



## **HSZ China Fund**

Investment fund under Swiss law  
(of the type "Other funds for traditional investments")

## **Prospectus with Integrated Fund Contract December 2023**

**Fund management company:**

FundPartner Solutions (Suisse) SA  
Route des Acacias 60  
1211 Geneva 73

**Custodian bank:**

Banque Pictet & Cie SA  
Route des Acacias 60  
1211 Geneva

## Part 1: Prospectus

This prospectus with integrated fund contract, Key Investor Information Document (KIID)<sup>1</sup> or Key Information Document and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units in the investment fund. Only the information contained in the prospectus, Key Investor Information Document or Key Information Document or in the fund contract shall be regarded as being valid.

### 1 Information on the Investment Fund

#### 1.1 Foundation of the Investment Fund in Switzerland

The fund contract of HSZ China Fund (hereinafter, the "investment fund") was set up by Falcon Fund Management (Schweiz) AG in its capacity as the former fund management company, and submitted with the approval of Falcon Private Bank Ltd. as the former custodian bank to what was at that time the Swiss Federal Banking Commission (now the Swiss Financial Market Supervisory Authority FINMA), and was approved by this authority for the first time on August 2, 2006. The fund management function was transferred to Schweizerische Gesellschaft für Kapitalanlagen SGK AG, Zurich, and the custodian bank function to Clariden Leu AG, Zurich as at April 1, 2011. With effect from July 6, 2012, Schweizerische Gesellschaft für Kapitalanlagen SGK AG, Zurich, as former fund management company, merged with Credit Suisse Funds AG, Zurich, through a merger by absorption as defined in the Swiss Merger Act. Schweizerische Gesellschaft für Kapitalanlagen SGK AG, Zurich, was dissolved at that point, and all rights and obligations were passed by law (by way of universal succession) to Credit Suisse Funds AG, Zurich. Credit Suisse Funds AG, Zurich, has therefore exercised the function of fund management company since July 6, 2012. Credit Suisse AG, Zurich was the custodian bank of the investment fund from April 2, 2012 to November 19, 2016, while Credit Suisse (Switzerland) Ltd., Zurich was custodian bank of the investment fund from November 20, 2016 to November 29, 2017. With the approval of FINMA, a change of custodian bank took effect for the investment fund as at November 30, 2017, namely the replacement of Credit Suisse (Switzerland) Ltd. by UBS Switzerland AG, Zurich. The fund management function was transferred to FundPartner Solutions (Suisse) SA, Geneva, and the custodian bank function to Banque Picet & Cie SA, Geneva, as at January 3, 2022.

#### 1.2 Duration

The investment fund has been established for an indefinite period.

#### 1.3 Tax regulations Relevant for the Investment Fund

##### General remarks

These tax guidelines are for information purposes only and are based on the current legal situation and practice. They are subject to changes in legislation, the decisions of the courts and the decrees and practices of the tax authorities.

Taxation and other tax implications for investors who hold, buy or sell fund units are determined by the tax regulations in their country of domicile or in the country in which the investor also counts as a taxpayer (e.g. by virtue of their nationality).

Investors are reminded that the domicile does not necessarily coincide with that of the natural or legal person in whose name the fund units are held; in certain cases, the tax authorities take into account the domicile of the beneficial owner in accordance with the principle of transparency.

The investors are responsible for ascertaining and bearing the tax implications of their investment; they are advised to consult a tax adviser on this subject.

##### Swiss tax

The investment fund does not have legal personality in Switzerland. It is not subject to tax on income or capital.

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

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

Distributions of income made by the fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35%. Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application. Investors resident abroad may request a refund of withholding tax within the scope of a possible double taxation agreement between Switzerland and their country of residence. Without such an agreement, a refund of the withholding tax is not possible.

##### International automatic exchange of information

On 1 January 2017, the three AEOI standards, i.e. the Multilateral Agreement of the Council of Europe and the Organization for Economic Cooperation and Development (OECD) on Mutual Administrative Assistance in Tax Matters (Administrative Assistance Agreement), the Multilateral Agreement of the Competent Authorities on the Automatic Exchange of Information on Financial Accounts and the Federal Act on the International Automatic Exchange of Information in Tax Matters (AEOI Act) came into force in Switzerland. As a result, states with which the automatic exchange of information has been bilaterally agreed will in 2018 be able to start exchanging data collected since 2017.

According to the aforementioned provisions, Swiss financial institutions are obliged to identify holders of financial assets and to check whether they are tax resident in countries with which Switzerland has concluded a bilateral agreement on the automatic exchange of information in tax matters. If this is the case, the Swiss financial institutions will pass on the information on the financial accounts of the holder of financial investments to the Swiss tax authorities; they in turn will then forward this information once a year to the relevant foreign tax authorities. Holders of fund units may therefore be affected by the applicable rules on the transfer of information to the Swiss tax authorities and to other relevant tax authorities.

The fund is considered as a non-reporting financial institution according to the OECD common reporting and due diligence standard for information on financial accounts (or the common reporting standard [GMS]).

The investment fund does not accept investors as shareholders who are required to report under the AEOI standards. This includes in particular (i) natural persons, (ii) active non-financial entities and (iii) passive non-financial entities, including financial institutions that have been reclassified as non-financial institutions. To this end, the fund may take measures and/or impose restrictions; in particular it may reject subscription orders or decide to force the redemption of shares, as described in detail in section 5.3 below and in the fund contract.

The fund reserves the right to refuse subscription orders if the information provided by the investor does not comply with AEOI standards. The above explanations are only a summary of the various impacts of the AEOI standards. They are merely based on the current interpretation and do not claim to be exhaustive. Nor should they under any circumstances be construed as tax or investment advice, and investors must seek information from their financial or tax advisors about any implications of the AEOI standards that may affect them.

##### Personal data

By subscribing to or continuing to hold units, the investors thereby accept that their personal details may be collected, stored, kept, forwarded, processed and used in a general way by the fund management company, custodian bank or one of their agents, which may be domiciled outside Switzerland but will always be subject to equivalent confidentiality. Details of this kind are used principally for account administration, the detection of money laundering and the financing of terrorism, and tax identification, particularly under the European Savings Taxation Directive and in order to comply with FATCA and AEOI regulations. The personal details of investors that meet the criteria of a US account according to FATCA, and/or of foreign financial institutions that are non-FATCA-compliant, may have to be disclosed to the US Internal Revenue Service.

##### US tax

The aim of the US Foreign Account Tax Compliance Act ("FATCA") is to prevent US tax evasion by requiring foreign (non-US) financial institutions to send information about financial accounts held by US investors outside the USA to the Internal Revenue Service (US tax authority). As of 1 July 2014, US securities held by a foreign financial institution that does not make a FATCA report are subject to a US withholding tax of 30% on the gross sales proceeds and on revenues ("FATCA withholding tax").

<sup>1</sup> To ensure this document is easier to read, gender-specific differentiation has been dispensed with. The same terms apply to both genders.

Pursuant to the intergovernmental agreement ("IGA") signed on 14 February 2013 between Switzerland and the USA regarding the implementation of FATCA, the investment fund, which is deemed to be a foreign financial institution, has been registered with "deemed compliant" status under the rules on treating "Qualifying Collective Investment Vehicles" ("QCIVs") as exceptions, to avoid being subject to withholding tax under FATCA. In order for the investment fund to retain this FATCA status, only participating foreign financial institutions or those with "deemed-compliant" status – according to the "US FATCA Final Regulations" and the relevant IGA – are allowed to register as unit holders of the investment fund. Investors may therefore subscribe for or hold fund units only through FATCA-compliant, foreign financial institutions (i.e. participating foreign financial institutions or other foreign financial institutions that are deemed FATCA-compliant as defined in the "US FATCA Final Regulations" and in an applicable IGA). Furthermore, units can be transferred, delivered or sold solely through FATCA-compliant foreign financial institutions. The funds may impose measures and/or restrictions for this purpose. This could also include the rejection of orders or compulsory redemption of units as described in detail below and in the fund contract, and/or the retention of FATCA withholding tax on payments to each unitholder deemed under FATCA to be a recalcitrant account or non-participating foreign financial institution. Investors are reminded that while the fund will endeavour to comply with all FATCA obligations, there can be no guarantee that it will actually comply with these obligations and thus avoid the FATCA withholding tax. Non-FATCA-compliant foreign financial institutions cannot be registered as holders of units of the investment fund, and the units may be subject to compulsory redemption if this is necessary to ensure compliance with the QCIV status of the investment fund under FATCA.

