or money market instruments that belong to its assets.
2. If the limits are exceeded, the AIFM shall adopt as a priority objective for its sales transactions to normalize that situation in the interest of its investors.
3. Losses or damages incurred due to an active violation of investment limits/regulations must be reimbursed to the sub-fund's assets immediately.

## **Art. 34 Deployment of derivatives, techniques, and instruments**

The deployment of derivatives, borrowing, securities lending, and annuities transactions is governed by the legal provisions of the AIFMA.

Further information concerning the risk management procedure, securities lending, and annuities transactions is provided in Annex B "Sub-funds at a glance" of the respective sub-fund.

### **a) Risk management procedure**

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

The total exposure of the AIF or the respective sub-fund is calculated either with the Commitment Method or with the Value-at-Risk-Method under consideration of the current value of the underlings, the counterparty risk, future market movements, and the time available for the liquidation of the positions.

**The risk management method applied by the AIFM is described in Annex B "Sub-funds at a glance".**

**b) Leveraged financing**

The leverage of a sub-fund is the ratio between the risk of a sub-fund and its net asset value.

Leveraging is any method with which the AIFM can increase the investment exposure of the respective sub-fund. This can be done by concluding leveraged financing approaches embedded in derivative financial instruments, with annuity transactions, or in other ways.

Leverage is calculated by dividing the total exposure of the AIF or its sub-funds by its net asset value. For this purpose, the total exposure is calculated with two different methods, i.e. the leverage value can differ depending on which method is used.

When the aggregate nominals approach is used (Gross Method), the calculation is performed by adding the absolute values of all positions of the respective sub-fund with no offsets.

The Commitment Method (Net Method) converts positions in derivative financial instruments into equivalent positions of the associated underlings. The calculation is performed under consideration of hedging transactions, i.e. after offsetting netting and hedging effects.

**The expected leverage pursuant to the Gross and Commitment Methods is indicated in Annex B "Sub-funds at a glance".**

**c) Liquidity management**

The AIFM shall use adequate methods for controlling liquidity as well as processes that allow the liquidity risks of the respective sub-fund to be monitored. The AIFM shall assure that the managed sub-funds take into consideration the investment strategy, the liquidity profile, and the redemption principles of the respective sub-fund of the AIF.

**d) Derivative financial instruments**

On behalf of the AIF or its sub-funds, the AIFM may transact with derivatives for hedging purposes, for efficient portfolio control, for generating additional income, and as part of its investment strategy. This may at least temporarily increase the loss risk of the AIF.

**The deployment of derivative financial instruments is described in Annex B "Sub-funds at a glance". In this context, the AIFM shall use the risk management procedure indicated in Annex B "Sub-funds at a glance".**

The AIFM is entitled to deploy in the AIF or its sub-funds only the following basic forms of derivatives or combinations of such derivatives or combinations of other subjects of investment that the AIF or its sub-funds are allowed to purchase:

1. Forward contracts on securities, money market instruments, financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, precious metals, commodities, volatilities, exchange rates, or currencies;
2. Options or warrants on securities, money market instruments, financial indices pursuant to Art. 9 § 1 of Directive 2007/16/EC, interest rates, precious metals, commodities, volatilities, exchange rates, or currencies and on forward contracts according to section of this lit. d, if
  - ◆ the respective rights can be exercised for the entire duration or at the end of the duration and
  - ◆ the option value is a fraction or a multiple of the difference between the base price and the market price of the underlying instrument and becomes zero if the difference has the other sign;
3. Interest swaps, currency swaps, or interest/currency swaps;
4. Options on swaps pursuant to section 3 of this lit. d if they feature the characteristics described in section 2 of this lit. d (swaptions);
5. Credit default swaps, provided they are exclusively and demonstrably utilized to hedge the credit risk of precisely defined assets of the AIF or its sub-funds.

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

#### e) **Securities lending and borrowing**

The AIFM is also entitled to lend portions of the securities held by the respective sub-fund to third parties ("**Securities Lending**"). In general, securities lending transactions shall be handled only via recognized clearing organizations such as Clearstream International or Euroclear, as well as via prime banks, brokerage firms, financial service providers or insurance companies specialized in securities lending, and within the specific baseline conditions. Basically, in securities lending transactions, the AIFM or the depositary of the AIF or its sub-funds must receive sureties whose value corresponds at least to the total valuation of the securities lent and accrued interest, if any. These sureties must be extended in a permissible form of financial collateral. Such sureties are not mandatory if the securities lending transaction is handled via Clearstream International or Euroclear or a similar organization which can assure the AIF or its sub-funds that the value of the lent securities will be paid.

**Annex B "Sub-funds at a glance"** indicates whether the AIFM may lend parts of the assets of the AIF or its sub-funds (**securities lending**) or, to handle permissible short sales, borrow assets from third parties (**securities borrowing**). The provisions mentioned above apply analogously to securities borrowing.

#### f) **Annuities transactions**

On behalf of the AIF and its sub-funds, the AIFM may participate on an assistive basis in **annuities transactions** (Repurchase Agreements or Reverse Repurchase Agreements) consisting of purchases and sales of securities in which it is agreed that the purchaser has the right or the obligation to repurchase the sold securities from the purchaser at a price and within a deadline that were agreed by the two parties when the contract was finalized.

In annuities transactions, the AIFM may be a purchaser or a seller. However, participation in such transactions is subject to the following guidelines.

- ◆ Securities may only be purchased or sold via an annuity transaction if the counterparty is a top-rate financial institution specialized in transactions of this nature.
- ◆ For the duration of an annuity transaction, the purchased securities must not be sold prior to the exercise of the right to repurchase the securities or before the repurchase period expires.
- ◆ Additionally, it must be assured that the scope of the obligations associated with annuities transactions allows the AIF or its sub-funds to honor its/their obligations to repurchase units at any time.
- ◆ Securities that are bound as underlyings in conjunction with derivative financial instruments, that were lent, or that were acquired within the scope of Reverse Repurchase Agreements may not be sold within the scope of Repurchase Agreements.

The applicability of annuities transactions is governed by Annex B "Sub-funds at a glance".

**Further information on risk management procedures, securities lending, and annuity transactions are provided in Annex B "Sub-funds at a glance".**

## **g) Collateral policy and investment of collateral**

### **General**

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

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

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

#### *Liquidity*

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

#### *Valuation*

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

#### *Solvency*

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

### *Correlation*

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

### *Diversification of collateral*

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

If it complies with the regulations in Art. 31 above, a sub-fund may deviate from these rules.

### **Safekeeping and realization**

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

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

### **Investment of collateral**

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

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

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

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

To assess the value of collateral exposed to a non-negligible fluctuation risk, the AIF must apply conservative discount rates. On behalf of the AIF, the AIFM shall apply a haircut strategy for every type of asset received as collateral and must consider the characteristics of the assets, including in particular creditworthiness as well as the price volatility of the respective assets and the stress tests that have been performed. The haircut strategy shall be documented and with regard to the respective types of assets makes plausible each decision to apply or not apply a valuation markdown.

### Worth of collateral

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

### Rules for haircuts

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

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



### Total return swaps

Total return swaps can be executed for the AIF and its sub-funds. Total return swaps are derivatives in which all earnings and value fluctuations of an underlying can be swapped for an agreed fixed interest payment. A contractual party, the collateral taker, thus transfers the entire credit and market risk from the underlying instrument to the other contractual party, the collateral provider. In return, the collateral taker pays a premium to the collateral provider. On behalf of the AIF and its sub-funds, the AIFM is entitled to execute total return swaps for hedging purposes and as a part of its investment strategy. Basically, all assets that are purchasable for the AIF and its sub-funds can be subjects of total return swaps. Up to 100% of the AIF's assets can be subjects of such transactions. The AIFM expects that in individual cases no more than 50% of the AIF's assets will be the subject of total return swaps. This is merely an estimate that can be exceeded in individual cases. The proceeds from total return swaps – after deduction of the transaction costs – are fully credited to the AIF and its sub-funds.

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

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

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

### Art. 35 Investments in other undertakings for collective investment (UCI)

In compliance with its individual investment policy, a sub-fund may invest its assets in units of other undertakings for collective investment (UCI). The applicable investment limits for each sub-fund's assets are indicated in Annex B "Sub-funds at a glance".

Investors must take into account that at the level of indirect investments, further indirect costs and charges are incurred and that fees and remunerations are paid; however, these expenses are debited directly to the individual indirect investments. If the investments hereunder constitute a significant portion of the sub-fund's assets, the maximum management fees are specified in Annex B "Sub-funds at a glance" and the annual report.

If units are managed directly or indirectly by the AIFM or by any other company with which the AIFM is affiliated by common management, control, or qualified participation, neither the AIFM nor the other company may charge fees for the subscription or redemption of units from or to the AIF or its sub-funds.

### Art. 36 Borrowing limits

- a) The assets of the sub-fund must not be pledged or otherwise encumbered, transferred or ceded as collateral except in cases involving borrowing pursuant to lit. b below or collateralization within the scope of transactions involving financial instruments.
- b) For the purpose of investments or to fulfill requests for redemption, a sub-fund may take out loans at customary market terms. The respective sub-fund's borrowing limit is specified in Annex B "Sub-funds at a glance" under "Investment principles of the

sub-fund". The borrowing limit does not apply to the purchase of foreign currencies via back-to-back loans. In relation to the depositary, the AIF or the respective sub-fund is not entitled to fully exploit the maximum permissible credit framework. The depositary alone, based on its credit and risk policies, can decide on the nature and amount for which a loan is granted. Under certain circumstances, these policies may change within the duration of the AIF or its sub-funds.

- c) The paragraph above does not prohibit the purchase of financial instruments that have not yet been fully paid up.

### **Art. 37 Joint management**

To reduce operating and management costs and simultaneously allow broader diversification of the investments, the AIFM may resolve to jointly manage a part or all of the assets of one or several sub-funds together with assets that belong to other undertakings for collective investment.

Currently, the assets of this AIF or its sub-funds are individually managed and thus separately from assets that belong to other undertakings for collective investment.

## **VIII. Risk advisories**

### **Art. 38 AIF-specific risks**

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

The sub-fund-specific risks of the AIF are outlined in Annex B "Sub-funds at a glance".

### **Art. 39 General risks**

In addition to the sub-fund-specific risks, the investments of the individual sub-funds may be exposed to general risks.

All investments in the sub-funds are associated with risks. Risks may include, or be associated with, stock and bond market risks, foreign currency translation risks, interest-rate risks, credit risks, volatility risks, and political risks. Any of these risks may occur together with other risks. Some of these risks are briefly discussed in this section. It should be noted, however, that this is not an inclusive list of all possible risks.

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

**Market risk**

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

**Price risk**

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

**Cyclical risks**

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

**Cluster risk**

The investment policy may focus on a concentration of investments, for example in certain assets, countries, markets, or industries. Then, the AIF and the sub-funds are particularly dependent on the development of these assets, countries, markets, or industries.

**Interest-rate risk**

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

**Currency translation risk**

If the AIF or its sub-funds holds assets denominated in a foreign currency or currencies, it is exposed to a direct currency translation risk (unless the foreign currency positions are hedged). Falling exchange rates lead to a value reduction of the foreign currency investments. In addition to the direct currency translation risks, there are also indirect currency translation risks. Internationally active companies depend to a more or less significant degree on the development of exchange rates, and this may have an indirect effect on the price development of investments.

**Inflation risk**

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

**Psychological market risk**

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

**Risks of derivative financial instruments**

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

deployment of derivative financial instruments is described in Annex B "Sub-funds at a glance".

Derivative financial instruments are not standalone investment instruments; they are rights valued chiefly on the basis of the price and price fluctuations and price expectations of an underlying instrument. Investments in derivatives are exposed to the general market risk, the management risk, the credit risk, and the liquidity risk.

Due to the special features of derivative financial instruments (e.g. leverage), the above-mentioned risks can be of a different nature and in some cases may be more serious than the risks associated with investment in the underlying instrument. For this reason, the deployment of derivatives not only requires an understanding of the underlying instrument but also in-depth familiarity with the derivatives themselves.

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

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

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

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

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

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

shall be transferred to the OTC counterparty as agreed between the AIF or a sub-fund and the OTC counterparty. Cases of bankruptcy and insolvency or other credit default events involving the OTC counterparty, the depositary or an entity of its subdepository/correspondent bank network can entail a delay, a restriction or even the exclusion of the rights or of the recognition of the AIF or the sub-fund with respect to the collateral, which would force the AIF or the sub-fund to meet its obligations within the scope of the OTC transaction regardless of any collateral that may have been provided in advance to cover such obligations.

The risk associated with the management of collateral, especially the operational or legal risk, is determined, controlled, and minimized by the risk management procedure applied by the AIF or the sub-fund.

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

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

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

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

#### **Liquidity risk**

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

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

#### **Counterparty risk**

The risk is that contractual parties (counterparties) may not be able to meet their contractual obligation to fulfill transactions. The AIF or the sub-fund may incur a loss herefrom.

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

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

### **Country or transfer risk**

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

### **Operational risk**

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

### **Transaction risk**

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

### **Key persons risk**

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

### **Legal and fiscal risk**

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

### **Depository risk**

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

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

A modification of the investment policy within the scope of the legally and contractually permissible investment spectrum may change the risk associated with the sub-fund. The AIFM is entitled to increase the charges to be borne by the sub-fund and/or substantially change the investment policy of the sub-fund at any time within the scope of the applicable trust agreement by amending the trust agreement including Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance".



### **Changes to the trust agreement**

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

### **Risk of suspension of repurchase**

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

### **Hedging risk**

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

### **Sustainability risks**

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

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

## **IX. Valuation and unit transactions**

### **Art. 40 Calculation of the net asset value per unit**

The net asset value (NAV) per unit of a sub-fund or of a unit class shall be calculated by the AIFM or by an agent designated by the AIFM at the end of the accounting year as well as on the respective valuation day on the basis of the last known prices, taking into account the valuation interval.

The NAV of a unit in a unit class of a sub-fund is expressed in the accounting currency of the sub-fund or, if different, in the reference currency of the respective unit class, and is calculated as the quota of the assets of this sub-fund assignable to the respective unit class minus debt obligations of the same sub-fund, if any, that are attributable to the respective unit class divided by the number of outstanding units of the respective unit class.