#### § 1.4 Accounting Year

The accounting year runs from 1 January to 31 December.

#### 1.5 Auditor

PricewaterhouseCoopers SA, Geneva, have been appointed as auditors.

#### 1.6 Units

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

In accordance with the fund contract, the fund management company is entitled to establish, liquidate or merge unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

The HSZ China Fund currently has the following unit classes:

The following unit classes are currently available:

- "A USD" units are distribution units, and are issued in the accounting currency of the investment fund, namely the US dollar.
- "A CHF" units are distribution units, and are issued in Swiss francs. No currency hedging is undertaken.
- "A EUR" units are distribution units, and are issued in euros. No currency hedging is undertaken.
- "C USD" units differ from "A USD" units only by virtue of the fact that they are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("CISA", "Act") who have concluded an asset management agreement with an asset manager.
- "C CHF" units differ from "A CHF" units only by virtue of the fact that they are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter CISA who have concluded an asset management agreement with an asset manager.
- "C EUR" units differ from "A EUR" units only by virtue of the fact that the latter are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter CISA who have concluded an asset management agreement with an asset manager.
- "E USD" units differ from "A USD" units only by virtue of the fact that they are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter CISA who subscribe via Eureka Capital Partners Pte Ltd, Singapore.
- "I USD" units differ from "A USD" units only in the following respect: The minimum initial investment for class "I USD" units per investor (minimum investment) and the minimum number of class "I USD" units that must be held by the investor at any given time (minimum holding) are stated in the table at the end of the prospectus. If the

value of the units held falls below this minimum holding figure as a result of a redemption, the fund management company may take steps to switch the investment into units of another class for which the investor is eligible. If the value of the units falls below the minimum holding figure for market or performance-related reasons, no switch to another unit class will take place.

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

The individual unit classes do not constitute segregated pools of assets. Although costs are in principle charged only to the unit class for which the service in question was rendered, the possibility of a unit class being held liable for the liabilities of another unit class therefore cannot be ruled out. **The accounting currency is not necessarily the currency of the direct or indirect investments of the investment fund.**

#### 1.7 Listing and Trading

The investment fund is neither listed nor admitted to trading.

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

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

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

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

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

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

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

The fund management company and the custodian bank may, within the scope of their sales activities, refuse purchase applications.

### 1.9 Appropriation of Net Income

The net income of the investment fund shall be distributed annually per unit class to the investors within four months of the end of the financial year in the reference currency of the unit class concerned. The fund management company may make additional interim distributions from the income.

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

#### 1.10.1 Investment Objective

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

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

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

#### 1.10.2 Investment Policy

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

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

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

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

The fund management company may invest up to a third of the fund assets in the money market instruments of the same issuer if these are issued or guaranteed by a state or public law entity of the OECD or by international organizations with public law characteristics in which Switzerland or a European Union member state participate. The aforementioned authorized issuers/guarantors are: The Council of Europe, the International Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and Eurofima (European Company for the Financing of Railroad Rolling Stock).

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

#### Collateral strategy

Under the FINMA Ordinance on Collective Investment Schemes ("KKV-FINMA") of 27 August 2014, assets received as collateral as part of investment techniques or OTC transactions must meet the following requirements:

Collateral may be accepted if it meets the following requirements:

It is highly liquid and traded at a transparent price on a stock exchange or other regulated market that is open to the public. It can be disposed of at short notice at a price close to the valuation undertaken prior to sale.

- It is valued at least on each trading day. Where price volatility is high, suitable conservative security margins must be applied.
- It is not issued by the counterparty or by a company that belongs to or is dependent on the counterparty.
- The credit quality of the issuer is high.

The collateral must also meet the following conditions:

- It must be appropriately diversified in terms of countries, markets and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted if (i) the collateral meets the requirements of Article 83 para. 1 CISO-FINMA, i.e. if it is issued or guaranteed by an OECD state, a public-law entity from the OECD or an international public-law organization to which Switzerland or a member of the European Union belongs; in this case the above percentage is increased to no more than 35% of the net asset value, or (ii) the conditions for approval set forth in Article 83 Paragraph 2 CISO-FINMA are fulfilled; in this case the above percentage may be increased to up to 100% of the net asset value. If collateral is provided by several counterparties, they will be viewed in aggregate.
- The fund management company or its representatives must have the power and authorization to dispose of the collateral received at any time in the event of default by the counterparty, without consulting the counterparty or obtaining its consent.
- The fund management company or its representatives may not lend, further pledge or sell the collateral pledged or transferred to its ownership or use it under a repurchase transaction or as collateral to cover obligations arising from derivative financial instruments. They may only invest cash collateral received in the relevant currency as liquid assets, in high-quality government bonds and directly or indirectly in short-term money market instruments or as reverse repos.
- If collateral is accepted for more than 30% of the fund assets, the fund management company or its representatives must ensure that the liquidity risks can be identified and monitored appropriately. For this purpose, regular stress tests must be performed, taking into account both normal and exceptional liquidity conditions. The corresponding checks must be documented.
- The fund management company or its representatives must be in a position to allocate any claims still uncovered following the sale of collateral to those securities funds whose securities are the subject of the underlying transactions.

Appropriate safety margins are set by the fund management company or its agents.

Cash collateral can only be reinvested as part of an investment strategy insofar as this (i) is aligned to all types of assets accepted as collateral and (ii) the characteristics of the collateral such as volatility and the risk of default by the issuer are taken into account. Risks in the event of reinvestment of cash collateral are taken into account as part of the risk management of the investment fund.

#### 1.10.3 Use of Derivatives

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

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

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

In addition to credit default swaps (CDS), all other types of credit derivatives may be acquired (e.g. total return swaps, credit spread options, credit-linked notes) by which credit risks can be transferred to third parties

(so-called risk buyers). The risk buyers receive a premium as compensation. The size of this premium depends, among other things, on the probability of a loss event occurring and the maximum size of the loss; both factors are generally difficult to assess, which increases the risk associated with credit derivatives. The fund may act as both risk seller and risk buyer.

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

#### 1.10.4 Investment Limits Subject to German Investment Tax Act

The investment fund is not authorized for and not advertised for sale in Germany. The information set out hereinafter is geared exclusively to investors subject to taxation in Germany who – acting on their own initiative – have established an account or safekeeping account relationship with a bank or financial services provider outside of Germany or who have acquired fund units within the framework of an exceptional circumstance in accordance with prevailing German law-

1.10.4.1 With regard to the present HSZ China Fund, for tax reasons more than 50% of the assets of the investment fund is invested in equity participations pursuant to § 2 (8) of the German Investment Tax Act.

1.10.4.2 Equity participations pursuant to the preceding section 1.10.4.1 are (i) units in stock corporations admitted for official trading on a stock exchange or admitted for or included in an organized market, (ii) units in stock corporations domiciled in a member state of the European Union or in another signatory to the Agreement on the European Economic Area that are subject there to taxes on earnings for stock corporations and have no exemption therefrom, (iii) units in stock corporations domiciled in a third-party country that are subject there to taxation on earnings for stock corporations in the amount of at least 15% and have no exemption therefrom, as well as (iv) units in other investment entities which, in accordance with their investment conditions, invest more than 50% of their value or assets in the aforementioned units in stock corporations, in the amount of 51%, and units in other investment entities which in accordance with their investment conditions invest at least 25% of their value or assets in the aforementioned stock corporations, in the amount of 25%. In addition, the following applies to units in other investment entities, thus possibly deviating from the aforementioned amounts of 51% and 25%: (a) where the investment conditions of an equity fund stipulate a percentage of more than 51% of the respective value or assets or where the investment conditions of a mixed fund stipulate a percentage of more than 25% of the respective value or assets, the investment portion in excess of this higher percentage is deemed to be an equity participation; or (b) in the case of units in other investment entities that are valued at least once per week, the equity participation is taken into consideration in the amount of the allocation published on the day of valuation for such investment entities at which these actually invest in the aforementioned units in stock corporations.

1.10.4.3 Various factors may result in the investment fund being temporarily unable to comply with the aforementioned investment limits. Negative tax consequences may ensue from such temporary non-compliance. Please contact your tax adviser for information on the tax impact of an investment in units of the investment fund pursuant to the German Investment Tax Act.

#### 1.11 Net Asset Value

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

#### 1.12 Fees and Incidental Costs

##### 1.12.1 Fees and Incidental Costs Charged to the Fund's Assets (excerpt from § 19 of the fund contract)

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

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

##### 1.12.2 Total Expense Ratio

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

##### 1.12.3 Payment of Retrocessions and Rebates

The fund management company and its agents may pay retrocessions to compensate for distributing fund units in Switzerland or from Switzerland. This compensation relates to the following services in particular:

- establishing processes for the subscription and holding/safekeeping of units;
- maintaining and issuing marketing and legal documents;
- forwarding and making available publications required by law as well as other publications;
- performing due-diligence tasks delegated by the provider in areas such as money-laundering, the clarification of client requirements and sales restrictions;
- clarifying and answering specific investor queries regarding investment products or the provider;
- producing investment fund research material;
- central relationship management;
- training client advisers in collective investment schemes;
- appointing and supervising other distributors.

Retrocessions are not deemed to be rebates even if they are eventually forwarded to the investors in full or in part.

The recipients of the retrocessions ensure transparent disclosure and notify the investor of the level of compensation they may receive for distribution free of charge and without being requested to do so.

When requested, the recipients of retrocessions disclose the actual sums they have received for distributing collective investment schemes to these investors.

The fund management company and its agents do not give rebates in connection with distribution activities in or from Switzerland to reduce the fees and costs payable by the investor and charged to the investment fund.

##### 1.12.4 Fees and Incidental Costs Charged to Investors (excerpt from § 18 of the fund contract)

Details on the fees and incidental costs charged to investors are set out in the table at the end of the prospectus.

##### 1.12.5 Performance Fee

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

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

mark always forms the basis for the calculation of the minimum net asset value.

Upon launch of the investment fund, the high water mark corresponds to the initial issue price per unit (without taking into account issuing commission). If a performance fee is due for any particular day of an accounting year, the high water mark of the following day then corresponds to this most recent peak net asset value per unit (prior to deduction of the paid performance fee). If no performance fee can be levied during an accounting year, the high water mark at the beginning of the following year corresponds to the higher of (a) the initial issue price, (b) the most recent peak net asset value and (c) the net asset value per unit on the last valuation day of the prior accounting year.

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

Sample performance fee calculations are provided in the annex to this prospectus.

#### **1.12.6 Fee Splitting Agreements ("Commission Sharing Agreements") and Monetary Benefits ("Soft Commissions")**

- HSZ (Hong Kong) Limited has concluded on behalf of the fund a fee splitting agreement ("Commission sharing agreement"). The fund management company ensures that monetary benefits resulting from said fee splitting agreement ("Commission sharing agreement") are credited to the fund.
- HSZ (Hong Kong) Limited has concluded on behalf of the fund an agreement in respect of what is known as "soft commission". The fund management company ensures that soft commission or the service remunerated in that way benefit indirectly or directly the fund (for example: financial analysis).

#### **1.13 Inspection of the Reports**

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

#### **1.14 Legal Form of the Investment Fund**

The investment fund is an investment fund under Swiss law of the type "Other funds for traditional investments" as defined by the Federal Act on Collective Investment Schemes of 23 June 2006.

The investment fund is based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor with a stake in the investment fund in proportion to the units acquired by said investor, and to manage the fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance with the tasks conferred upon it by the law and the fund contract.

#### **1.15 Significant Risks**

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

##### **1.15.1 General Risk Factors**

###### General investment risks:

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

###### Market risk:

Market risk is a general risk associated with all investments. A deterioration in market conditions or general uncertainty in markets may result in a decline in the market value of existing or potential investments or increased illiquidity of investments. Such declines or illiquidity could lead to losses

and reduced investment opportunities for the fund, prevent the fund from successfully achieving its investment objective, or make it necessary to sell investments at a loss under unfavourable market conditions. Market risks may arise in particular from political uncertainties, currency export restrictions, changes in legislation and fiscal framework conditions.

###### Currency risk:

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

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

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

###### Liquidity:

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

###### Counterparty risk:

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

##### **1.15.2 Specific Risk Factors**

###### Equity investments:

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

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

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

###### Emerging markets:

The investment fund invests – either directly or indirectly – primarily in China, an emerging market country. Investments in emerging markets may be associated with greater risk than investments in the markets of industrialized countries. The securities markets of emerging markets are generally smaller, less developed, less liquid and more volatile than securities markets in industrialized countries. In certain emerging markets, there is a risk of expropriation of assets, taxation tantamount to expropriation, political and social unrest and diplomatic developments which may adversely affect investments in these countries. There may be less publicly available information about certain financial instruments than investors would normally expect and companies in such countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable with those prevailing in industrialized countries. Certain financial markets have a significantly lower market volume than more

developed markets. Securities of many companies may be less liquid and their prices may be more volatile. In emerging markets, there is also a different level of government supervision and regulation of stock exchanges, banks and issuers. Local restrictions may impinge on the investment activities of the fund. Investments in local currency may be adversely affected by exchange rate fluctuations, currency and tax rules. Settlement systems in emerging markets may be less well organized than those in developed markets. Settlement systems in emerging markets may be less well organized than those in developed markets.

Concentration risks:

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

Investments in certificates:

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

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

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

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

Risks in connection with the Stock Connect Program

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

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

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

*Ownership restrictions for foreign investors*

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

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

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

*Risk in connection with the disclosure of participations*

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

*Risk in connection with best execution*

In keeping with the rules that apply in connection with the Stock Connect Program, transactions with China Connect securities may be executed via one or several brokers who have been designated to execute transactions via Northbound Trading in connection with the fund. The SEHK will review all sales orders in respect of China Connect securities via Northbound Trading at the level of SEHK registered market participants to ensure that there is no overselling on the part of one individual market participant. In order to fulfil the requirements of this preliminary review, the fund may determine that it can only execute transactions involving China Connect securities through certain brokers or market participants, which means these transactions will not be executed on the basis of the best execution principle.

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

*Risks in connection with settlement, clearing and custody*

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

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

Transactions with the custodians and brokers that hold the assets of the fund or settle transactions of the fund entail risks. In the event of the bankruptcy of a custodian or broker, the fund may experience a delay in recovering its assets from the custodian or broker or bankruptcy estate, and may not recover these assets at all; the fund only possesses a general, unsecured claim to these assets vis-à-vis the custodian or broker.

Due to the short settlement cycle that applies to China Connect securities, the CCASS clearing participant that acts as custodian may in certain circumstances only act upon instructions from the sales broker that has been formally appointed by the asset manager of the fund. To this end, the custodian bank has to waive – potentially at the risk of the fund – its right to issue settlement instructions in respect of the CCASS clearing participant that acts as its custodian in the market.

The rights and claims of the fund in respect of China Connect securities are exercised through the HKSCC, which exercises its rights as the "nominee" of China Connect securities, which are booked to an RMB-denominated omnibus equity account of the HKSCC with China Clear. The Stock Connect

Program generally involves the concept of a “nominee” and recognizes the concept of the “beneficial owner” of securities. The precise nature and rights of an investor who invests via Northbound Trading and becomes a beneficial owner of China Connect Securities through the HKSCC in the latter’s capacity as nominee are not precisely defined under Chinese law. Nor is it possible to define beyond doubt the precise nature of the rights and claims enshrined in the legislation of the Chinese mainland of investors who invest via Northbound Trading or the methods for enforcing these rights and claims.

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

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

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

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

The HKSCC will keep CCASS participants informed about capital measures in respect of China Connect securities. Investors from Hong Kong as well as foreign investors (including the fund) must comply with the corresponding agreement of their brokers or custodians (i.e. the CCASS participants) as well as with the deadlines set by these parties. The period available to them for certain types of capital measures in respect of China Connect securities may be restricted to just one working day. Under certain circumstances, therefore, the fund may not be in a position to participate in certain capital measures promptly. As it is not possible to appoint several voting proxies on the Chinese mainland, it is possible that the fund cannot appoint any voting proxy capable of participating in shareholder meetings in respect of China Connect securities. It cannot be guaranteed that CCASS participants involved in the Stock Connect Program will offer voting or other associated services or take measures to ensure that such services are offered.