To expedite the issue and redemption of units in special cases, the AIFM is entitled, if so decided, to calculate a so-called special NAV for the AIF and its sub-funds that deviates from the ordinary valuation interval. Details can be found in the respective Annex B "Sub-funds at a glance".

**The valuation principles of the AIF or its sub-funds and further information on the calculation of the net asset value are indicated in Annex B "Sub-funds at a glance".**

## **Art. 41 Issue of units**

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

The units are not securitized.

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

Information on the issue day, the valuation interval, the acceptance deadline, and the maximum issue premium, if any, is provided in Annex B "Sub-funds at a glance".

The payment must arrive within the period (value date) after the issue day on which the issue price of the units was determined as specified in Annex B "Sub-funds at a glance". However, the AIFM is entitled to extend this period accordingly if the anticipated period should prove to be too short.

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

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

If the payment is made in a currency other than the accounting currency, the equivalent resulting from the conversion of the payment currency into the accounting currency, less charges, shall be used for the purchase of units.

The minimum investment that must be subscribed by an investor in a specific unit class is indicated in Annex B "Sub-funds at a glance". At the discretion of the AIFM, a minimum investment limit may be waived.

On request by an investor, subject to the approval of the AIFM, units can also be purchased against the transfer of instruments at spot prices (contributions in kind or in specie transfer). The AIFM is not obliged to approve such a request.

Contributions in kind must be reviewed and assessed by the AIFM according to objective criteria. Transferred assets must be compliant with the sub-fund's investment policy and a current investor interest in the instruments must exist from the AIFM's point of view. The intrinsic value of the contribution in kind must be rated by the AIFM or the auditor. All costs incurred in this context (including auditors' fees, other expenses or

taxes and charges, if any) shall be borne by the respective investor and must not be debited from the respective fund's assets.

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

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

In situations pursuant to Art. 44 of this trust agreement, the issue of units of AIF or its sub-funds may be discontinued.

## **Art. 42 Repurchase of units**

Under consideration of a period of notice that may be mentioned in Annex B "Sub-funds at a glance", units of a sub-fund shall be redeemed on each valuation day (repurchase day) at the net asset value per unit of the respective unit class of the respective sub-fund less the redemption charge, if any, and less taxes and charges, if any.

Repurchase requests must be received by the depositary on the acceptance deadline at the latest. If a period of notice exists for repurchases, it will be indicated in Annex B "Sub-funds at a glance". If a repurchase request is received after the acceptance deadline, it will be scheduled for the next following repurchase day. Requests submitted to distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the depositary in Liechtenstein in a timely manner. On request, the respective distributors will provide pertinent information.

Information on the redemption day, the valuation interval, the acceptance deadline, and the maximum redemption premium, if any, is provided in Annex B "Sub-funds at a glance".

The redemption amount shall be paid within a defined period of time (value date) after the valuation day. The AIFM is entitled to extend this period accordingly if the regular period should prove to be too short. Value date information is provided in Annex B "Sub-funds at a glance". This does not apply in case the transfer of the redemption sum proves impossible due to legal constraints such as currency export and cross-border payment restrictions or due to other circumstances beyond the control of the depositary.

In case of large redemption requests, the AIFM may decide to settle a redemption request only when, without unnecessary delay, equivalent assets of the sub-fund can be sold. If such a measure is necessary, all redemption requests received on the same day shall be settled at the same price.

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

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

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

The AIFM and/or the depositary may redeem units without the investor's consent against payment of the repurchase price to the extent that this appears to be in the interest of or for the protection of investors or the AIFM or of one or several sub-funds, particularly when

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

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

In situations pursuant to Art. 44 of this trust agreement, the redemption of units of AIF or its sub-funds may be discontinued.

Redemptions in kind are permissible and shall be reviewed and valued by the AIFM according to objective criteria. Units can also be redeemed by way of transfer of investments of the AIF or its sub-funds at the respective spot prices (redemptions in kind or in specie transfer). The value of transferred investments shall be confirmed by an auditors' report.

### **Art. 43 Exchange of units**

To the extent that different sub-funds or unit classes are available, units of one unit class can be exchanged for units of another unit class, both within the same sub-fund or from one sub-fund to another. Exchange fees, if any, are mentioned in Annex B "Sub-funds at a glance". If an exchange of units is not possible for certain sub-funds or unit classes, this will be mentioned in Annex B "Sub-funds at a glance" that applies to the respective sub-fund or unit class.

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

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

- A = Number of units of the new target sub-fund or target unit class  
B = Number of units of the source sub-fund or source unit class  
C = Net asset value or repurchase price of the units submitted for exchange  
D = Exchange rate between the respective sub-funds or unit classes. If both sub-funds or unit classes are valued with the same accounting currency, this coefficient is 1.

E = Net asset value per unit of the target sub-fund or target unit class plus taxes, fees, and other charges

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

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

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

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

In situations pursuant to Art. 44 of this trust agreement, the exchange of units of AIF or its sub-funds may be discontinued.

#### **Art. 44 Suspension of the calculation of the net asset value and of the issue and redemption of units**

The AIFM may temporarily suspend the calculation of the net asset value and/or the issue of units of a sub-fund if this is justified in the interest of the investors, especially:

1. if a market which forms the basis for the calculation of a substantial part of the assets of the AIF or its sub-funds is closed, or if trading on such a market is restricted or suspended;
2. in case of political, economic, or other emergencies; or
3. if, due to restrictions on the transferability of assets, transactions for the AIF or its sub-funds cannot be executed.

The suspension of the calculation of the net asset value of a sub-fund does not affect the calculation of the net asset value of the other sub-funds if none of the above conditions apply to the other sub-funds.

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

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

Additionally, under consideration of the interests of the investors, the AIFM is entitled postpone substantial redemptions, i.e. to temporarily suspend repurchases, until adequate assets of the respective sub-fund can be sold without delay under consideration of the interests of the investors.

No new units of the sub-fund shall be issued as long as the repurchase of units is suspended. Units subject to a temporary repurchase suspension cannot be exchanged. The temporary suspension of the repurchase of units of a sub-fund does not entail the temporary suspension of repurchases of other sub-funds that are not affected by the events.

The AIFM shall assure that the assets of the respective sub-fund include enough cash and cash equivalents to allow the immediate repurchase of units under normal circumstances at the request of investors.

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

#### **Art. 45 Unit redemption embargo (lock-up)**

Unit classes may be subject to a so-called lock-up. A **lock-up** is an **embargo period** during which no unit redemptions take place. Redemption requests are not accepted and processed until the embargo period has elapsed and the period of notice is observed. Redemption requests received during the embargo period will be rejected. Further information and details are provided in Annex B "Sub-funds at a glance".

If so resolved by the AIFM, units can be redeemed unilaterally before the end of the lock-up without the approval of the investor against payment of the redemption price.

#### **Art. 46 Late trading and market timing**

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

##### **Late trading**

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

##### **Market timing**

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

## Art. 47 Prevention of money laundering and terrorism financing

The AIFM shall assure that domestic authorized distributors commit themselves to the provisions of the law and ordinance on occupational diligence and due care (Sorgfaltspflichtgesetz, Sorgfaltspflichtverordnung) applicable in the Principality of Liechtenstein, as well as the FMA guidelines in the edition in force.

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

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

## X. Costs and charges

### Art. 48 Ongoing charges

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

##### **Management and administration fee**

For portfolio management, risk management and distribution as well as for the administration of the respective sub-funds, the AIFM shall levy annual charges as set forth in Annex B "Sub-funds at a glance". These charges are calculated on the basis of the average net assets of the sub-fund or of the respective unit class, deferred on every valuation day, and levied quarterly pro rata temporis in arrears. The charges of the respective sub-fund or of the respective unit class are listed in Annex B "Sub-funds at a glance". The AIFM is at liberty to specify different administration fees for one or several unit classes of the respective sub-fund.

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

##### **Depositary fee**

For the fulfillment of its duties pursuant to the depositary agreement, the depositary is entitled to remuneration as per Annex B "Sub-funds at a glance". The depositary charges are calculated on the basis of the average net assets of the sub-fund or of the respective unit class, deferred on every valuation day, and levied quarterly pro rata temporis in arrears. The AIFM is at liberty to specify different depositary fees for one or several unit classes of the respective sub-fund.

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

##### **Ordinary expenditures**

Apart from the remuneration as described above, the following expenses that are not dependent on the asset volume can be deducted from the assets of the sub-fund. The expenditures of the respective sub-fund are stated in the annual report. The AIFM and the depositary shall be entitled to receive reimbursement of the following costs incurred in the course of their activities:

- ◆ Costs incurred in the preparation, printing, and dispatch of annual and semi-annual reports, if any, as well as other legally required publications;

- ◆ Costs incurred in the publication of notifications by the AIF or its sub-funds to the investors in official gazettes and in additional newspapers or electronic media as determined by the AIFM, including price publications;
- ◆ Charges and costs for permits and the supervision of the AIF and its sub-funds in Liechtenstein and abroad;
- ◆ All taxes levied on the assets of the sub-fund as well as its earnings and expenses charged to the respective sub-fund assets of the AIF;
- ◆ Taxes, if any, incurred in conjunction with the administration and depositary costs;
- ◆ Domestic and foreign charges incurred by the AIF or its sub-funds in conjunction with listings, if any (registration, sustainment, and termination) and with distribution, such as consulting, legal, and translation costs;
- ◆ Costs and expenditures related to regular reports, among others to insurance companies, pension funds, and other financial service providers (e.g. GroMiKV, Solvency II, MiFID II, VAG, ESG/SRI reports or ratings, etc.);
- ◆ Charges, costs, and fees in conjunction with the determination and publication of fiscal factors for EU/EEA nations and/or all countries where distribution approvals and/or private placements exist, under consideration of actual expenditures at customary market terms;
- ◆ Costs incurred in conjunction with the fulfillment of the prerequisites and consequential obligations of any distribution of units of the AIF or its sub-funds at home and abroad (e.g. charges for paying agents and other agents or representatives with similar functions, charges levied by fund platforms, such as listing fees and setup costs), as well as consulting, legal, and translation costs;
- ◆ Costs for the preparation or amendment, translation, deposition, printing, and distribution of the constitutive documents (trust agreement, PRIIP-KID, PRIIP, SRRI/SRI calculation, etc.) in the countries in which the units are distributed;
- ◆ Administrative fees and charges levied by government authorities;
- ◆ A reasonable share of costs for printed matter and advertising directly associated with the offering and sale of units;
- ◆ Fees payable to the auditors as well as legal and tax consultants, to the extent that such expenditures are incurred in the interest of the investors;
- ◆ Costs for the preparation, the announcement of taxation fundamentals and the accreditation that the fiscal data was compiled according to the rules of the respective foreign country's tax legislation;
- ◆ Internal and external costs for the recovery of foreign withholding taxes to the extent this is possible for the account of the AIF or of the respective sub-fund. As regards the recovery of foreign withholding taxes, it must be pointed out that the AIFM is not obliged to institute recovery proceedings and will only do so if the process justifies the effort according to the criteria of substantiveness of the amounts and reasonableness of the ratio of costs to the possible recoverable amounts. With respect to investments that constitute securities lending, the AIFM will abstain from recovering withholding taxes;
- ◆ Expenditures in conjunction with the exercise of voting rights or creditor rights by the AIF or its sub-funds, including fees charged by external consultants;
- ◆ Costs incurred in connection with the risk management of the AIF or its sub-funds and the corresponding calculation of key figures (VaR, etc.);
- ◆ Costs for assessing the creditworthiness of the assets of the AIF or its sub-funds and its target investments by nationally or internationally recognized rating agencies;
- ◆ Costs in conjunction with legal provisions for the AIF or its sub-funds (e.g. reporting to authorities, key information documents documents, etc.);
- ◆ Charges and costs incurred as a result of other legal or supervisory rules that need to be fulfilled by the AIFM within the scope of its implementation of the investment strategy (such as reporting and other costs incurred in the



fulfillment of the European Market Infrastructure Regulation (EMIR, EC directive 648/2012);

- ◆ Costs incurred for in-depth fiscal, legal, accounting, business management, and technical market reviews and analyses (due diligence) by third parties especially for the purpose of examining the suitability of a private equity investment for the AIF and its sub-funds. Such costs may also be charged to the AIF and its sub-funds even if the investment is subsequently rejected.
- ◆ Research costs;
- ◆ External costs for the assessment of the sustainability rating (ESG Research) of the assets of the sub-fund and its target investments;
- ◆ License fees for the use of benchmarks, if any;
- ◆ Costs for the appointment and sustainment of further counterparties if it is in the interest of the investors.

### **Transaction costs**

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

Services included in a fixed flat charge shall not be chargeable again as an individual expense.

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

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

### **Service fee**

Periodic service fees for additional services rendered by the depositary, if any, are mentioned in Annex B "Sub-funds at a glance".

### **Costs of incorporation**

The costs for the incorporation of the AIF and its sub-funds and the initial issue of units shall be amortized across three years at the expense of the assets of the incorporative sub-funds. The incorporation costs are split pro rata across the respective sub-fund assets. Costs incurred in conjunction with the launch of further sub-funds are amortized across three years at the expense of the sub-fund to which they are applicable.

### **Liquidation fees**

In the event of a dissolution of the AIF or the respective sub-fund, the AIFM may levy a liquidation fee of max. CHF 15,000 or the equivalent thereof in another currency in its favor. In addition to this amount, the AIF or the respective sub-fund shall bear all costs levied by authorities, the auditor, and the depositary.

### **Extraordinary disposal costs**

Additionally, the AIFM may encumber the assets of the respective sub-fund with costs for extraordinary disposals.

Extraordinary disposal costs consist of expenses incurred exclusively by safeguarding the investors' interests, which arise in the course of regular business and which were not foreseeable when the AIF or the respective sub-fund was established. In

particular, extraordinary disposal costs are legal counsel fees and proceeding costs in the interest of the AIF or of the respective sub-fund or of the investors. Additionally, this includes costs for extraordinary disposals pursuant to the AIFMA and AIFMO (e.g. amendments of fund documents), if any.