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

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

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

### **1.16 Liquidity Risk Management**

The fund management company ensures appropriate liquidity management. It assesses and documents the liquidity of the individual investments with regard to their saleability and the liquidity of the investment fund with regard to its ability to handle redemptions regularly in different scenarios. Processes have been defined and implemented for this purpose, so that these risks can in particular be identified, monitored and reported. The fund management company uses market-tested models to identify the liquidity risks of the investments and to calculate individual liquidity thresholds at investment fund level.

## **2 Information on the Fund Management Company**

### **2.1 General Information on the Fund Management Company**

The fund management company is FundPartner Solutions (Suisse) SA. Headquartered at Route des Acacias 60, 1211 Geneva 73, the fund management company has been active in the fund business since its formation as an *Aktiengesellschaft* (joint-stock company) in 2012.

### **2.2 Further Information on the Fund Management Company**

The fund management company manages funds under Swiss law in Switzerland. Furthermore, the fund management company intends to act as a representative of foreign collective investment schemes and as an administrator for SICAVs under Swiss law.

FundPartner Solutions (Suisse) SA  
60, route des Acacias  
1211 Geneva 73

### **2.3. Management and Executive Bodies**

#### Board of Directors

- Marc Briol, Chairman, Banque Pictet & Cie SA
- François Rayroux, Vice-Chairman, Independent Member
- Christoph Lanter, Independent Member
- Rémy Obermann, Member, Banque Pictet & Cie SA
- Dorian Jacob, Member, FundPartner Solutions (Europe) SA
- Ilan Mizrahi, Delegate

#### Executive Board

- Ilan Mizrahi, Managing Director, Delegate of the Board of Directors
- Richard Millet, Head Fund Administration
- Istvan Nagy, Head of Risk Management

The members of the Executive Board do not perform any management activities other than those that they undertake in the course of their functions at FundPartner Solutions (Suisse) SA.

### **2.4 Capital Subscribed and Paid In**

The subscribed share capital of the fund management company amounts to CHF 10 million. The share capital is divided into registered shares with a nominal value of CHF 1,000 or CHF 10,000. The share capital is fully paid in.

### **2.5 Delegation of Investment Decisions and Other Specific Tasks**

#### Investment decisions

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

#### IT system operations and calculation of the net asset value

The calculation of the net asset value (NAV) of the fund is delegated to FundPartner Solutions (Europe) SA in Luxembourg.

### **2.6 Exercising of Membership and Creditors’ Rights**

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

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

For all other events that might have a lasting impact on the interests of the investors, such as, in particular, the exercising of membership and creditors’ rights that the fund management company holds as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In so doing, it may rely on information received from the custodian bank, the asset manager, the company or voting rights advisors and other third parties or obtained from the press.

## **3 Information on the Custodian Bank**

### **3.1 General Information about the Custodian Bank**

The custodian bank is Banque Pictet & Cie SA in Geneva.

### **3.2 Further Information about the Custodian Bank**

The custodian bank is primarily active in the field of asset management. The custodian bank may appoint third-party custodians and central securities depositories in Switzerland and abroad if this is in the interest of proper



custody. Financial instruments may be transferred as described in the previous provision solely to regulated third-party custodians or central securities depositories. This does not apply to necessary custody in a place where transfer to regulated third-party custodians or central securities depositories is not possible, such as for reasons of mandatory legal provisions or the particular terms of the investment product. Transferring the custody of the fund's assets to third-party custodians and central securities depositories in Switzerland and abroad incurs in particular operating risks, fraud risks and default risks. In order to minimize such risks, the custodian bank selects the third-party custodians and central securities depositories using careful due diligence, which is regularly repeated. The custodian bank also ensures the segregation of the securities in custody, to protect them from a possible default by the third-party custodians and central securities depositories.

The use of third-party custodians and central securities depositories means that deposited securities are no longer owned solely by the fund management company, which instead becomes merely a co-owner. Furthermore, if the third-party custodians and central securities depositories are not regulated, they would not be able to satisfy the requirements imposed on Swiss banks in organizational terms.

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

The custodian bank is registered with the US tax authorities as a Participating Foreign Financial Institution within the meaning of Sections 1471 to 1474 of the US Internal Revenue Code (Foreign Account Tax Compliance Act, including the related "FATCA" ordinance).

## 4 Information on Third Parties

### 4.1 Paying Agents

Banque Pictet & Cie SA is the paying agent.

### 4.2 Distributors

FundPartner Solutions (Suisse) SA may conclude contracts with fund distributors for the distribution of the investment fund in Switzerland and Singapore.

### 4.3 Delegation of Investment Decisions and Other Specific Tasks

#### Investment decisions

The investment decisions of the investment fund have been delegated to HSZ (Hong Kong) Limited, Unit 605A, 6/F, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, Hong Kong SAR, as the investment manager. HSZ (Hong Kong) Limited is a company incorporated under Hong Kong law. HSZ (Hong Kong) Limited is an asset management company headquartered in Hong Kong, and as such is subject to oversight by the Securities and Futures Commission of Hong Kong. It possesses licenses of Type 1 ("Dealing in Securities"), Type 4 ("Advising on Securities") and Type 9 ("Asset Management").

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

HSZ (Hong Kong) Limited has been a signatory of the Principles for Responsible Investment (PRI) since 2020.

#### IT system operations and calculation of the net asset value

The calculation of the net asset value (NAV) of the fund is delegated to FundPartner Solutions (Europe) SA in Luxembourg. Precise details of how its remit is to be fulfilled are laid down in an agreement between the fund management company and FundPartner Solutions (Europe) SA. FundPartner Solutions (Europe) SA is known for its experience in the administration of collective investment vehicles.

#### Processing of subscription and redemption orders

The processing of subscription and redemption orders is delegated by Banque Pictet & Cie SA to FundPartner Solutions (Europe) SA, Luxembourg. Precise details of how its remit is to be fulfilled are laid down in an agreement between Banque Pictet & Cie SA and FundPartner Solutions (Europe) SA. FundPartner Solutions (Europe) SA is known for its experience in the administration of collective investment vehicles.

Investors' attention is drawn to the fact that subscription and redemption orders for units deposited with Banque Pictet & Cie SA may be directed to the latter.

To satisfy the regulatory requirements under Luxembourg law, investors are reminded that the information transmitted by the bank or directly by the investor in connection with a subscription or redemption may be forwarded by FundPartner Solutions (Europe) SA for processing purposes to other Pictet Group companies that are subject to equivalent confidentiality.

## 5 Further Information

### 5.1 Useful Information

Swiss sec. no.: See table at end of prospectus

ISIN numbers: See table at end of prospectus

Accounting currency: See table at end of prospectus

### 5.2 Publication of Official Notices by the Fund

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

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

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

### 5.3 Sales Restrictions

The investment fund has been authorized for sale in the following countries:

- Switzerland
- Singapore

When units of the investment fund are issued or redeemed outside Switzerland, the regulations valid in the country in question apply.

- At present, the fund units are not distributed abroad.
- Fund units may not be offered, sold or delivered within Japan.
- Fund units may not be offered, sold or delivered within the United States. Shares in the investment fund may not be offered, sold or delivered to US citizens or persons resident in the US and/or other natural or legal persons whose income and/or profits, regardless of their origin, are subject to US income tax, or to persons who are US persons under Regulation S of the US Securities Act of 1933, as amended, and/or the US Commodity Exchange Act, as amended.

For the reasons set forth in section 1.3, fund units may be offered, sold, transferred or delivered solely to investors that are FATCA-compliant foreign financial institutions, i.e. participating foreign financial institutions or other foreign financial institutions that are deemed FATCA-compliant as defined in the US FATCA Final Regulations and in an applicable intergovernmental agreement (IGA). As explained in greater detail in the fund contract, non-FATCA-compliant investors may not hold any fund units, and the units may be subject to compulsory redemption if this is deemed appropriate for the purpose of ensuring that this investment fund retains its QCI status.

The management company and the custodian bank may suspend or limit the sale, distribution, or transfer of units to individuals or corporate bodies in particular countries or areas.

## 6 Further Investment Information

### 6.1 Past Performance

The investment fund's past performance:

Unit class	2019	2020	2021	2022
A USD	31.4%	64.30%	-4.5%	-27.19%
A CHF	29.0%	49.5%	-0.9%	-26.54%
A EUR	34.0%	49.8%	3.8%	-22.81%
E USD	–	–	–	–
C USD	32.0%	64.9%	-4.1%	-26.86%
C CHF	29.7%	49.9%	-0.5%	-26.21%
C EUR	–	–	–	–
I USD*	–	–	6.1%	-26.86%
I CHF	29.7%	49.9%	-0.5%	-26.21%
I EUR	–	–	–	–

\* accum. since launch on 29 March 2021

## **6.2 Profile of the Typical Investor**

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

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

## **7. Detailed Regulations**

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

### Annex: Sample Calculation of Performance Fee

(Theoretical assumption. Does not reflect current rates)

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

#### Example 1

Background situation:

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

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

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

#### Example 2

Background situation:

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

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

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

#### Example 3

Background situation:

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

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

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

#### Example 4

Background situation:

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

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

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

HSZ China Fund  
Investment Fund under Swiss Law (of the type "Other Funds for Traditional Investments")

Investment fund	Unit classes	Swiss sec. no.	ISIN no.	Fund's unit of account	Reference currency	Issuing / redemption commission charged to investors <sup>1)</sup>	Issue / redemption expenses to cover incidental costs <sup>1)</sup>	Administration fee max. p.a. <sup>2)</sup>	Custodian fee max. p.a. <sup>2)</sup>	Management fee p.a. <sup>2)</sup>	Performance fee max. p.a.	Deadline for daily subscription and redemption of fund units (CET) <sup>6)</sup>	Valuation day and calculation day after order day T	Settlement date for subscription and redemption after order day T	Minimum investment amount / minimum holding	Delegation of investment decisions	Total expense ratio (TER)			
																		31.12.20	31.12.21	31.12.22
HSZ China Fund	A USD	2682803	CH0026828035	USD	USD	None	None	max. 0.12%	max. 0.10%	1.35%	max. 10% <sup>3)</sup>	15:00 (on order day T) <sup>6)</sup>	D + 1	D + 4	n/a	HSZ (Hong Kong) Limited, Hong Kong		1.64% <sup>4)</sup> 5.77% <sup>5)</sup>	1.65% <sup>4)</sup> 3.22% <sup>5)</sup>	1.52% <sup>4)</sup> 1.52% <sup>5)</sup>
	A CHF	2682806	CH0026828068	USD	CHF													1.64% <sup>4)</sup> 6.25% <sup>5)</sup>	1.65% <sup>4)</sup> 3.30% <sup>5)</sup>	1.52% <sup>4)</sup> 1.52% <sup>5)</sup>
	A EUR	2682809	CH0026828092	USD	EUR													1.65% <sup>4)</sup> 6.13% <sup>5)</sup>	1.65% <sup>4)</sup> 3.28% <sup>5)</sup>	1.52% <sup>4)</sup> 1.52% <sup>5)</sup>
	E USD	[<•>]	[<•>]	USD	USD													–	–	–
	C USD	28568604	CH0285686041	USD	USD													1.20% <sup>4)</sup> 5.95% <sup>5)</sup>	1.20% <sup>4)</sup> 3.31% <sup>5)</sup>	1.07% <sup>4)</sup> 1.07% <sup>5)</sup>
	C CHF	28568580	CH0285685803	USD	CHF												1.20% <sup>4)</sup> 5.80% <sup>5)</sup>	1.20% <sup>4)</sup> 2.66% <sup>5)</sup>	1.07% <sup>4)</sup> 1.07% <sup>5)</sup>	
	C EUR	28568600	CH0285686009	USD	EUR												–	–	–	
	I USD <sup>7)</sup>	36845408	CH0368454085	USD	USD												–	–	1.20% <sup>4)</sup> 1.20% <sup>5)</sup>	1.07% <sup>4)</sup> 1.07% <sup>5)</sup>
	I CHF	36845220	CH0368452204	USD	CHF												1.19% <sup>4)</sup> 5.14% <sup>5)</sup>	1.20% <sup>4)</sup> 2.72% <sup>5)</sup>	1.07% <sup>4)</sup> 1.07% <sup>5)</sup>	
	I EUR	36845646	CH0368456460	USD	EUR												–	–	–	–

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

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

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

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

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

<sup>6)</sup> Orders that are received by the custodian bank after cut-off time will be processed on the next order day.

<sup>7)</sup> Unit class I USD launched on 29.03.2021, TER annualized

## Part 2: Fund Contract

### I. General Information

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

1. A contractual investment fund of the category "Other Funds for Traditional Investments" has been established under the name HSZ China Fund (the "investment fund" or "the fund") in accordance with Art. 25 et seq. in conjunction with Art. 68 et seq. of the Collective Investment Schemes Act (CISA) of 23 June 2006.
2. FundPartner Solutions (Suisse) SA, Route des Acacias 60, 1211 Geneva 73.
3. The custodian bank is Banque Pictet & Cie SA, Route des Acacias 60, 1211 Geneva 73.
4. The asset manager is HSZ (Hong Kong) Limited, Hong Kong.

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

#### § 2 The Fund Contract

The legal relationship between the investor<sup>2</sup> on the one hand and the fund management company and the custodian bank on the other shall be governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

#### § 3 The Fund Management Company

1. The fund management company manages the fund at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value and determines the issue and redemption prices of units as well as distributions of income. It exercises all rights associated with the fund.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of financial statements regarding the collective investment schemes they manage and disclose all fees and costs incurred directly or indirectly by the investors and all compensation received from third parties, particularly commissions, discounts and other pecuniary benefits.
3. The fund management company may delegate investment decisions as well as specific tasks to third parties, provided this is in the interests of efficient management. It shall commission only persons who have the necessary skills, knowledge and experience for this task, and who possess the necessary authorizations. It shall carefully instruct and supervise the appointed third parties. Investment decisions may be delegated only to asset managers that possess the necessary authorization. The fund management company remains responsible for fulfilling the supervisory obligations and safeguards the investors' interests when assigning tasks. The fund management company shall be liable for the actions of persons to whom it has delegated tasks as if they were its own actions.
4. The fund management company may with the consent of the custodian bank submit a change to the present fund contract to the supervisory authority for approval (cf. § 26).
5. The fund management company may merge the fund with other investment funds pursuant to the provisions set forth under § 24 and may dissolve the fund pursuant to the provisions set forth under § 25.
6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution of its tasks and to be reimbursed for expenses incurred in connection with such liabilities.

#### § 4 The Custodian Bank

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

measures that are necessary for proper management. They ensure the provision of financial statements regarding the collective investment schemes they hold in safekeeping and disclose all fees and costs incurred directly or indirectly by the investors and all compensation received from third parties, particularly commissions, discounts and other pecuniary benefits.

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

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

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

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

#### § 5 The Investors

1. There are no restrictions on investor eligibility.

<sup>2</sup> To ensure this document is easier to read, gender-specific differentiation has been dispensed with. The same terms apply to both genders.

Restrictions as defined in § 6 prov. 4 are possible for individual classes. The fund management company and the custodian bank ensure that the investors meet the requirements relating to investor eligibility.