#### **Benefits**

In conjunction with the purchase and sale of properties and rights for the AIF and its sub-funds, the AIFM, the depositary, and agents, if any, shall assure that benefits, in particular, are directly or indirectly credited to the AIF and its sub-funds.

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

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

#### **Performance fee**

Additionally, the AIFM may levy a performance fee. If a performance fee is levied, this is specified in detail in Annex B "Sub-funds at a glance".

### **Art. 49 Costs borne by the investors**

#### **Issue premium:**

To cover the costs incurred by the placement of units, the AIFM may charge an issue commission on the net asset value of the newly issued units to be credited to the AIFM, the depositary, and/or authorized domestic or foreign distributors as set forth in Annex B "Sub-funds at a glance".

An issue premium, if any, in favor of the respective sub-fund, is also indicated in Annex B "Sub-funds at a glance".

#### **Redemption charge**

For the payment of redeemed units, the AIFM may levy a redemption charge on the net asset value of the redeemed units to be credited to the AIF or the respective sub-fund as set forth in Annex B "Sub-funds at a glance".

A redemption charge, if any, in favor of the AIFM, the depositary and/or of domestic and foreign distributors is also mentioned in Annex B "Sub-funds at a glance".

#### **Exchange fee**

The AIFM may levy a fee on the net asset value of the original sub-fund or original unit class for an exchange requested by the investor of units of one sub-fund or unit class for units of another sub-fund or unit class as set forth in Annex B "Sub-funds at a glance".

## **XI. Final provisions**

### **Art. 50 Use of proceeds**

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

The AIFM may distribute the net income and/or the net realized capital gains of a sub-fund or a unit class to the investors of the sub-fund or the respective unit class or reinvest the net income and/or the net realized capital gains in the sub-fund or the respective unit class or carry such amounts forward to the next accounting period.

The proceeds of those unit classes which according to Annex B "Sub-funds at a glance" are subject to reinvestment shall be reinvested on an ongoing basis.

The net income and/or the net realized capital gains generated by those unit classes that distribute payouts pursuant to Annex B "Sub-funds at a glance" can be fully or partially distributed on an annual basis.

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

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

## **Art. 51 Use of benchmarks**

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

The AIF or its sub-funds can deploy benchmarks in the Key information documents (PRIIP-KID), if any, and marketing documentation, if any, as a reference for comparative purposes to measure the performance of the AIF or its sub-funds. The AIF or the sub-funds are actively managed and the portfolio manager can thus freely decide in which securities he wishes to invest. Consequently, the performance can clearly deviate from that of the benchmark. If it is used by the AIFM or by the portfolio manager on its behalf, the comparative index is indicated in Annex B "Sub-funds at a glance".

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

Further, the AIF or its sub-funds can use benchmarks to calculate performance-linked charges. Detailed data concerning performance fees can be found in Art. 48 of this trust agreement as well as in Annex B "Sub-funds at a glance".

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

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

## **Art. 52 Benefits**

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

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

## **Art. 53 Taxation**

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

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

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

### **Source or paying agent taxation**

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

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

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

The AIF and its sub-funds have the following tax status:

#### **Automatic tax information exchange (AIA)**

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

#### **FATCA**

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

#### **Natural persons subject to taxation in Liechtenstein**

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

#### **Persons with tax domiciles outside Liechtenstein**

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

#### **Disclaimer**

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

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

#### **Art. 54 Information for investors**

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

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

On every valuation day, the net asset value as well as the issue and redemption prices of the units of the AIF or each of its sub-funds or its unit classes shall be published on the website of the LAFV Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) as the official gazette of the AIF and other physical and electronic media (letter, fax, e-mail, or similar) mentioned in the fund documents.

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

The audited annual report shall be made available to investors free of charge at the domiciles of the AIFM and of the depositary.

## **Art. 55 Reports**

Within six months after the close of each financial year at the latest, the AIFM shall publish an audited annual report for each AIF in compliance with the provisions of the Principality of Liechtenstein.

Further audited and unaudited intermediate reports may be prepared.

## **Art. 56 Financial year**

The financial year of the AIF is defined in Annex B "Sub-funds at a glance".

## **Art. 57 Statute of limitations**

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

## **Art. 58 Applicable law and jurisdiction and binding language**

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

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

German is the legally binding language for the trust agreement as well as for Annex A "Organizational structure of the AIFM/AIF" and Annex B "Sub-funds at a glance".

## **Art. 59 General**

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

## **Art. 60   Entering into force**

This trust agreement shall enter into force on June 12, 2025

Schaan/Balzers, June 06, 2025

### **The AIFM:**

IFM Independent Fund Management AG, Schaan

### **The depositary:**

Bank Frick AG, Balzers



# Annex A: Organizational structure of the AIFM/AIF

| The organizational structure of the AIFM  |   |
|---|---|
| <b>AIFM:</b>  | IFM Independent Fund Management AG<br>Landstrasse 30, FL-9494 Schaan  |
| <b>Board of Directors:</b>  | Heimo Quaderer<br>H.R.H Archduke Simeon von Habsburg<br>Hugo Quaderer   |
| <b>Executive Board:</b>   | Luis Ott<br>Alexander Wymann<br>Michael Oehry<br>Ramon Schäfer  |
| <b>Auditor:</b>   | Ernst & Young AG<br>Schanzenstrasse 4a, CH-3008 Bern  |
| The AIF at a glance   |   |
| <b>Name of the AIF:</b>   | <b>Postera Fund</b>   |
| <b>Legal structure:</b>   | AIF in the legal form of a trust ("collective trust") pursuant to the Act on the Management of Alternative Investment Funds (AIFMA) dated December 19, 2012 |
| <b>Umbrella structure:</b>  | Umbrella structure with one compartment   |
| <b>Country of incorporation:</b>  | Liechtenstein   |
| <b>Date of AIF incorporation:</b>   | February 26, 2018   |
| <b>Financial year:</b>  | The financial year of the AIF begins on January 1 and ends on December 31   |
| <b>Accounting currency of the AIF:</b>  | Euro (EUR)  |
| <b>Portfolio management:</b>  | Fund compartments: <b>Postera Fund – Crypto I</b><br>Quorus Vermögensverwaltung AG<br>Landstrasse 30, FL-9494 Schaan  |
| <b>Investment consultant:</b>   | n/a   |
| <b>Depositary:</b>  | Bank Frick AG<br>Landstrasse 14, FL-9496 Balzers  |
| <b>Distributor:</b>   | IFM Independent Fund Management AG<br>Landstrasse 30, FL-9494 Schaan  |
| <b>Auditor:</b>   | Ernst & Young AG<br>Schanzenstrasse 4a, CH-3008 Bern  |
| <b>Promoter:</b>  | Postera Capital GmbH<br>Wilhelm-Tell-Str. 26, D-40219 Düsseldorf  |
| <b>Responsible supervisory authority:</b>   | Financial Market Authority Liechtenstein (FMA); <a href="http://www.fma-li.li">www.fma-li.li</a>  |
| <b>Information agent for professional and semiprofessional investors in Germany</b> | Hauck Aufhäuser Lampe Privatbank AG<br>Kaiserstrasse 24, D-60311 Frankfurt am Main  |
| <b>Representative for qualified investors in Switzerland</b>                        | LLB Swiss Investment AG<br>Claridenstrasse 20, CH-8002 Zürich   |
| <b>Paying agent for qualified investors in Switzerland</b>                          | Helvetische Bank AG<br>Seefeldstrasse 215, CH-8008 Zürich   |

Further information on the sub-funds is provided in Annex B "Sub-funds at a glance".

In Liechtenstein, distribution targets professional investors as per Directive 2014/65/EU (MiFID II). Other countries, if any, are subject to the provisions of Annex C "Specific information for individual countries of distribution".

The AIF and its sub-funds are intended solely for distribution to professional investors as per Directive 2014/65/EU (MiFID II). The distribution of the AIF and its sub-funds to private investors is prohibited.

## Annex B: Sub-funds at a glance

### B1 Sub-fund 1: Postera Fund - Crypto I

#### B1.1 The sub-fund at a glance

| Master data and information on the compartment and its unit classes |  |                     |
|---|--|---------------------|
|   | Unit classes of the compartment  |                     |
| Unit class <sup>1</sup>   | -EUR-  | -GBP-               |
| ISIN number   | LI0385769448   | LI0385996249        |
| Security number   | 38.576.944   | 38.599.624          |
| SFDR classification   | Article 6  |                     |
| Duration of fund compartment  | Unlimited  |                     |
| Listed  | No   |                     |
| Accounting currency of the compartment                              | Euro (EUR)   |                     |
| Reference currency of the unit classes <sup>2</sup>                 | Euro (EUR)   | British pound (GBP) |
| Minimum investment  | None   | None                |
| Initial issue price   | EUR 1000   | GBP 1000            |
| First subscription day  | 16.04.2018   | Open                |
| Payment (first value day)   | 18.04.2018   | Open                |
| Valuation day (T)   | Wednesday  |                     |
| Valuation interval  | Weekly   |                     |
| Issue and redemption day  | Every valuation day  |                     |
| Value date issue and redemption day (T+2)                           | Two bank business days after calculation of the net asset value (NAV)  |                     |
| Acceptance deadline for subscriptions (T-1)                         | Day prior to valuation day by no later than 4 pm (CET)                 |                     |
| Acceptance deadline for redemptions (T-2)                           | 2 calendar days prior to the valuation day by no later than 4 pm (CET) |                     |
| Denomination  | Three decimal places   |                     |
| Securitization  | On the books / no certificates issued                                  |                     |
| Close of accounting year  | On December 31   |                     |
| End of first financial year   | December 31, 2018  |                     |
| Use of proceeds   | Reinvested   |                     |

| Information on distribution (circle of investors) |                                 |                 |
|---|---------------------------------|-----------------|
|   | Unit classes of the compartment |                 |
| Unit class  | -EUR-                           | -GBP-           |
| Professional investors                            | Permissible                     | Permissible     |
| Private investors                                 | Not permissible                 | Not permissible |

<sup>1</sup> The currency risks of the available unit classes may be fully or partially hedged.

<sup>2</sup> The reference currency is the currency used to calculate the performance and the net asset value of the respective unit class of the compartment.

| Costs borne by the investors                                     |                                 |       |
|--|---------------------------------|-------|
|  | Unit classes of the compartment |       |
| Unit class   | -EUR-                           | -GBP- |
| Max. issue premium <sup>3</sup>                                  | None                            | None  |
| Redemption charge  | None                            | None  |
| Exchange fee for switching from unit class to another unit class | None                            | None  |

| Costs payable with the assets of the compartment <sup>4,5,6</sup> |   |            |
|---|---|------------|
|   | Unit classes of the compartment   |            |
| Unit class  | -EUR-   | -GBP-      |
| Max. management fee <sup>3</sup>                                  | 1.10% p.a.  | 1.10% p.a. |
| Performance fee   | none  | none       |
| Max. administration fee <sup>3</sup>                              | 0.20% p.a. or min. CHF 25,000 p.a.<br>plus CHF 5000 p.a. per unit class from the 2nd unit class |            |
| Max. depositary fee <sup>3</sup><br>(incl. maintenance fee)       | 0.40% p.a. plus CHF 18,000 p.a.   |            |

| Use of benchmarks |  |       |
|-------------------|--|-------|
|                   | Unit classes of the sub-fund           |       |
| Unit class        | -EUR-                                  | -GBP- |
| Benchmark         | The sub-fund does not use a benchmark. |       |

## B1.2 Delegation of functions by the AIFM

### B1.2.1 Portfolio management

The portfolio management function for this sub-fund has been entrusted to Quorus Vermögensverwaltung AG, Landstrasse 30, FL-9494 Schaan.

### B1.2.2 Distributor

The distribution of units of the AIF has not been delegated.

## B1.3 Investment consultant

No investment consultant was appointed.

## B1.4 Depositary

The depositary function for this sub-fund has been entrusted to Bank Frick AG, Landstrasse 14, FL-9496 Balzers.

## B1.5 Accountants

The auditor for the sub-fund is Ernst & Young AG, Schanzenstrasse 4a, CH-3008 Bern.

## B1.6 Investment principles of the sub-fund

The following provisions govern the sub-fund-specific investment principles of the sub-fund:

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

<sup>4</sup> Plus taxes as well as other costs and charges: Transaction costs as well as expenses incurred by the AIFM and the depositary in the fulfillment of their functions. Details are provided in sections 11 (Taxation) and 12.1 (Costs and charges borne by the AIF) of the prospectus.

<sup>5</sup> In the event of a dissolution of the AIF, the AIFM may levy a liquidation fee of max. CHF 10,000 in its favor.

<sup>6</sup> Incl. any VaT

| Investment principles of the sub-fund in brief   |  |
|--|--|
| Non-permissible investments  | See section B1.7.3   |
| Investments in other funds   | Yes, max. 10% of the assets of the sub-fund  |
| Leveraged financing<br>Gross method<br>Net method  | < 3.0 at the sub-fund level<br>< 2.1 at the sub-fund level   |
| Risk management procedure  | Commitment approach  |
| Borrowing  | Yes, up to 10% of the sub-fund's assets (see also section B1.7.5)  |
| Derivative financial instruments   | On behalf of the sub-fund, the AIFM may transact with derivatives for hedging purposes, for efficient portfolio control, for generating additional income, and as part of its investment strategy. |
| Short selling  | Short selling with so-called submitted securities at the level of the AIF is not permissible   |
| Securities lending and borrowing<br>Securities borrowing<br>Securities lending                     | No<br>No<br>No   |
| Annuities transactions   | No   |
| Investment period during which the investment objective and the investment policy must be achieved | 6 months after sub-fund capital pay-up   |

#### B1.6.1 Investment objective and policy

The investment objective of the sub-fund is to generate above-average capital gains in the medium to long term by investing in cryptoassets (hereinafter also referred to as cryptocurrencies or tokens). The AIF is actively managed without referencing a benchmark. **No guarantee can be given that the investment objective will be achieved. Accordingly, the value of the units and the returns may increase or decrease.**

Alongside conventional investment classes – stocks, bonds, money market, real estate, commodities and precious metals, currencies, etc. – cryptocurrencies are an independent, alternative, and new investment class involving high risk that is based on blockchain technology and modified versions thereof.

**The sub-fund-specific risks listed in section B1.9 of this annex and the general risks listed in Art. 39 of the trust agreement must be observed.**

#### B1.6.2 General definitions and annotations in conjunction with cryptoassets, cryptocurrencies, tokens, and blockchain

##### B1.6.2.1 Cryptoassets and tokens

Cryptoassets are the totality of all available decentralized, cryptographically secured transaction systems. The currency units of cryptoassets are called tokens or coins.

Cryptocurrencies are non-regulated digital monies that are not issued or secured by a central bank, a credit institute or an E-money institution and that can be used as bank-independent digital means of payment. In practice, the terms cryptoasset, cryptocurrency, token and coin are often used synonymously.

Cryptocurrencies are so-called peer-to-peer payment systems. They are used for value storage as well as more and more frequently for payment of goods and services to retailers, restaurants, and entertainment venues. Special software enables remittances between two parties (persons and/or legal entities) directly and without the involvement of a financial intermediary. Transaction fees

are generally determined by the sender (the higher they are, the faster the validation of the transaction). The first and so far most important cryptocurrency is the bitcoin. It has been traded since 2009.

Due to the decentralized nature of cryptoassets, there is no central entity that controls the network and thus the transactions. Thus, cryptoassets are digitally, statelessly, and decentrally accessible. The value of cryptoassets is derived from the application and usage. In the case of the money application, the value primarily depends on trust in voluntary acceptance, technical robustness, and the quality and maturity of the ecosystem of the respective token.

In addition to the currency application with tokens that represent typical currency functions such as payment, value storage and arithmetic units, there are many other applications for cryptoassets. Ethereum (ETH) is an example in this context. It is based on a single public blockchain and offers a platform for executing automated programs, so-called smart contracts.

The following list of cryptoassets is intended as an example and is not exhaustive:

**a) Bitcoin**

Bitcoin is the first cryptotransaction system based on blockchain technology. It is positioned in the market as a decentralized, independent solution for financial transactions (electronic cash) as well as a store of value.

The theoretical fundamentals were published in 2008 by an unknown person or group of persons under the name Satoshi Nakamoto. In 2009, it was technically implemented and published as open-source software.

The bitcoin network is kept secure with mining based on the SHA-256 cryptographic hash function. The development of the Bitcoin Core software is funded by donations and industry sponsoring.

While bitcoin was originally designed as electronic cash, it is now used chiefly for value storage or "digital gold". Much like gold, bitcoin is an inflation-resistant security; contrary to physical gold, however, bitcoin units can be quickly transferred on a global scale and shared arbitrarily.

Challenges in the domain of scaling (limitation of block size to 1 MB and the resulting limitation of transactions per block) are countered by the development of so-called "Layer 2" technologies such as the Lightning network. They allow the implementation of transactions outside the actual bitcoin network.

**b) Bitcoin Cash**

Bitcoin Cash originated in August 2017 as a so-called hard fork from the original bitcoin blockchain and is also positioned in the financial transactions and value storage applications.

Contrary to bitcoin, Bitcoin Cash is intended to handle all transactions directly via the blockchain and thus in a decentralized manner. To retain this characteristic despite rising

transaction volumes, the block size was increased from 1 MB to 32 MB today, unlike for bitcoin. As for the original bitcoin blockchain, the network is also secured by mining (SHA-256). The project is funded by donations.

**c) Ethereum**

Ethereum is a blockchain-based application platform that unlike bitcoin allows the execution of complex software code.

This technology spawned an ecosystem composed of hundreds of Ethereum-based decentralized applications (such as smart self-executing contracts, games, financial applications, payment systems, prediction markets).

The technical fundamentals of Ethereum were created in 2013 by a team headed up by Russian-Canadian software developer Vitalik Buterin. Development is funded by the proceeds of a crowdsale in 2014 and by industry sponsoring. Today, much of the development work is handled by the Ethereum Foundation that is headquartered in Switzerland. Beyond that, Ethereum has a global and very active community that contributes to the further development of the protocol.

The Ethereum network went online in 2015. July 2016 saw the segregation (hard fork) of Ethereum from the original Ethereum Classic network to cushion the consequences of a faulty smart contract for its investors. In 2021, a further important development milestone of the Ethereum Network (Ethereum 2.0) is expected to debut. Ethereum will then use a so-called sharing process that will likely support higher transaction volumes.

Today, the security of the Ethereum network is assured with mining (via the so-called Dagger-Hashimoto algorithm). With Ethereum 2.0, security is likely to be switched to a so-called proof-of-stake process which is much less energy intensive than the mining-based proof-of-work process.

**d) Dash**

The Dash cryptoasset was published in 2014 by Evan Duffield, a software developer and specialist in economics, to counter the shortcomings of bitcoin. Within just a few seconds, the Dash network confirms financial transactions which makes Dash ideal for payment applications in the retail segment.

Dash is financed by its own blockchain: Contrary to bitcoin, Dash pays out 45% of the reward for a newly found block to the miners, while 45% goes to the so-called masternodes and 10% to budgets for various projects. Functions like realtime transactions, private transactions, and decentralized governance are provided by so-called masternodes. Masternodes are specialized nodes that can be operated by any natural or legal person after depositing 1000 Dash. The security of the network is assured with mining (via the so-called X11 algorithm).

**e) Litecoin**

Litecoin is a copy of the bitcoin source code with slight modifications. Litecoin positions itself as "digital silver" versus bitcoin ("digital gold").

The Litecoin protocol was published by Charlie Lee in 2011. In contrast to bitcoin, Litecoin generates four times as many blocks per time unit, so transactions can be confirmed more quickly.

The number of tokens is limited to 84 million Litecoins (versus 21 million for bitcoin). The security of the Litecoin network is assured with mining (via the so-called script algorithm). Litecoin was the first cryptoasset to introduce the Segregated Witness technology, which technically allows a higher number of microtransactions outside the blockchain via third-party providers (so-called lightning network). The project is funded by donations.

**f) IOTA**

IOTA is the first decentralized database that is based on the "Directed Acyclic Graph" technology rather than on blockchain technology. A new transaction confirms two prior transactions. The initiation of a new transaction involves a computing-intensive mining-like process. Classic mining – including reward payouts to miners – does not take place, however.

The architecture supports a nearly unlimited number of transactions without transaction fees.

The IOTA network was established in early 2017. It was developed in view of blockchain-based communication with the "Internet of Things" (devices and sensors in cars and building automation, etc.) , a challenging venture with regard to transaction volumes and fees.

**g) Chainlink**

Chainlink is an application based on the Ethereum blockchain. Thus, Chainlink does not operate its own blockchain but instead uses the existing infrastructure of the Ethereum network on which it has built a system of smart contracts.

The objective of Chainlink is the development and operation of a network of so-called oracles that in turn can be used by other applications in the Ethereum network. Oracles are information sources that provide data for blockchain-based applications. Examples include cryptoasset price data used by financial applications or weather data needed by insurance products.

The LINK token is used within the Chainlink ecosystem for the payment of services and for incentivisation purposes. The demand for LINK tokens increases with the success of the services offered in the ecosystem.

**B1.6.2.2 Difference between sovereign fiat currencies and cryptocurrencies**

Although cryptocurrencies can handle the three functions of monetary units (legal tender, accounting unit, value storage), they are not equivalent to sovereign fiat currencies such as the euro, the US dollar or the Swiss franc whose value stability is guaranteed by the respective central banks on the basis of legal provisions.

Currencies issued by a central bank or authority are deemed to be a legal means of payment regardless of their form (physical or digital). By contrast, cryptocurrencies are not necessarily linked to a legal means of payment and thus have neither a fixed value in a legal



payment system nor must they be generally redeemed at par by an issuer.

Cryptocurrencies are hedged with a consensus mechanism. Most cryptoassets use the “proof of work” (mining) mechanism. More and more frequently, cryptocurrencies use alternative consensus mechanisms such as “proof of stake”.

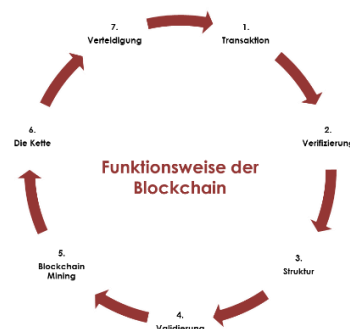
#### B1.6.2.3 Cryptography

Cryptoassets are secured with cryptography. Originally, cryptography is the science of encrypting information; the earliest applications date back to the third century BC in Egypt. The basic requirements imposed on a functional cryptographic algorithm are confidentiality, authenticity, and integrity – the fundamentals of the blockchain technology.

#### B1.6.2.4 Blockchain

The blockchain is a new data storage and validation technology (database). It is a **decentralized** protocol for **transactions** between two or more parties that transparently records any change and thus assures the secure management of information. The database that underlies the blockchain as well as the software implementation of the algorithms (the protocol) are not located on a single server or administrated by a company (centralized) but instead reside on many computers around the world (decentralized). The integrity of the data is assured by a consensus mechanism. As a rule, a blockchain does not have a responsible administrator nor does it belong to an authority, a company, or a person. Provided no participant controls more than 50% of the performance of the consensus mechanism, a “proof of work” blockchain can generally not be manipulated because the blocks are cryptographically linked and copies of the blockchain are distributed among many computers. Thus, blockchains are tamper-proof distributed data structures in which transactions are logged chronologically, transparently, unchangeably, and without a central entity.

The concept of blockchain technology is outlined below using the example of the bitcoin as a cryptoasset.



##### 1. Transaction

Two parties exchange information, for instance in conjunction with the transfer of money or assets.

connected to the Bitcoin network. Bitcoin transactions can take place directly between end users or be initiated via an intermediary.

##### 2. Verification

To rule out the possibility of double spending of bitcoins, the user must inform the bitcoin network by sending the transaction data to his

network peers. The bitcoin network offers a function against double spending because each transaction is recorded in a publicly accessible and transparent blockchain. This storage and prevention of double spending is achieved by the consensus mechanism (mining) of the bitcoin network. It adds blocks of new transaction data to the existing blockchain.

### 3. **Structure**

The bitcoin network uses cryptography to safeguard the integrity of the blockchain database. Transactions are digitally signed by the senders. Before adding a transaction to a block, the miners check whether the sender has not already spent the sent bitcoins and whether the digital signature information in the transaction is valid. Apart from the requirement that they contain only valid transactions, the blocks are checked with respect to the properties of their cryptographic hash. The integrity of the blockchain can be verified by checking whether each block contains the cryptographic hash of the previous block.

### 4. **Validation**

Among others, the bitcoin network uses the SHA-256 and RIPEMD-160 cryptographic hash functions. The SHA-256 function is part of the Secure Hash Standard published by NIST (the National Institute of Standards and Technology) as FIPS 180. The RIPEMD-160 function was developed within the scope of the EU's RIPE project (Réseaux IP Européens Network Coordination Centre).

As cryptographic primitives, hash functions assure the integrity of transmitted data. Bitcoin uses SHA-256 in its "proof of work" consensus mechanism. This function makes it more difficult to find the solution to a cryptographic problem within the scope of the mining process but allows an arithmetically trivial review of the validity of the result.

### 5. **Blockchain mining**

The process used to mine bitcoins causes new blocks to be added to the blockchain and bitcoins to be issued to the miners. The miners of the bitcoin network execute a specified series of predefined mathematical calculations to add a block to the blockchain and thus to confirm the bitcoin transactions contained in the data of this block. Miners who successfully add a block to the blockchain automatically receive a specified number of bitcoins for their efforts. This reward system is the method with which new bitcoins are publicly brought into circulation. In the added block, this is done by announcing the creation of new bitcoins and linking them with the public bitcoin address of the successful miner. To start mining, users can download and execute the mining software of the bitcoin network. Like normal software programs of the bitcoin network, this turns the user's computer into a node in the bitcoin network that checks blocks.

All bitcoin transactions are logged in blocks that are added to the blockchain. Every block contains (i) details on some or all of the most recent transactions that were not recorded in previous blocks, (ii) a reference to the last previous block, and (iii) a link indicating the issuance of bitcoins to the miner who added the new block. To add blocks to the blockchain, a miner must map an input data record (i.e. a link to the immediately preceding block in the blockchain plus a block of the last bitcoin network transaction and an arbitrary number referred to as "nonce") with the cryptographic hash algorithm SHA-256 to a desired output data record of specified length (hash value).

To “solve” or calculate a block, the miner must repeat this calculation with another nonce until the miner generates an SHA-256 hash from the header of a block which has a value smaller than or equal to the current target of the bitcoin network. Every single block can be added to the blockchain only by a single miner. For this reason, all individual miners and mining pools in the bitcoin network are competitors and receive incentives to increase their computing power, which increases their probability of finding new blocks.

#### **6. The chain (blockchain)**

In the blockchain, a bitcoin transaction between two parties is only recorded in a block if this block is accepted as being valid by a majority of the nodes in the bitcoin network. A block is verified by confirming the cryptographic hash value contained in the block solution and by adding the block to the longest confirmed blockchain in the bitcoin network. For a transaction, the addition in a block in the blockchain constitutes the “confirmation” of a bitcoin transaction. Since every block contains a reference to the immediately preceding block, the additional blocks connected to and embedded in the blockchain represent additional confirmations of the transaction in such preceding blocks, and a transaction contained in a block for the first time is confirmed against double spending for the first time. The sequential confirmation process makes changes to historic blocks (and the cancellation of transactions) exponentially more difficult the further back they are located in the blockchain. Bitcoin exchanges and users can specify their own threshold for the number of confirmations they need to obtain adequate assurance of discretionary power over the tokens.

#### **7. Defense**

To assure the integrity of bitcoin transactions from the recipient's perspective (i.e. to prevent double spending by an issuing party), each bitcoin transaction is transferred to the bitcoin network and recorded in the blockchain by the mining process that adds a timestamp to the transaction and stores the change of ownership of the transferred bitcoins. On the part of the miners of the bitcoin network, the addition of a block to the blockchain involves considerable computing power. This “proof of work” requirement prevents malicious actors from fraudulently adding blocks to generate bitcoins (i.e. fake bitcoins) or overwriting existing valid blocks to reverse earlier transactions.