2. On concluding the contract and making a payment in cash, investors acquire a claim against the fund management company in respect of a participation in the investment fund's assets and income. The investors' claim is evidenced in the form of fund units.
3. The investors are only obliged to remit payment for the units of the fund they subscribe. They shall not be held personally liable for the liabilities of the investment fund.
4. Investors may at any time request that the fund management company supply them with information regarding the basis on which the net asset value per unit is calculated. If investors express an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercising of membership and creditors' rights or on risk management, they must be given such information by the fund management company at any time. The investors may request at the courts of the registered office of the fund management company that the auditors or another expert investigate the matter requiring clarification and furnish them with a report.
5. Investors may terminate the fund contract at any time and demand that their share in the fund be paid out in cash.
6. Units of the investment fund may not be offered, sold, assigned, delivered or held by investors if the investors are (i) natural persons or (ii) passive non-financial institutions (including financial institutions reclassified as passive non-financial institutions) as defined in the AEOI regulations. The aforementioned investors may not hold fund units. These units may be subject to compulsory redemption if deemed appropriate to ensure the investment fund's compliance with its status and obligations under AEOI regulations.
7. The aim of the US Foreign Account Tax Compliance Act ("FATCA") is to prevent US tax evasion by requiring foreign (non-US) financial institutions to send "information about financial accounts held by US investors outside the USA to the Internal Revenue Service (US tax authority). As of 1 July 2014, US securities held by a foreign financial institution that does not make a FATCA report are subject to a US withholding tax of 30% on the gross sales proceeds and on revenues ("FATCA withholding tax"). Investors may subscribe for or hold investment fund units only through FATCA-compliant, foreign financial institutions (i.e. participating foreign financial institutions or other foreign financial institutions that are deemed FATCA-compliant as defined in the "US FATCA Final Regulations" and in an applicable intergovernmental agreement (IGA)). Furthermore, fund units may be transferred, delivered or sold only through FATCA-compliant foreign financial institutions. The foreign financial institutions are required to prove their FATCA status by providing relevant tax documents, in particular a form "W-8BEN-E" issued by the US Internal Revenue Service. This must be renewed regularly in accordance with the applicable regulations.
8. Every investor who subscribes to a unit class thereby confirms that they fulfil the conditions for participation in the unit class. If requested, the investors are obliged to provide the fund management company and/or the custodian bank and their agents with proof that they comply with or continue to comply with the provisions laid down in the law and the fund contract in respect of participation in the investment fund or in a unit class. Furthermore, they are obliged to inform the custodian bank, the fund management company and their agents immediately once they no longer meet these prerequisites. The fund management company, the custodian bank and their agents reserve the right to prevent a person from purchasing or continuing to have the right to hold the right as owner or beneficial owner of units if this person is thereby in breach of a law or a regulation in Switzerland or another country, or if the investment fund or its investors are exposed to unfavourable regulatory or tax consequences as a result (including within the scope of FATCA and the AEOI Act) by refusing the subscription orders or carrying out a compulsory redemption of units in accordance with § 5, provs. 10 and 11.
9. By subscribing to or continuing to hold units, the investors thereby accept that their personal details may be collected, stored, kept, forwarded, processed and used in a general way by the fund

management company, custodian bank or one of their agents, which may be domiciled outside Switzerland but will always be subject to equivalent confidentiality. Details of this kind are used principally for account administration, the detection of money laundering and the financing of terrorism, and tax identification, particularly in order to comply with FATCA and AEOI regulations. The personal details of investors that meet the criteria of a US account according to FATCA, and/or of foreign financial institutions that are non-FATCA-compliant, may have to be disclosed to the US Internal Revenue Service.

10. The fund management company in conjunction with the custodian bank must make an enforced redemption of the units of an investor at the current redemption price if:
  - a) this is necessary to safeguard the reputation of the financial market, specifically to combat money laundering;
  - b) the investor no longer meets the statutory or contractual requirements for participation in the investment fund.
11. The fund management company in conjunction with the custodian bank can also make an enforced redemption of the units of an investor at the current redemption price if:
 

the participation of the investor in the investment fund is such that it could have a significant detrimental impact on the economic interests of the other investors, in particular if the participation could result in tax disadvantages for the investment fund in Switzerland or abroad. In particular, this also includes any tax or other liability derived from a FATCA request as well as any breach of FATCA or the provisions of the AEOI Act;

investors have acquired or received their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;

there is a detrimental impact on the economic interests of the investors, in particular in cases where individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a pecuniary gain by exploiting the time differences between the setting of the closing prices and the valuation of the fund's assets (market timing).

#### § 6 Units and Unit Classes

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

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

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

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

"C USD" units differ from "A USD" units only by virtue of the fact that they are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter CISA who have concluded an asset management agreement with an asset manager.

"C CHF" units differ from "A CHF" units only by virtue of the fact that they are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter CISA who have concluded an asset management agreement with an asset manager.

"C EUR" units differ from "A EUR" units only by virtue of the fact that the latter are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter CISA who have concluded an asset management agreement with an asset manager.

"E USD" units differ from "A USD" units only by virtue of the fact that they are exclusively available to qualified investors pursuant to Art. 10 paras 3 and 3ter CISA who subscribe via Eureka Capital Partners Pte Ltd, Singapore.

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

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

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

Investors must provide the fund management company, the custodian bank and their agents at the time of initial subscription with proof that they comply with the provisions laid down in the law or the fund contract in respect of participation in the unit class. Furthermore, they are obliged to inform the fund management company, the custodian bank and their agents immediately once they no longer meet these prerequisites.

The fund management or custodian bank must assess whether the conditions for participation are met.

5. Units do not take the form of actual certificates, but exist purely as book entries. The investor is not entitled to demand delivery of a unit certificate in registered or bearer form.
6. The custodian bank and the fund management company are obliged to instruct investors who no longer meet the prerequisites for holding a unit class to ensure within 30 calendar days that their units are redeemed pursuant to § 17 or switched into units of another unit class whose prerequisites they do meet. If an investor fails to comply with this demand, the fund management company must, in cooperation with the custodian bank, make an enforced switch into another unit class of this fund or, should this not be possible, enforce the redemption of the units in question pursuant to § 5 prov. 10.

### III. Investment Policy Guidelines

#### A. Investment Principles

##### § 7 Compliance with Investment Regulations

1. In selecting individual investments, the fund management company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to the fund assets at market value and must be complied with at all times.

2. If the limits are exceeded as a result of market-related changes, the investments must be restored to the permitted level within a reasonable period, taking due account of the investors' interests. If the limits relating to derivatives pursuant to § 12 below are exceeded due to a change in the delta, this has to be rectified within three bank working days at the latest, taking due account of the investors' interests.

##### § 8 Investment Policy

1. The fund management company may invest the assets of this investment fund in the following investments. The risks involved in these investments must be disclosed in the prospectus.

- a) Securities issued on a large scale and non-certificated rights with a like function which are traded on a stock exchange or another regulated market open to the public and which embody participation rights and claims or the right to purchase such securities and rights by subscription or exchange (e.g. warrants in particular).

Investments in securities from new issues are only permitted if their admission to a stock exchange or other regulated market open to the public is envisaged under the terms of issue. If they have not been admitted to a stock exchange or other regulated market open to the public within a year of their acquisition, these securities must be sold within one month or included under the restriction set down in prov. 1 d).

- b) Derivatives, if (i) the underlying securities are securities pursuant to section a), derivatives pursuant to section b), money market instruments pursuant to section d), financial indices, interest rates, exchange rates, credits or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Derivatives are traded either on an exchange or other regulated market open to the public, or OTC.

OTC transactions are permitted only if (i) the counterparty is a regulated financial intermediary specializing in such transactions, and (ii) the OTC derivatives can be traded daily or a return to the issuer is possible at any time. In addition, it must be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.

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

- d) Money market instruments, provided these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public; money market instruments which are not traded on an exchange or other regulated market open to the public may only be acquired if the issue or the issuer is subject to provisions regarding creditor or investor protection and if the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 CISO.

- e) Sight or time deposits with terms to maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union or in another country provided that the bank is subject to supervision in this country which is equivalent to the supervision in Switzerland.

- f) Investments other than those referred to in paragraphs (a) to (e) above up to a total of 10% of the fund assets. The following are not permitted: (i) investments in precious metals, precious metals certificates, commodities and commodity certificates, and (ii) genuine short-selling of investments of any kind.

2. At least two thirds of the fund assets are invested either directly or indirectly in equity-related securities and security rights of selected issuers that are headquartered in the People's Republic of China,

exercise the majority of their commercial activities in the People's Republic of China, or which in their capacity as holding companies primarily have holdings in companies headquartered in the People's Republic of China. At least 51% of the fund assets must be direct investments.

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

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

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

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

3. The fund management company ensures appropriate liquidity management, the details of which are disclosed in the annex.