#### **B1.6.2.5 Crypto exchanges**

Cryptoassets are traded on crypto exchanges. Usually, the exchange determines which cryptoassets are offered and against which currencies or cryptoassets they can be traded. Trades of bitcoins against US dollars, euros, or other currencies are common. Cryptoassets can also be swapped against cryptoassets. Bitcoins and Ethereum are a frequent trading pair. Most cryptoassets cannot be directly acquired with US dollars or euros. Swapping cryptoassets against so-called Stablecoins, i.e. cryptoassets whose price is coupled with a fiat currency such as the US dollar, is also popular.

Cryptoassets purchased for the sub-fund are traded exclusively on established crypto exchanges with sufficient volumes. The following list of crypto exchanges is intended as an example and is not exhaustive:

**a) Kraken**

Kraken is a cryptoasset exchange that offers deposit and withdrawal options in EUR, USD, CND, GBP and JPY for the European, Asian, and American markets. Currently, almost 213 cryptoassets can be traded on Kraken

Its unique selling propositions are coop agreements with banks (e.g. with Fidor Bank in Germany) for efficient deposits and withdrawals as well as transparent audits and high security standards.

Kraken was founded in 2011 and is domiciled in San Francisco.

**b) Binance**

Binance is a crypto exchange that is the largest exchange in the world in terms of daily trading volume of cryptocurrencies. It was founded in 2017 and is registered in the Cayman Islands.

Binance offers trading of over 389 different cryptoassets.

**c) FTX**

FTX is a Bahamas-based trading platform that allows users to trade cryptocurrencies and other financial products. FTX is registered in Antigua and Barbuda and headquartered in Nassau. The product offering includes derivatives, options, tokenised equities, prediction markets, leveraged tokens and OTC trading.

**d) Coinbase Exchange**

Coinbase Exchange currently offers trading in 229 tokens. Various deposit and withdrawal options are offered for different fiat currencies such as USD and EUR.

In addition to a trading venue for cryptoassets, Coinbase also offers other services in connection with cryptoassets, such as custody.

Coinbase Exchange was founded in 2012 and is based in San Francisco, USA.

**e) KuCoin**

KuCoin is a global crypto exchange for numerous digital assets and cryptocurrencies. Founded in September 2017, KuCoin has become one of the most popular crypto exchanges and already has over 8 million registered users from over 200 countries and regions.

**B1.6.2.6 Transactions**

Transactions can involve any type of information and are not exclusively associated with financial transactions. The respective information can be easily interpreted by all participants at any time. In the case of bitcoin, for example, a blockchain consists of a series of data blocks that summarize one or several transactions to which a checksum is allocated, i.e. they are provided with a **hash function** in pairs.

#### **B1.6.2.7 Distributed ledger**

A distributed ledger is a public ledger with decentralized administration. Originally developed as the technological foundation for cryptoassets in the currency application, the distributed ledger technology can be used to record user-to-user transaction without necessitating a central entity that legitimizes every single transaction.

#### **B1.6.2.8 Smart contracts**

A smart contract (self-fulfilling and intelligent contract) is a contract based on code which can accommodate the contractual provisions. Given the decentralized storage, verification, and validation of contracts with blockchain technology, smart contracts open up a large number of new applications.

#### **B1.6.2.9 Hash functions**

Expressed mathematically, a hash function is a function that maps certain input data of any length to a fixed-length character string.

Each new data block is connected to the preceding block and contains the history in the form of a checksum of the preceding block. In addition to the checksum of the preceding block, a block thus indirectly also always contains the checksum of the entire chain.

Each hash belongs to a very specific data record and can prove, for instance, the presence of a document (e.g. financial transaction, contract, testament, shares, purchase orders or the hash value of a file) at a certain point in time.

In the case of bitcoin, for example, a blockchain consists of a series of data blocks that summarize one or several transactions to which a checksum is allocated, i.e. they are condensed into a hash tree in pairs. The root of the tree (also Merkle root or top hash) is then stored in the respective header. The entire header is then hashed as well and stored in the next-following header. This assures that no transaction can be changed without also changing the respective header and all subsequent blocks.

#### **B1.6.2.10 Nonce**

The term nonce is composed of the English "number used once" and therefore refers to a number that is only used once. The number used once assigns a value to all transactions that determines which transaction has priority. A simple example would be transactions with the title "Transaction-1" and "Transaction-2", where the digits each represent the nonce. This system allows the blockchain to "know" which transactions need to be prioritized.

#### **B1.6.2.11 Node**

Software in connection with a physical server, which in turn is itself connected to a network.

#### **B1.6.2.12 Staking**

Some cryptoassets allow the so-called staking of tokens. This involves a contribution to the consensus mechanism, particularly in conjunction with so-called proof-of-stake protocols. In staking, tokens are temporarily fed into a smart contract and then participate in the consensus mechanism, i.e. in the validation of transactions and the creation of new blocks. As a rule, tokens that participate in staking are subject to a lockup period during which they cannot be used for

other purposes or sold. In contrast, token owners who participate in staking receive benefits in the form of additional tokens.

#### **B1.6.2.13 Parties**

The parties are the participants that participate in a blockchain-based network and that observe the rules of the blockchain. The blockchain enables transactions directly between the participants without involving an intermediary.

#### **B1.6.3 Investment policy of the sub-fund**

To attain the investment objective, the sub-fund invests its assets predominantly **(at least 51%)** in one or several cryptocurrencies or in tokens that represent a cryptocurrency or cryptoassets. Furthermore, up to 100% of the assets may be invested in one or more cryptocurrencies and assets by means of derivative financial instruments, whereby the cumulative total value of direct and indirect investments in one or more cryptocurrencies and assets may not exceed 150% of the assets. Tokens are only considered as an addition to the sub-fund's assets if, at the time of the investment, they are valued as being of high quality, sufficiently "investible", and likely to continue to follow a positive value trend. When selecting tokens, the portfolio manager shall assure that the following criteria, in particular, are fulfilled:

- ◆ The token has an adequate market cap (at least USD 100 million); but the focus is on tokens with a market cap of more than USD 1 billion);
- ◆ The token is traded on liquid and established crypto exchanges with a sufficient volume;
- ◆ The token has a solid technical basis (technical whitepaper, code, stability of the underlying blockchain, balanced distribution of market participant contributions to the consensus mechanism);
- ◆ The tokens have already been used for specific applications and there is a coherent roadmap that describes the usage and how the token differentiates itself from others.

Provided the sub-fund complies with the investment regulations set forth in section B1.6, it is entitled to invest up to 100% of its assets direct in one or several cryptocurrencies.. To generate additional income, the sub-fund can use the tokens it owns to participate in staking and similar processes.

In times during which no instrument corresponds to the portfolio manager's selection criteria or in times of heightened uncertainty in the cryptocurrency market, for instance because of changes to the protocol of a cryptocurrency (so-called hard fork), the sub-fund can hold all of its assets in liquidity and/or short-term fixed- or variable interest instruments.

The deployment of derivative financial instruments is allowed to hedge currency risks, for efficient portfolio control, to generate additional income, and as part of the investment strategy.

The sub-fund is also entitled, within the scope of the investment restrictions set forth in section B1.6 "Investment regulations", to invest in other permissible instruments.

It should be noted that investments entail not only price and yield opportunities but also risks due to the fact that the prices may fall below the acquisition prices. Even the careful selection of the securities to be acquired cannot exclude the risk of loss due to insolvency.

The investments underlying this sub-fund (financial product) do not take into account the EU criteria for environmentally sustainable economic activities.

**No assurance can be given that the objectives of the investment policy will actually be attained.**

**The sub-fund-specific risks listed in section B1.9 of this annex and the general risks listed in Art. 39 of the trust agreement must be observed.**

#### **B1.6.4 Investment strategy of the sub-fund**

The weighting of the individual tokens in the sub-fund's assets is based on qualitative and quantitative information and assessments. Accordingly, individual tokens in the sub-fund's assets are over- or underweighted depending on their market capitalization.

The nature and scope of the information on which each investment decision is made are subject to ongoing refinement. Currently, for example, the investment decision is influenced by the following types of information:

- ◆ Price and market capitalization
- ◆ Volatility
- ◆ Assessment of the applications of the token and the technical fundamentals.
- ◆ Public-domain information concerning planned software releases or planned events

The following list of tokens that can be part of a typical investment universe is intended as an example and is not exhaustive.

| No.                         | Name         | Symbol | Relevant trading platforms | Market capitalization | Start         |
|-----------------------------|--------------|--------|----------------------------|-----------------------|---------------|
| (Status as at October 2022) |              |        |                            |                       |               |
| 1                           | Bitcoin      | BTC    | Bitstamp, Kraken, Gemini   | USD 341.7 billion     | 2009          |
| 2                           | Ethereum     | ETH    | Kraken, Gemini, Bitfinex   | USD 65.9 billion      | 2015          |
| 3                           | Bitcoin Cash | BCH    | Kraken, Poloniex, Bitfinex | USD 5.4 billion       | 2009/<br>2017 |
| 4                           | Litecoin     | LTC    | Bitstamp, Kraken, Poloniex | USD 5.8 billion       | 2011          |

In the interest of the investors, the AIFM reserves the right at all times to modify the composition of the portfolio of the sub-fund and to supplement or reduce the universe of cryptocurrencies.

**In view of the concentration of investments in one or several cryptocurrencies, it must be noted that investments in the sub-funds should be considered merely as an admixture to a portfolio. Investors must expect value fluctuations that temporarily and periodically may result in long-term value losses and even culminate in a total loss.**

**No guarantee can be given that the investment objective will be achieved. Accordingly, the value of the units and the returns may increase or decrease.**



## **B1.6.5 Storage and order execution of cryptocurrencies**

### **B1.6.5.1 Storage of cryptocurrencies**

In order to transfer cryptocurrencies, the sub-fund must have key control of the private keys, which are mathematically linked to a given cryptocurrency address (wallet). The private keys that control the sub-fund's cryptocurrencies are secured by the sub-fund's custodian. The custodian is based on the principles of setting up a defense-in-depth security system, protection against human error and protection against abuse due to insider access.

The Depositary maintains the "Depositary-Only Wallets" for a limited selection of cryptocurrencies in its own name and for the account of the sub-fund. The specific features are explained in detail below (B1.5.5.2 c). A so-called multi-access method is used for the wallets used. This means that the Hardware Secure Modules (HSM), on which the private keys are stored offline, can only ever be unlocked by at least two people. Without unlocking the HSM, access to the private key is not possible.

### **B1.6.5.2 Subdepositories**

The selection of individual cryptocurrencies for which the depositary can assure direct key control is limited. This applies especially because the cryptocurrencies are based on different protocols and can therefore differ considerably in safekeeping.

To achieve better diversification, it is possible to directly store cryptocurrencies that are not supported by the depositary with a subdepository while utilizing the same security standards. This is done in the name of the depositary but for the account of the sub-fund.

As a rule, the potential subdepositories involved in cryptocurrencies are not directly subject to prudential supervision and cannot be subject to no or severely limited minimum equity capital requirements. In this context, there is an increased risk of the loss of all assets (cash and cryptocurrencies) that were assigned to the subdepository within the scope of business activities or entrusted to it for safekeeping.

The subdepository is appointed by the depositary within the scope of its obligations and subject to due diligence. Furthermore, the depositary assures that the subdepository is subject to periodic reviews and in particular that the segregation of the sub-fund's assets from the subdepository's assets is guaranteed.

### **B1.6.5.3 Order execution**

#### **a) Purchase procedure for cryptocurrencies**

The cryptocurrencies are purchased via cryptocurrency brokers and automatically transferred to the custodian after appropriate execution.

If cryptocurrencies included in the sub-funds are not supported by the custodian, they will be held in custody directly by the broker in compliance with adequate security standards. After the corresponding transfer (delivery) of the number of cryptocurrencies underlying the purchase order to the "custodian-only wallet", payment of the purchase amount is triggered by the custodian and transferred to the respective cryptocurrency broker.

**b) Selling procedure for cryptocurrencies**

Cryptocurrencies are sold on one or several established exchanges exclusively by a cryptocurrency broker.

The depositary has access rights to the depositary accounts administrated by the cryptocurrency broker. The delivery of the cryptocurrencies (to the Cryptocurrency broker-only wallet) that underlie the sale does not take place until the respective sales proceeds have been credited to the account of the AIF or have been received by the depositary for subsequent remittance to the AIF.

After the proceeds of the sale have been credited to the depositary or the AIF, the first step involves the manual delivery of the sold cryptocurrencies from the "Depositary-only wallet" to the "Cryptocurrency broker-only wallet". If cryptocurrencies held directly by the broker are sold, delivery by the depositary is eliminated. The proceeds of the sale are credited to the account of the AIF as described above.

**c) Notes on the individual wallets**

**1. Transaction**

The "depositary-only wallet" is a multi-access wallet, divided between at least two employees of the depositary. At least two employees of the depositary are to implement a transaction in order to access the HSM on which the private key(s) are stored. Only after successful unblocking is it possible to sign transactions with the private keys in compliance with the dual control principle. The custodian is responsible for creating, maintaining and regularly updating the custody solution.

**2. Cryptocurrency broker-only wallet**

The cryptocurrency broker is independently responsible for the safekeeping of its private keys and manages the tokens on a "cryptocurrency broker-only wallet". Deliveries from cryptocurrency purchases are delivered by the cryptocurrency broker to a wallet of the custodian. In the case of sales, the delivery is made from the "custodian-only wallet" to the "cryptocurrency broker-only wallet".

**3. "Sub-custody wallet"**

The sub-custody wallet is held by the respective sub-custodian, whereby the custodian has the right to issue instructions. Deliveries from cryptocurrency purchases are from the "Cryptocurrency broker-only wallet" to the wallet of the sub-custodian. In the case of sales, the delivery is made from the "Sub Custody Wallet" to the "Cryptocurrency broker-only wallet".

**B1.6.6 Limitation of risks**

**B1.6.6.1 Limitation of risks involving the purchase of cryptocurrencies**

To limit the sub-fund's risk, the payment associated with purchased cryptocurrencies is made to an account that is maintained by the cryptocurrency broker directly with the depositary. The depositary has

access and recourse rights to the respective account if the cryptocurrencies underlying the transaction are not or incompletely transferred. The depositary's right of recourse remains effective until the cryptocurrencies are successfully transferred (free of payment) to the POA wallet.

#### **B1.6.6.2 Limitation of risks involving the sale of cryptocurrencies**

To limit the sub-fund's risk, the transfer (delivery) of cryptocurrencies associated with a sale does not take place until the proceeds of the sale are credited to the sub-fund's account with the depositary. In conjunction with such transactions, the depositary has the right of free access to the accounts (with the depositary) maintained by the cryptocurrency broker. This expedites access to the respective proceeds from sales.

#### **B1.6.7 Accounting currency of the sub-fund**

The accounting currency of the sub-fund as well as the reference currency for each unit class are stated in section B1.1 of this Annex "Sub-funds at a glance".

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

#### **B1.6.8 Profile of a typical investor**

the sub-fund is suitable as a portfolio supplement or alternative to traditional investments for risk-tolerant investors with a medium- to long-term investment horizon who wish to invest their money in one or several cryptocurrencies and cryptoassets. When investing in cryptocurrencies and cryptoassets, investors should be aware of the fact that attractive opportunities contrast against considerable risks. In particular, they must expect value fluctuations that temporarily and periodically may result in long-term value losses and even culminate in a total loss. Investments in this AIF should be considered merely for the purpose of diversifying a portfolio. **An investment in cryptocurrencies and cryptoassets is highly speculative and may suffer a total loss of the invested capital.**

### **B1.7 Investment regulations**

The following regulations apply generally to investments of the sub-fund:

#### **B1.7.1 Permissible investments**

Basically, the sub-fund may invest its assets in the instruments listed below. The investments can involve instruments that are traded on an exchange or other regulated market accessible to the public, as well as non-listed or regularly traded instruments.

The sub-fund may invest up to 10% of its assets in instruments other than those mentioned in section B1.7.1.

The investments of the sub-fund consist of:

##### **B1.7.1.1 To implement its investment strategy, the sub-fund is entitled, in particular, to invest in the following assets:**

Cryptocurrencies and cryptoassets that are tradable and convertible – transactions via a third token are permissible – and that must fulfill the following criteria:

- ◆ The token has an adequate market cap (at least USD 100 million); but the focus is on tokens with a market cap of more than USD 1 billion);
- ◆ The token is traded on established crypto exchanges with a sufficient volume;
- ◆ The token has a solid technical basis (technical whitepaper, code, stability of the underlying blockchain, balanced distribution of market participant contributions to the consensus mechanism);
- ◆ The tokens already have "traction" on the market, i.e. they have been used for specific applications and there is a coherent roadmap that describes the usage and how the token differentiates itself from others.

#### **B1.7.1.2 Moreover, the following investments are permissible for the sub-fund:**

##### **a) Securities and money market instruments**

1. that are listed or traded on a regulated market as referred to in Art. 4, para. 1 section 21 of Directive 2014/65/EC;
2. that are traded at another regulated market of an EEA member country which is recognized, accessible to the public, and operates regularly;
3. that are officially listed on the stock exchange of a third country or traded on another market anywhere in the world that is recognized, accessible to the public, and operates regularly;
4. Money market instruments not traded on a regulated market, provided the issue or the issuer of these instruments is obliged to abide by regulations regarding deposit or investor protection, subject to the following:
  - i. the issue has been made or guaranteed by a central, regional or local entity or the central bank of an EEA member state, the European Central Bank, the European Union, the European Investment Bank, a third-party state, or, if this is a federal state, a member state of the federation, or an international public-sector institution with which at least one EEA member state is affiliated;
  - ii. the issue has been made by a company whose securities are traded on the regulated markets listed in lit. a;
  - iii. the issue has been made by an institute subject to supervision aligned with criteria as stipulated by EEA law or made or guaranteed by an institute that is subject to supervision equivalent to EEA law and obliged to comply with such law; or
  - iv. the issue has been made by an issuer belonging to an FMA-approved category provided that investor protection regulations equivalent to those described in sections 1 to 3 apply to investments in these instruments, and provided that the issuer is a company whose equity capital amounts to at least 10 million euros and which presents and publishes its annual accounts in accordance with the rules of Directive 78/660/EEA, implemented in Liechtenstein by the PGR, or which is a group-affiliated entity that is responsible for the financing of a group of companies with at least one listed company or is an entity required to securitize liabilities by utilizing a line of credit granted by a bank;

**b) Securities from new issues, provided:**

1. the issue terms include the obligation to have applied for authorization for official listing and trading on one of the securities markets mentioned in section B.1.6.1.2 lit. a) sections 1 to 3 or another regulated market there; and
2. this authorization is granted no later than one year after the issue date;

**c) units of undertakings for collective investment (UCITS, UCI, AIF, ETF, investment assets);**

**d) Derivative financial instruments**

1. Derivative financial instruments that are traded on a stock exchange or on another regulated, publicly accessible market;
2. Derivative financial instruments not traded on a regulated market (OTC derivatives), if:
  - i. the counterparty is subject to a supervisory authority equivalent to Liechtenstein's; and
  - ii. they can at any time be reproducibly valued, sold, liquidated, or balanced by an offset transaction;
3. Derivative financial instruments embedded in a security or a money-market instrument (structured financial instruments, index and region certificates).

**e) Deposits**

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

**B1.7.2 Cash and cash equivalents**

The Sub-Fund may hold up to 49% of its assets in liquid assets with the Depositary. In exceptional cases, these may temporarily exceed 49% if and to the extent that this appears to be in the interest of the unitholders. Cash and cash equivalents shall be deemed to be sight and time bank deposits with maturities of up to twelve months. The aforementioned limit does not include margins deposited with the Depositary in the form of liquid assets serving as collateral for derivative exposures of the Sub-Fund.

**B1.7.3 Non-permissible investments**

In particular, the following investments are not permitted:

**B1.7.3.1** Direct investments in real estate;

**B1.7.3.2** Direct investments in physical goods (commodities, subject to cryptocurrencies, works of art, antiques or similar) and commodity papers.

**B1.7.3.3** Physical short sales of investments of any kind;

**B1.7.3.4** Granting of loans by the sub-fund;

**B1.7.3.5** In the interest of unit owners, the AIFM may define further investment restrictions at any time, to the extent that they are necessary to comply with the laws and regulations of those countries in which the units of the AIF are offered and sold.

#### **B1.7.4 Investment limits**

The sub-fund is subject to the following investment restrictions:

- B1.7.4.1** the sub-fund may invest up to 100% of its assets **direct** in one or several of the cryptocurrencies and cryptoassets;
- B1.7.4.2** the sub-fund may invest up to 100% of its assets by means of financial derivative instruments in one or more cryptocurrencies and -assets;
- B1.7.4.3** the sub-fund may invest up to 10% of its assets in indirect instruments (undertakings for collective investment, investment funds, ETFs, etc.);
- B1.7.4.4** the cumulative total value of all cryptocurrencies pursuant to clauses B1.7.4.1 to B1.7.4.3 may not exceed 150% of the assets in total;
- B1.7.4.5** the sub-fund may invest up to 20% of its assets in securities and money market instruments as well as in deposits of the same issuer, subject to section B1.7.2;
- B1.7.4.6** In addition to the restrictions stated in this section, any further restrictions under section B1.6 also apply.

#### **B1.7.5 Borrowing limits**

The following restrictions apply to the sub-fund:

- B1.7.5.1** The assets of the sub-fund must not be pledged or otherwise encumbered, transferred or ceded as collateral except in cases involving borrowing pursuant to section B1.7.5.2 or collateralization within the scope of transactions involving financial instruments.
- B1.7.5.2** For the purpose of investments or to fulfill requests for redemption, the sub-fund may take out loans at customary market terms (see section B1.6 "Investment principles of the sub-fund").
- B1.7.5.3** Section B1.7.5.2 does not prohibit the purchase of financial instruments that have not yet been fully paid up.

### **B1.8 Valuation**

Valuations are performed by the AIFM according to the principles mentioned in the constitutive documents.

The net asset value (NAV) per unit of a sub-fund or of a unit class shall be calculated by the AIFM or by an agent designated by the AIFM at the end of the accounting year as well as on the respective valuation day or special valuation day and special NAV (cf. Art. 40 of the trust agreement) on the basis of the last known prices, taking into account the valuation interval.

The NAV of a unit in a unit class of a sub-fund is expressed in the accounting currency of the sub-fund or, if different, in the reference currency of the respective unit class, and is calculated as the quota of the assets of this sub-fund assignable to the respective unit class minus debt obligations of the same sub-fund, if any, that are attributable to the respective unit class divided by the number of outstanding units of the respective unit class. It is rounded as follows on the occasion of the issue and redemption of units:

- ◆ to EUR 0.01 if the euro is the currency;
- ◆ to GBP 0.01 if the British pound is the currency.

The assets of the sub-fund are valued according to the following principles:

- B1.8.1** The market value of the cryptocurrencies is converted into the corresponding currency of the sub-fund using price data from several service providers.
- B1.8.2** Securities that are officially traded on a stock exchange are valued at the last available price. If a security is officially traded at several exchanges, the last available price shall be the price at the exchange that represents the main market for that security.
- B1.8.3** Securities that are not officially listed on an exchange but are traded on a market accessible to the public are valued at the last available price. If a security is traded on various markets accessible to the public, the last available price on the market with the highest liquidity shall be chosen.
- B1.8.4** Securities or money market instruments with a residual duration of less than 397 days can be valued by linear depreciation or appreciation with the difference between the cost (purchase) price and the repurchase price (price on maturity). The valuation at the current market price can be omitted if the repurchase price is known and fixed. Credit-rating changes, if any, shall be accounted for additionally;
- B1.8.5** Investments whose price is not in conformity with the market, and assets that do not fall under sections B1.8.1, B1.8.3, and B1.8.4 above, are calculated at the price that would have most likely been attained if the investment had been sold with due diligence at the time of valuation and is determined in good faith by the executive board of the AIFM or under their direction or supervision by authorized agents.
- B1.8.6** OTC derivatives shall be valued on a day to day basis with the then probably attainable sales price using a verifiable valuation model specified in good faith by the AIFM which is in line with generally recognized valuation models that can be validated by auditors.
- B1.8.7** Assets such as UCITS, UCI, AIF and other funds shall be valued at the last noted and available net asset value. If the repurchase of units is suspended or if the fund is closed and no redemption right exists or if no repurchase prices are specified, these units shall be valued, as all other assets, at their then applicable market value as determined by the AIFM in good faith and in accordance with generally recognized valuation models that can be validated by auditors.
- B1.8.8** If no trading price is available for the respective assets, they shall be valued, as is the case with the other legally permissible assets, at their then applicable market value as determined by the AIFM in good faith and in accordance with generally recognized valuation models on the basis of the probably attainable selling price that can be validated by auditors.
- B1.8.9** The determination of the value of unlisted securities are the reports most recently published by the respective companies and, if available and relevant, formal audits;
- B1.8.10** Cash and cash equivalents shall be valued at the par value plus accrued interest.



**B1.8.11** The market value of securities and other investments denominated in a currency other than the currency of the sub-fund shall be converted into the currency of the sub-fund at the last known median exchange rate.

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

## **B1.9 Risks and risk profiles of the sub-fund**

### **B1.9.1 Sub-fund-specific risks**

**The performance of the units depends on the investment policy as well as the market development of the individual investments of the sub-fund and cannot be determined in advance. There is no guarantee that the fund will actually attain its investment objective and that capital gains will be achieved. When returning units, the investor may not be able to recover the amount originally invested in the fund.**

Because of its investment policy, the risks associated with this AIF are not comparable with those of certain undertakings for collective investment in securities pursuant to the Act on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA).

In particular, the sub-fund is entitled to invest up to 100% of its assets direct in one or several cryptocurrencies and cryptoassets. Furthermore, up to 100% of the assets may be invested in one or more cryptocurrencies and assets by means of derivative financial instruments, whereby the cumulative total value of direct and indirect investments in one or more cryptocurrencies and assets may not exceed 150% of the assets. Investors should therefore be aware of the risks involved in virtual currencies, especially the risk of financial losses.

Thus, the value trend of the sub-fund basically depends on the development of the cryptocurrencies and cryptoassets whose prices are subject to fluctuations and whose development is difficult to predict.

In view of the concentration of investments in one or several cryptocurrencies and cryptoassets, it must be noted that investments in the sub-funds should be considered merely as an admixture to a portfolio. Investors must expect value fluctuations that temporarily and periodically may result in long-term value losses and even culminate in a total loss.

Special facilities are required for the administration of cryptocurrencies and cryptoassets. Consequently, the sub-fund will incur higher custody fees. Furthermore, trading costs are very high in comparison with "conventional" investment classes, which can result in potential value losses of the AIF.

The AIFM advises potential investors to invest only a limited portion of their total assets in units of the **Postera Fund - Crypto I**. An investment in units of the **Postera Fund - Crypto I** is suitable only for risk-tolerant professional investor with a medium- to long-term time horizon as a supplement or an alternative of traditional investments.

**An investment in cryptocurrencies and cryptoassets is highly speculative and may suffer a total loss of the invested capital.**

An investment in cryptocurrencies and cryptoassets is associated with specific risks that are rarely encountered in traditional investments. The following risk factors that arise specifically with investments in cryptocurrencies and cryptoassets may occur not only individually but also cumulatively:

#### **Centralized versus decentralized system**

Some cryptocurrencies are issued and controlled by a person or group of persons while others are issued and operated on a decentralized basis.

#### **Convertibility**

Some cryptocurrencies are convertible (or open) and can therefore be exchanged with legal currencies in both directions. Others are not convertible (or closed), i.e. they are valid only for a certain community and, according to their usage rules, cannot be swapped with legal currencies.