### § 9 Liquid Assets

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

## B. Investment Techniques and Instruments

### § 10 Securities Lending

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

### § 11 Securities Repurchase Agreements

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

### § 12 Derivatives

1. The fund management company may use derivatives. It shall ensure that even under extreme market circumstances, the financial effect of the use of derivatives does not result in a deviation from the investment objectives set out in this fund contract and the prospectus and that it does not change the investment character of the fund. Furthermore, the underlyings of the derivatives must be permitted as investments according to the present fund contract.
2. The Commitment II approach is applied to the assessment of risk. The overall exposure of this investment fund associated with derivatives may therefore not exceed 100% of its net assets and the overall exposure may not exceed a total of 200% of its net assets. When taking into account the possibility of temporary borrowing amounting to no more than 10% of the net fund assets pursuant to § 13 prov. 2, the overall exposure of the investment fund may not exceed 210% of the net fund assets. The total exposure is calculated in accordance with Art. 35 CISO-FINMA.
3. The fund management company may in particular use basic forms of derivatives such as call or put options whose value at expiration is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite algebraic sign, swaps whose payments are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner, as well as futures and forward transactions whose value is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives as well as derivatives whose economic mode of operation cannot be described by a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).
4.
  - a) Opposite positions in derivatives relating to the same underlying as well as opposite positions in derivatives and investments relating to the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the eligible amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
  - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, in addition to the rules of a) above, any netting must also fulfil hedging prerequisites, i.e. derivatives transactions may not be based on an investment strategy designed to generate a profit. In addition, the derivative must lead to a demonstrable reduction of risk, the risks of the derivative must be balanced out, derivatives, underlyings or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must be effective even under extraordinary market conditions.
  - c) Where mainly interest-rate derivatives are used, the amount included in the total derivatives exposure may be calculated using internationally recognized duration netting rules, provided the rules result in a proper calculation of the fund's risk profile, the main risks are taken into account, the application of these rules does not result in an unjustified leverage effect, no interest rate arbitrage strategies are followed, and the leverage effect of the fund is not increased either by the application of these rules or by investment in short-term positions.
  - d) Derivatives that are used purely to hedge foreign currency risks and do not involve any leverage effect or additional market risks may be netted when calculating overall derivatives exposure, without being subject to the requirements of b).
  - e) Payment obligations in respect of derivatives must at all times be covered by near-money assets, debt securities and rights or equities that are traded on an exchange or other regulated market open to the public, in accordance with collective investment schemes legislation. These near-money assets and investments may be used to cover several derivative positions at the same time, provided these are subject to market risk, credit risk, currency risk, or interest rate risk and are based on the same underlyings.
  - f) If, with a derivative, the fund management company enters into an obligation for the physical delivery of an underlying, the derivative must be covered by the corresponding underlyings or by other investments, provided the investments and the underlyings exhibit a high correlation, the investments and the underlyings are highly liquid and, should delivery be requested, they may be purchased or sold at any time. The fund management company must have unrestricted access to these underlyings or investments at all times. Underlyings may be used as cover for several derivative positions at the same time, provided these are subject to market risk, credit risk, currency risk or interest rate risk and are based on the same underlyings.
5. The fund management company may use both standardized and non-standardized derivatives. It may conclude transactions in derivative financial instruments on an exchange or another regulated market open to the public or in OTC (over-the-counter) trading.
6.
  - a) The fund management company may conclude OTC transactions only with regulated financial intermediaries specialized in such types of transactions that ensure proper execution of the contract. In the case of counterparties other than the custodian bank, the former or its guarantor must have a high credit rating.
  - b) It must be possible to determine the price of an OTC derivative reliably and comprehensively on a daily basis, and it must also be possible to sell it at market value, liquidate it, or close it out through an offsetting transaction at any time.
  - c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognized in practice, based on the market value of the underlyings. Before concluding a contract for such a derivative, specific offers should in principle be obtained from at least two potential counterparties, following which the contract should be concluded with the counterparty providing the most favourable offer in terms of price. Deviations from this principle are permissible for reasons of risk



diversification or if other aspects of the contract such as the credit rating or range of services offered by the counterparty make another offer appear more advantageous for investors overall. Moreover, in exceptional situations the requirement to obtain offers from at least two potential counterparties may be waived if this is deemed to be in the best interests of investors. The reasons for this and the conclusion of the contract and its pricing shall be clearly documented.

- d) The fund management company and its agents may only accept collateral in the context of an OTC transaction if it meets the requirements set out under Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and must not be the counterparty itself or a company belonging to, or otherwise dependent on, the corporate group of the counterparty. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least once a day on all trading days. When managing the collateral, the fund management company and its agents must fulfil the obligations and requirements set out under Art. 52 CISO-FINMA. In particular, they must ensure appropriate diversification of the collateral by country, market, and issuer; appropriate issuer diversification is deemed to have been achieved as long as the collateral of a single issuer does not correspond to more than 20% of the net asset value. Exceptions for publicly guaranteed or publicly issued investments pursuant to Art. 83 CISO remain reserved. Furthermore, the fund management company and its agents must be able – at any time and without the counterparty's involvement or approval – to demand right and power of disposal with respect to the collateral received in the event of the counterparty's default. The collateral received must be held in safekeeping with the custodian bank. The collateral received may be held by a supervised third-party depository on the fund management company's behalf if the collateral's ownership is not transferred and the depository is independent of the counterparty.
7. In respect of compliance with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives shall be taken into account in accordance with the legislation on collective investment schemes.
8. In addition to the market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.
9. The prospectus contains further information on:
- the importance of derivatives as part of the investment strategy;
  - the effect of the use of derivatives on the investment fund's risk profile;
  - the counterparty risks attached to derivatives;
  - the increased volatility and increased overall exposure (leverage effect) resulting from the use of derivatives;
  - the collateral strategy.

### § 13 Taking Up and Extending Loans

1. The fund management company may borrow the equivalent of up to 10% of the net fund assets on a temporary basis.
2. The fund management company may take out temporary loans for this purpose not to exceed 10% of the fund's net assets.

### § 14 Encumbrance of the Fund's Assets

1. No more than 25% of the fund's net assets may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of the fund.
2. The fund's assets may not be encumbered with guarantees.

## C. Investment Restrictions

### § 15 Risk Diversification

1. The risk diversification rules pursuant to § 15 shall include the following:
  - a) investments pursuant to § 8, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market it relates to, and is published in an appropriate manner;

- b) liquid assets pursuant to § 9;
  - c) claims against counterparties arising from OTC transactions.
2. Companies that are classified as a group under international accounting rules shall be regarded as one issuer.
  3. Including derivatives and structured products, the fund management company may invest up to 15% of the fund assets in securities and money market instruments of the same issuer.
  4. The fund management company may invest up to 20% of the fund's assets in sight and term deposits with the same bank. The liquidity as per § 9 and the credit balances on bank accounts as per § 8 are included in this limit.
  5. The fund management company may invest up to 5% of the fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union or another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the fund's assets. The above-mentioned limit of 5% increases to 15% if the fund management company invests in participatory notes pursuant to § 8 prov. 2. If claims arising from OTC transactions are hedged by securities in the form of liquid assets in accordance with Arts. 50 to 55 CISO-FINMA, these claims are not taken into account when calculating the counterparty risk.
  6. Investments, deposits and claims pursuant to provs 3 to 5 above and issued by the same issuer/borrower may not in total exceed 30% of the fund's assets, with the exception of the higher limits described in prov. 11.
  7. Investments pursuant to prov. 3 above of the same group of companies may not in total exceed 20% of the fund's assets.
  8. The fund management company may not acquire equity securities which in total represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company, unless special authorization is granted by the supervisory authority.
  9. The fund management company may acquire for the fund's assets up to 15% of the non-voting equity instruments and/or money market instruments of a single issuer. These restrictions do not apply if the gross amount of the money market instruments cannot be calculated at the time of the acquisition.
  10. The restrictions in prov. 9 above do not apply to money market instruments which are issued or guaranteed by a state or a public-law entity in an OECD country or by international organizations with public-law characteristics to which Switzerland or a European Union member state belong.
  11. The limit in prov. 3 above is increased from 15% to one third if the money market instruments are issued or guaranteed by an OECD country, by a public-law entity from the OECD, or by an international public-law organization to which Switzerland or a member state of the European Union belongs. However, the individual limits described in provs. 3 and 5 above may not be accumulated with the existing limit of one third. The aforementioned authorized issuers/guarantors are: the Council of Europe, the International Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank, and Eurofima (European Company for the Financing of Railroad Rolling Stock).