#### **Risk that cryptocurrencies are not paid back**

This risk relates to the observation that cryptocurrencies, contrary to electronic money, particularly in the decentralized version, do not constitute a liability on the part of the issuer.

#### **Risk of loss due to fraud on an exchange platform**

This risk occurs when the conduct of employees of an exchange platform does not fulfill the reasonable expectations of the participants. Exchange platforms are not legally embedded in a jurisdiction and are therefore not regulated. The responsibility of the management for corporate governance in the exchange platform is unclear and/or business activities are not subject to independent audits.

#### **The sub-fund incurs a loss if the exchange platform is hacked**

An exchange platform that temporarily holds cryptocurrency units of the sub-fund can be hacked if its security measures are inadequate. Consequently, the sub-fund could incur losses that, due to the exchange platform's lack of equity, might not be refunded to the sub-fund. Additionally in such cases, the sub-fund is not entitled to a refund because transactions cannot be reversed.

#### **Risk of loss due to the purchase of cryptocurrencies that do not have the cryptocurrency function expected by the portfolio manager.**

The inevitable lack of standards and definitions found in innovative products and services make it difficult for users to assess the characteristics of a particular cryptocurrency system. Cryptocurrency transactions are not reversible, the counterparties are pseudonymous, and there are no legal recognized complaint procedures.

#### **Portfolio managers, depositaries, and AIFMs are not capable of identifying and assessing the risks incurred with the use of cryptocurrencies.**

The decentralized and unregulated nature of cryptocurrencies makes it difficult for users to access independent and objective information that details the risks involved in holding cryptocurrencies. Some users may have access to insider information, and the emergence of new cryptocurrencies can influence established companies and their prices in unforeseeable ways.

#### **Risk of violation of existing laws and regulations**

The regulatory and legal treatment of cryptocurrencies is unclear. Authorities can change their views unexpectedly and abruptly, and their views might not always be adequately communicated.

**Sub-fund incurs losses due to digital wallet theft, hacking, or malfunction of software/hardware**

This risk originates from the fact that digital wallets are software that resides on the computer or mobile devices of the depositary. Such devices are subject to defects and so is the software itself. Additionally, the encryption may be hacked. Contrary to conventional legal means of payment, this is possible from anywhere in the world. If a digital wallet is stored unencrypted, it is easy prey for hackers or thieves. It must also be pointed out that after an instance of fraud, the sub-fund is not entitled to a refund because there are no relevant procedures such as the deposit insurance system for conventional accounts and due to the fact that lost or stolen coins cannot be distinguished from unused coins.

**Market participants incur losses due to an unexpected legal application that makes contracts unlawful or unenforceable**

As long as government and supervisory authorities have formed an opinion concerning cryptocurrencies, all contractual relationships between the market participants remain fraught with legal uncertainty. Once the authorities have formed an opinion, such contracts may become unlawful or unenforceable.

**Market participants incur losses due to delays in the procurement of cryptocurrency units or the freezing of cryptocurrency positions**

This risk occurs because of the anonymity of (some) counterparties, the decentralized establishment of cryptocurrency systems, the fact that the counterparties do not have sufficient equity and the cryptocurrency markets are temporarily illiquid.

**Market participants incur losses due to counterparties/referrers who do not honor their contractual payment obligations**

This risk occurs because of the anonymity of (some) counterparties that could undermine the enforcement of existing legal contracts, the lack of payment-against-payment procedures, the decentralized establishment of cryptocurrency systems, the fact that counterparties do not have sufficient equity, and the possibility that the cryptocurrency markets might be temporarily illiquid.

**Depositary risk**

This risk occurs when the depositary becomes insolvent, conducts itself negligently or fraudulently, does not own reasonable control mechanisms for monitoring cryptocurrency transactions, does not keep adequate records or has insufficient equity to make payments to creditors.

**Sub-fund incurs losses due to information asymmetry with respect to other market participants**

The anonymity of some market participants and the lack of technical accessibility of the sub-fund promotes information asymmetry and insider know-how from which the former could profit to the disadvantage of the sub-fund.

**Risk of loss when the counterparty does not honor its contractual payment or settlement obligations**

This risk occurs because anyone can anonymously establish a cryptocurrency system (and then change its functionality), no enforceable legal contract exists between the counterparties, the counterparties do not know one another because of their anonymity, the counterparties do not have sufficient equity to honor their payment obligations, the payment service is not sufficiently reliable, the underlying IT security infrastructure is vulnerable, and settlement efficiency is not assured.

**Risk that cryptocurrencies are not always accepted by dealers as a means of payment**

This risk originates from the fact that brokers must accept only legal means of payment but not non-legal means of payment such as cryptocurrencies. Additionally, dealers may decide in the course of time to accept only alternative cryptocurrencies and to switch between different cryptocurrency systems. Dealers may deem the overall cost and risks of cryptocurrencies to be too high or too uncertain.

**Risk of erroneous booking on digital wallets**

This risk exists because the transaction process is not monitored by an authority; instead, the process is based on trust. Moreover, the transaction cannot be reversed if an error is identified. Digital wallets can be hacked to mask the error and there are no effective complaint and reimbursement processes.

**Risk that cryptocurrencies cannot be converted into legal currencies or not for a reasonable price**

This risk can occur on an exchange platform, for example, on which illiquid markets, low market depth, a lack of market makers, and an illiquid exchange platform discourages arbitrageurs from trading there and delivering liquidity. Fundamentally, this danger can also occur because anyone can anonymously establish a cryptocurrency system (and then change its functionality).

**Risk of loss of the password/key to digital wallet**

Contrary to the loss of the password for a bank account, a credit card, or an EC card, there may not be a centralized administrator that can issue new passwords. Furthermore, no identity is linked to the digital wallet as proof of ownership. Digital wallets can be hacked and there are no effective complaint and reimbursement processes.

**Risk that the sub-fund cannot access its cryptocurrencies on the currently operational exchange platform**

the sub-fund can temporarily hold its cryptocurrency units on an exchange platform that is currently operational, i.e. that is still functional without any imminent threat of liquidation. Possibly, it may not be able to access its cryptocurrency units because the exchange platform is not bound by a legal contract and is not subject to any regulatory process and any regulatory security requirements. The exchange platform may block the transfer of cryptocurrencies, of fiat currencies or both, or it may lack sufficient equity. Moreover, the transfers are not reversible.

**Risk that the sub-fund cannot access its cryptocurrencies on the exchange platform that has discontinued business operations**

Once an exchange platform has discontinued business operations, i.e. if it no longer owns sufficient resources to operate, the sub-fund will sustain a loss because the exchange platform may not have held sufficient equity to satisfy the claims of its cryptocurrency creditors and because the cryptocurrency units may not have been held in a separate account assigned to the user but instead were held in an account of the exchange platform. Additionally, the status of cryptocurrency creditors is also unclear during bankruptcy and liquidation proceedings. Regardless of the reason, the sub-fund is not entitled to receive compensation for its losses nor is it protected by a system such as the deposit insurance system for conventional bank accounts.

**Risk of loss due to manipulation of cryptocurrency prices**

This risk originates from the lack of depth in cryptocurrency markets, the possibility of concerted action by a small number of holders of large

cryptocurrency amounts to influence pricing, the general lack of transparency in cryptocurrency markets and the lack of a centralized entity that could intervene to stabilize pricing.

**Risk that the regulated sub-fund sustains unexpected losses due to non-regulated cryptocurrencies**

This risk is due to the lack of regulation of the underlying assets that amplifies each risk when regulated investment products are purchased. Moreover, the sub-fund is highly complex, earnings are uncertain, and the underlying asset is intransparent.

**Risk of unreliable exchange rate data**

This risk is due to the fact that trading, market activity, market making, handling and clearing on exchange platforms throughout the world are not subject to independent standards that would normally assure reliable and consistent exchange rates. Moreover, pricing in cryptocurrency markets is intransparent and vulnerable to manipulation, and there is a lack of transparency in the execution of purchase and sales orders.

**Risk that the sub-fund incurs a loss when it invests in a fraudulent investment system or a Ponzi scheme with cryptocurrencies**

This risk is due to the fact that persons with interests in the underlying asset can conceal their identity and are therefore not bound by any integrity requirements. Moreover, they must not disclose the risks to which an investor is exposed, etc. Additionally, due to the nature of cryptocurrencies, investors are more vulnerable to deception by a Ponzi scheme with cryptocurrencies than other regulated types of investments. Moreover, the user may not have access to a reimbursement process.

**Risk of significant price fluctuations within very short periods of time.**

This risk is due to the fact that trading, market activity, market making, handling and clearing on exchange platforms throughout the world are not subject to independent standards that would normally assure reliable and consistent exchange rates. Instead, the price of a unit of a given cryptocurrency system depends on how extensively it is accepted and deemed established, which is uncertain. Furthermore, the market depth (i.e. the size of an order needed to move the market price by a certain amount) is low. Pricing in cryptocurrency markets is intransparent and subject to manipulation. The execution of purchase and sales orders lacks transparency.

**Risk that the sub-fund cannot execute a cryptocurrency swap order at the expected price**

This risk occurs because cryptocurrency exchanges tend to hold little liquidity. For this reason, it may be difficult for the sub-fund to sell its cryptocurrencies at a specific point in time to prevent a potential loss or to realize a profit. Moreover, low market depth results in higher slippage (i.e. the order is not executed at the price expected by the sub-fund).

**Risk of money laundering**

This risk occurs because senders and recipients can execute cryptocurrency transactions on a peer-to-peer basis and no personal identification is required because no names are associated with the wallet addresses. Additionally, there are no intermediaries that could inform the authorities about suspect transactions.

### **Transactions with virtual currencies may be used with criminal intent such as money laundering**

Transactions with virtual currencies are public but the owners and recipients of such transactions are not. The transactions can hardly be traced, offering users of virtual currencies a high level of anonymity. Therefore, the network of virtual currencies can be used for transactions of a criminal nature such as money laundering. Misuse of this kind can also entail consequences for the AIF: Law enforcement authorities can shut down trading platforms and thus prevent the AIF from accessing its assets on the platform.

### **Criminals can launder proceeds from illegal actions because they can quickly and irrevocably make payments and transfers with cryptocurrencies anywhere in the world.**

This risk exists because cryptocurrency systems are not restricted as a means of payment and are accepted across jurisdictional borders. All it takes for cryptocurrency transactions is access to the Internet. The cryptocurrency infrastructure is often distributed around the world and it is difficult to intercept transactions. As a rule, cryptocurrency transactions are irrevocable.

### **Criminals and terrorists use cryptocurrency remittance systems and accounts for financing purposes**

This risk exists because cryptocurrency systems are not restricted as a means of payment and are accepted across jurisdictional borders. All it takes for cryptocurrency transactions is access to the Internet. The cryptocurrency infrastructure is often distributed around the world and it is difficult to intercept transactions. As a rule, cryptocurrency transactions are irrevocable.

### **Market participants are controlled by criminals, terrorists, and related organizations**

This risk exists because market participants are often administered by persons who are not "fit and proper". This risk also exists because cryptocurrency systems are not restricted and are accepted across jurisdictional borders. All it takes for cryptocurrency transactions is access to the Internet. The cryptocurrency infrastructure is often distributed around the world and it is difficult to intercept transactions. As a rule, cryptocurrency transactions are irrevocable.

### **Risk of value erosion due to substantial or unexpected exchange rate fluctuations**

Due to the fact that cryptocurrency markets and pricing within them are relatively intransparent, pricing of cryptocurrencies at exchange platforms can easily be manipulated by a small number of persons with large holdings. Moreover, denial-of-service attacks can prevent the execution of transactions, which further aggravates the problem. For decentralized cryptocurrencies, there is no centralized authority that could intervene to stabilize the exchange rates.

### **Possible loss of money on a trading platform (exchange platform)**

The sub-fund can buy virtual currencies directly from an owner or via a trading platform. Several trading platforms have already had to cease trading or have been closed for other reasons - in some cases due to hacker attacks. In the past, investors have permanently lost significant amounts of money on these platforms.

It should be noted that trading platforms are not banks that manage their virtual currency as a deposit. If a trading platform loses money or has to cease its business activities, there is no special legal protection (such as a deposit guarantee scheme) to cover any losses incurred by the sub-fund on funds held



with the trading platform. This also applies if the trading platform's activities are approved by the authorities.

### **Theft of sub-fund money from the sub-fund's digital wallet**

The purchased amount of a digital currency is stored in a digital wallet, on a computer or laptop or smartphone. Digital wallets have a public key and a private key or a password needed to gain access. However, digital wallets are not reliably protected against hackers. Just like from a physical wallet, the sub-fund's money can also be stolen from a digital wallet. The supervisory authorities are aware of cases in which users have lost virtual currency amounts. The prospects of recovering the money are dim.

In the event of a loss of the key or the password for a digital wallet, the sub-fund's virtual assets may be lost forever. There are no centralized entities that store passwords or issue new ones.

### **The value of virtual currencies can fluctuate drastically and even drop to zero**

The price of virtual currencies has risen significantly. For this reason, some consumers have invested in them. It must be pointed out that the value of virtual currencies has been extremely inconsistent so far and can decrease or increase just as rapidly. If the popularity of a certain virtual currency declines, for instance when that of another currency rises, its price can crash massively and permanently.

This price volatility also has its effects when the virtual currency is to be used as a means of payment. Unlike money denominated in a conventional currency that is paid into a conventional bank account, it cannot be assumed that the value of the respective virtual currency will remain largely stable.

### **Fiscal risks**

The legal and regulatory treatment of cryptocurrencies is unclear and contradictory, as is their fiscal treatment. The taxable event and the geographical location of the taxable event can be unclear as well. This may prompt the authorities to treat cryptocurrencies as property, which would force the sub-fund to pay out capital gains.

It is conceivable that the fiscal baseline conditions (currently applicable laws, publications by the administrators, jurisdiction, etc.) that apply to holding, buying, and selling virtual currencies will change and may have negative fiscal consequences (in the form of value added tax or capital gains taxes) with a negative impact on the investor's earnings. It cannot be ruled out that investments are made that result in a fiscal burden with a relevant impact on the yield of the investment. The fiscal burden may vary during the life of the sub-fund due to changes of the relevant domestic or foreign legislation and taxation practices. Neither the AIFM, nor the depositary, the portfolio manager nor other parties can assume any liability for fiscal consequences.

### **Operational risks**

Operational risks in conjunction with trades in cryptocurrencies and cryptoassets are risks that arise from the user and from the instability of information technologies. There is a risk of irreversible losses due to malware, data loss or hacker attacks on online exchanges. The loss of the entire online wallet due to a hacker attack cannot be precluded. Other risks occur, for example, due to overloads of system capacities and thus system crashes and blackouts. General operational risks may also occur. For example, the loss of or damage to the private keys needed to gain access to the cryptocurrency wallets is possible and can result in the permanent loss of access to the online wallet and in massive losses for the sub-fund.



### **Lack of user-friendliness**

The handling of cryptocurrencies lacks user-friendliness. Difficulties arise mainly in the way the so-called private keys are handled. They assure that owners can control their own cryptocurrencies. The loss or theft of such keys irreversibly results in the loss of the cryptocurrencies.

### **Regulatory/political risks**

Such risks with regard to cryptocurrencies can involve cryptocurrencies that are currently not regulated and are not immune to illegal activities such as money laundering. Other regulatory risks arise from a lack of consumer protection in transactions with cryptocurrencies. The lack of regulation can result in a deficit of confidence in the cryptocurrency market, which may lead to a decline in value. On the other hand, should the currencies be more strictly regulated in the future, this may result in a decline of demand and lower prices. Prospective fiscal burdens or other trade restrictions can result in value losses as well. In general, changes in current regulation would cause unrest in the cryptocurrency markets. The effects are currently unpredictable. Potential regulation measures could result in greater operational and compliance requirements for the online trading platforms, which in turn could increase transaction costs or in worst-case scenarios cause substantial or total losses if the platform cannot comply with legal directives.

### **Prohibition of purchases and sales of or trading in virtual currencies**

It cannot be precluded that cryptocurrencies will be criminalized by foreign governments in the future: every country can issue laws that prohibit or restrict the purchase or ownership of or trades with virtual currencies. Given increasing capital flight, repressive regulations by individual countries cannot be ruled out.

### **Currency risks**

Although cryptocurrencies were developed to function as legal tender, they can be considered material assets for investment purposes. Nonetheless, the sub-fund is exposed to customary currency translation risks. Additionally, the sub-fund is exposed to cryptocurrency risks that temporarily and periodically can result in high value losses in the long term.

### **Market risks**

Due to the partially immature nature of cryptocurrencies and cryptoassets as well as the disparate market depth (liquidity) on the individual exchanges and at different times of day, the prices of cryptocurrencies can vary considerably among the individual trading platforms.

### **Lack of popularity as legal tender**

The market value of cryptocurrencies and cryptoassets is based on the premise that cryptocurrencies can be used as legal tender and on the expectation that their acceptance will improve in the future. But at least because the premise does not apply and only very few cryptocurrencies are accepted as legal tender by a small number of dealers, the price of cryptocurrencies is highly volatile. Furthermore, the lack of consumer protection mentioned above contributes to their currently limited popularity as legal tender.

### **Market volatility**

Given the above-mentioned properties as legal tender, cryptocurrencies are deemed to be highly speculative investments. Thus, their market price does not necessarily mirror the true economic value of the currencies but instead purely reflects supply and demand on the part of speculative investors. These

characteristics, together with the lack of regulation by central banks, result in much greater volatility than that of traditional currencies and financial instruments.

### **Competition risk**

The risk of brisk competition by other cryptocurrencies is due to the fact that cryptocurrencies are subject to ongoing refinement. This can cause other cryptocurrencies to develop faster and generate greater demand. This creates a substantial risk for investment products that invest only in one or several specific cryptocurrencies. Further competition risks can arise if other innovative payment methods are developed.

### **Risk in the ongoing development of cryptocurrencies**

If cryptocurrencies should lose popularity, programming quality declines or usability slows down or stagnates, such developments could have a negative impact on valuation.

### **Liquidity risks**

In the event of a lack of liquidity on the market for a specific cryptocurrency, this would influence pricing and increase volatility.

### **Legal risks**

Legal cases, regardless of their outcome, can reduce public confidence in the cryptocurrency and therefore its value. Other associated risks include the loss of the currency's independence or the freezing of the cryptocurrency.

### **Risks related to mining, the blockchain, the protocol and their further development as well as the remuneration of miners:**

The "51% risk" relates to the hypothetical event that a participant in the network obtains access to more than 50% of the computing power in the cryptocurrency network and is then in a position to manipulate the blockchain. It is highly likely that such an event would have a major impact on the trust vested in the cryptocurrencies and their pricing.

If, for any reason, mining activity would slow down or stagnate and no transactions were to be confirmed, the entire network would slow down and it would also become more vulnerable to external attacks (such as hacker attacks). Such an event would also have an impact on the trust vested in cryptocurrencies.

If the remuneration paid to the miners for their activities is too low, this could result in increased transaction costs in the blockchain. This could reduce the demand for cryptocurrencies as well as the incentive for dealers to use cryptocurrencies as a means of payment.

If the remuneration paid to the miners is too high, they might directly offer the earned cryptocurrencies for sale, which would result in a supply overhang and thus a reduction of the price.

Modifications to the blockchain can only be accepted by a part of the users and developers of cryptocurrency software. The outcome might be that the blockchain is split into two or more blockchains and the subsequent creation of separate networks. The possible effects cannot be predicted.

### **Risk of a change of protocol**

This is a tangible hazard because anyone can set up a cryptocurrency system (and then change its functionality). The software protocol that controls the cryptocurrency system is not subject to any independent standards and can be modified as soon as a majority of the miners agrees. Such changes can

introduce unintended errors. Also, the miners might not necessarily act in good faith.

### **Refinement of the protocol**

The refinement of the protocol and of the blockchain is essential for the acceptance of cryptocurrencies by the public at large. The development and its adequate management depend on many different factors and can lead to differences of opinion among the developers or to a lack of direct remuneration and misguided incentives. On the other hand, developers might propose changes in the network that are detrimental to cryptocurrencies and thus influence the further development of the sub-fund.

### **Bugs**

A bug (programming error) in the protocol can endanger the security of the network and result in losses.

### **Historic value trend**

The very high value gains in the past, particularly in 2017, must be considered extraordinary and will not periodically reoccur in this magnitude. The value trend could have prompted investors to adopt unrealistic expectations with respect to future value trends. This could inspire them to invest too large of a portion of their assets in cryptoassets.

### **Environmental aspects**

"Proof of work (PoW) now requires a large amount of computing power and energy from energy-intensive cryptocurrencies. Furthermore, cryptoassets could become less attractive for investors who voluntarily or due to regulatory requirements apply so-called ESG criteria, which could have a negative impact on price trends.

### **Smart contract risks**

In blockchain-based applications that use so-called smart contracts, there is a risk that the smart contracts have programming errors or weaknesses that hackers or other market participants could exploit to the detriment of users or investors. If errors or weaknesses are exploited, the decentralized and unregulated nature of the respective protocols will as a rule make it impossible to lodge claims for damages. This can entail losses or even the total loss of the capital invested in the respective token.

### **Staking risk**

During staking, tokens temporarily lose their liquidity because as a rule, they are subject to a lockup period (e.g. of 21 days). During the lockup, the tokens cannot be sold, so negative developments can only be countered with appropriate delays. In some protocols that allow staking, sound conduct should be incentivized in that tokens can be confiscated (so-called slashing) in cases of misconduct (such as the validation of erroneous transactions). This can lead to (partial) losses of tokens provided for staking purposes. Furthermore, smart contracts on which staking is based, can be prone to errors that in the worst case result in the total loss of the respective tokens.

### **Lacking standards**

There is still a lack of generally valid or at least accepted standards with respect to cryptoinvestments. This applies, for instance, to valuation methods, performance measurements (no generally accepted indices exist) but also to employee qualifications in this context. The lack of standards makes investment decisions more difficult and can cause misguided expectations among investors.

**Additionally, the general risks in Art. 39 of the trust agreement must be taken into consideration.**

#### **Derivative financial instruments**

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

#### **Leveraged financing**

The AIFM expects that the leverage at the level of the sub-fund pursuant to the gross method will typically be **lower than 3.0**. Conversely, the net method gives an indication of the AIF's risk situation because it also adequately considers the use of derivative financial instruments for hedging purposes.

The AIFM expects that the leverage at the level of the sub-fund pursuant to the net method will typically be **lower than 2.1**. The leverage may vary depending on market conditions and - particularly in exceptional cases - may also be higher.

#### **Risk management procedure**

The AIFM utilizes the generally accepted Commitment Approach as its risk management procedure.

#### **B1.9.2 General risks**

In addition to the sub-fund-specific risks, the investments of the sub-fund may incur general risks. A typical but not exhaustive list is provided in Art. 39 of the trust agreement.

### **B1.10 Costs payable by the sub-fund**

An overview of the costs payable by the sub-fund is provided in the table "Master data and information on the sub-fund and its unit classes, if any" from section B1.1 of this Annex "Sub-funds at a glance".

### **B1.11 Performance fee**

No performance fee is applied.

Schaan/Balzers, June 06, 2025

#### **The AIFM:**

IFM Independent Fund Management AG, Schaan

#### **The depositary:**

Bank Frick AG, Balzers

# Annex C: Specific information for individual countries of distribution

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## Notes for professional and semiprofessional investors in Germany

The AIFM notified the German supervising authority (Bundesanstalt für Finanzdienstleistungsaufsicht) of its intention to distribute the units of the AIF and its sub-funds to **professional and semiprofessional investors** in Germany. It has been authorized to distribute them since the date on which the notification procedure was concluded.

### 1. Information agent in the Federal Republic of Germany

The function of the German paying and information agent has been assumed by

Hauck Aufhäuser Lampe Privatbank AG  
Kaiserstrasse 24  
D-60311 Frankfurt am Main  
Email: [zahlstelle@hal-privatbank.com](mailto:zahlstelle@hal-privatbank.com)

In Germany, the sales prospectus, the trust agreement, the annual reports (if already published) and further information can be procured free of charge on paper from the information agent.

The information agent also provides all further information to which investors in the Principality of Liechtenstein are entitled. The issue and redemption prices are available free from the information agent as well.

### 2. Repurchase of units and payments to investors in Germany

The repurchase of units and payments to investors in Germany (redemption proceeds, distributions, if any, and other payments) are handled by the investors' portfolio administrators. No individual printed certificates are issued.

### 3. Publications

The issue and redemption prices as well as other information to investors are published on the fund information platform ([www.fundinfo.com](http://www.fundinfo.com)).

In the cases mentioned below, investors are also informed with a durable medium pursuant to KAGB:

- a) the suspension of redemption of units,
- b) termination by the management or liquidation of the company or of an AIF,
- c) amendments of contractual provisions that are not compatible with the previous investment principles, that affect essential investor rights, or relate to remuneration and reimbursement of expenditures that can be debited from the invested assets, including reasons of the changes and the rights of investors in an intelligible manner,
- d) the merger of investment assets to be prepared as a merger information dossier, and
- e) the conversion of investment assets into a feeder AIF or the changes of a master AIF to be prepared in the form of an information dossier.

## Information for qualified investors in Switzerland

In Switzerland, the AIF is intended for distribution exclusively to **qualified investors**.

### 1. Representative

LLB Swiss Investment AG, Claridenstrasse 20, CH-8002 Zürich, is the representative in Switzerland.

### 2. Paying agent

The paying agent in Switzerland is Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zürich.

### 3. Availability of applicable documents

The investor information pursuant to Art. 105, the trust agreement, and the annual report can be obtained free of charge from the representative and the paying agent in Switzerland.

### 4. Payment of retrocessions and rebates

#### 4.1 Retrocessions

The AIFM and its delegates as well as the Depositary may pay retrocessions to cover the distribution and brokerage of fund units in Switzerland or from Switzerland. In particular, any activity aimed at promoting the distribution or brokerage of fund units, such as the organisation of road shows, participation in events and trade fairs, the production of advertising material, the training of sales staff, etc., shall be deemed to be distribution and brokerage activities.

Retrocessions are not considered rebates, even if they are ultimately passed on to the investors in whole or in part.

The disclosure of the receipt of retrocessions is governed by the relevant provisions of the FIDLEG.

#### 4.2 Rebates

The AIFM and their delegates may pay rebates directly to investors upon request when marketing in Switzerland. Rebates serve to reduce the fees and/or costs attributable to the investors concerned. Rebates are permitted provided that they are

- are paid out of the AIFM's fees and thus do not place an additional burden on the fund's assets;
- are granted on the basis of objective criteria
- are granted to all investors who fulfil the objective criteria and are entitled to rebates, under the same time conditions and to the same extent.

The objective criteria for the granting of rebates by the AIFM are:

- The volume subscribed by the investor or the total volume held by the investor in the collective investment scheme or, where applicable, in the promoter's product range;
- The level of fees generated by the investor;
- the investment behaviour practised by the investor (e.g. expected investment period);

Upon request of the investor, the AIFM shall disclose the corresponding amount of the rebates free of charge.

### 5. Place of performance and jurisdiction

For units offered in Switzerland, the place of performance is at the registered office of the representative. The place of jurisdiction shall be at the registered office of the representative or at the registered office or domicile of the investor.

# Annex D: Regulatory disclosure

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## Conflicts of interest

The following conflicts of interest can occur within the AIFM:

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

- ◆ Interests of the AIFM and companies and persons closely affiliated with it
- ◆ Interests of the AIFM and its clients
- ◆ Interests of the AIFM and its investors
- ◆ Interests of the individual investors of the AIFM
- ◆ Interests of an investor and a fund
- ◆ Interests of two funds
- ◆ Interests of the AIFM's staff members

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

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

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

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



## Handling of complaints

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

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

## Principles of voting policy at general meetings

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

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

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

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

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

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

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

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

## Best execution of trading decisions

When making trading decisions for the portfolios entrusted to his management, the AIFM shall act in the best interest of the fund.

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

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

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

## **Remuneration principles and practices**

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

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

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

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



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