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

### § 16 Calculation of the Net Asset Value

1. The net asset value of the investment fund and the share of assets attributable to the individual classes are calculated in the accounting currency (USD) at the market value as of the end of the financial year and for each day on which units are issued or redeemed. The value of the fund assets will not be calculated on days when the stock exchanges/markets in the investment fund's main investment countries are closed (e.g. bank and stock exchange holidays).
2. Securities traded on an exchange or other regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market value is available shall be valued at the price that would probably be

obtained in a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.

3. The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: The valuation price of such investments is successively adjusted in line with the repayment price, taking the purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).
4. Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or credit ratings, the valuation principles for time deposits at banks will be adjusted in line with the new conditions.
5. The net asset value of unit of a given class is determined by the proportion of the market value of those fund assets attributable to that unit class, minus any of the fund's liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded up or down to 1/100 of the unit of account.
6. The share of the market value of the net fund assets (fund's assets minus liabilities) attributable to the respective unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit class. The calculation is made on the basis of the assets accruing to the investment fund for each unit class. The share is recalculated when one of the following events occurs:
  - a) When units are issued and redeemed;
  - b) On the reference date for distributions, if (i) said distributions only relate to individual unit classes (distribution classes) or if (ii) the distributions for the various unit classes differ when expressed as percentages of their respective net asset values or if (iii) different commissions or costs (expressed as percentages of the distribution) are charged on the distributions of the various unit classes;
  - c) When the net asset value is calculated, in connection with the assignment of liabilities (including due or accrued costs and commissions) to the various unit classes if there are differences between the liabilities of the various unit classes, expressed as percentages of their respective net asset values, and specifically if (i) different commission rates are applied to the different unit classes or if (ii) class-specific costs are charged;
  - d) When the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains stem from transactions made solely in the interests of one unit class or in the interests of several unit classes but disproportionately to their share of the net fund assets.

#### § 17 Issue and Redemption of Units

1. Subscription and redemption orders for units are accepted up to a certain cut-off time, as determined in the prospectus, on the day the orders are placed. The definitive price of the units for the issues and redemptions is determined at the earliest on the bank working day following the day the order is placed (valuation day). This is referred to as "forward pricing". The detailed modalities are set down in the prospectus.
2. The issue and redemption price of units is based on the net asset value per unit on the valuation day calculated on the basis of the closing prices pursuant to § 16. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 18 and, in the case of unit redemptions, a redemption commission may be deducted from the net asset value pursuant to § 18. Incidental costs for the purchase and sale of investments (specifically standard brokerage charges, commission, taxes and duties) as well as the cost of verifying and maintaining quality standards in relation to physical assets incurred by the fund in connection with the investment of the amount paid in, or with the sale of that portion of

investments corresponding to the redeemed unit(s), are charged to the assets of the fund.

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

#### V. Fees and Incidental Costs

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

1. Upon the issuance or redemption of units, the investor is not charged any issuing or redemption commission in favour of the fund management company, the custodian bank, and/or distributors either in Switzerland or abroad.
2. When units are issued and redeemed, the investor is not charged any incidental costs.

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

1. The fund management company and custodian bank are entitled to the following commissions:
  - a) Compensation of the fund management company  
The fund management company's commission is made up as follows:
    - for the management of the investment fund, the fund management company will charge an annual commission of a maximum of 0.12% of the net fund assets, which will be charged pro rata temporis to the fund's assets each time the net asset value is calculated and paid out quarterly.
    - for the asset management and distribution of the investment fund, the fund management will charge an annual fee based on the net fund assets as set out in the table below, which will be charged pro rata temporis to the fund's assets each time the net asset value is calculated and paid out monthly. Information on the management fee actually applied per unit class can be found in the table in the prospectus. The management fee may be charged to the investment fund and transferred directly to the asset manager and/or distributor.

Investment fund	Unit class	Management fee
HSZ China Fund	A USD	1.35%
	A CHF	1.35%
	A EUR	1.35%
	E USD	1.35%
	C USD	0.90%
	C CHF	0.90%
	C EUR	0.90%
	I USD	0.90%
	I CHF	0.90%
	I EUR	0.90%

- b) Compensation of the custodian bank

For the tasks of the custodian bank, such as the safekeeping of the assets of the investment fund, the handling of payment transactions and the other tasks listed in § 4, the custodian bank will charge an annual commission of a maximum of 0.10% of the net fund assets, which will be charged pro rata temporis to the fund's assets each time the net asset value is calculated and paid out quarterly.

2. The rates effectively applied in each case within the limits of the maximum commissions under prov. 1 are shown in the annual and semi-annual reports and can be obtained from the fund management company at any time.
3. In addition, the fund management company draws a "performance fee" amounting to a maximum of 10% of the outperformance of 5% p.a. ("hurdle rate"), calculated on the net asset value of the relevant assets of a unit class. The performance fee is calculated daily and, where due, is paid out from the assets of the corresponding unit class at the end of the corresponding quarter (March, June, September, December). If a performance fee is due on a particular day of an accounting year, the net asset value per share (prior to the deduction of the performance fee) forms the basis for the calculation of the performance fee on the following day. The performance fee is calculated separately in each case for unit classes with different commission rates or different unit values.
- The performance fee is subject to what is known as a "high water mark". Declines in value in relation to the initial issue price, the net asset value at the beginning of an accounting year, and the peak value forming the basis for a performance fee calculation must be made good before another performance fee is payable. The claim to the performance fee only arises if the net asset value per unit of the corresponding unit class lies above both the minimum net asset value per unit produced by the hurdle rate and the high water mark. The performance fee is calculated on the proportion of the net asset value (prior to performance fee) that exceeds the higher of (a) a high water mark and (b) the minimum net asset value per unit of a unit class. The hurdle rate refers to an accounting year in each case. A simple case of underperformance in an accounting year without any loss in value does not need to be offset in following years. At the start of the year, the high water mark always forms the basis for the calculation of the minimum net asset value.
- Upon launch of the investment fund, the high water mark corresponds to the initial issue price per unit (without taking into account issuing commission). If a performance fee is due for any particular day of an accounting year, the high water mark of the following day then corresponds to this most recent peak net asset value per unit (prior to deduction of the paid performance fee). If no performance fee can be levied during an accounting year, the high water mark at the beginning of the following year corresponds to the higher of (a) the initial issue price, (b) the most recent peak net asset value and (c) the net asset value per unit on the last valuation day of the prior accounting year.
- For distribution classes, the high water mark and the calculation basis of the hurdle rate are adjusted to the calculation of the performance fee. The performance fee is calculated and paid out in the accounting currency of the investment fund (USD) for all unit classes.
4. For the distribution of annual income to the investor, the custodian bank may charge the investment fund a commission not exceeding 0.5% of the gross amount of the distribution.
5. Furthermore, the fund management company and the custodian bank shall be entitled to reimbursement of the following costs incurred in the course of executing the collective investment contract:
- costs for the purchase and sale of the investments, particularly brokerage fees, commissions, taxes and duties, and costs for checking and maintaining quality standards for physical investments;
  - fees charged by the supervisory authority for establishing, amending, liquidating, amalgamating or merging the investment fund;
  - annual fees charged by the supervisory authority;
  - fees charged by the auditor for annual auditing as well as certification in connection with establishing, amending, liquidating, amalgamating or merging the investment fund;
  - fees paid for legal and tax advisors in connection with establishing, amending, liquidating, amalgamating or merging the investment fund, as well as acting in the interests of the fund and its investors generally;
  - costs for the publication of the net asset value of the investment fund, as well as all costs for the issuing of notices to the investors including translation costs, where such costs are not ascribed to an error on the part of the fund management company;
- cost of printing legal documents as well as the annual and semi-annual reports of the investment fund;
  - costs incurred by registering the investment fund with a foreign supervisory authority, specifically the commission levied by the foreign supervisory authority, translation costs and compensation for the representative or paying agent abroad;
  - costs in connection with the exercising of voting rights or creditors' rights by the investment fund, including fees for external consultants;
  - costs and fees in connection with intellectual property or usage rights registered in the investment fund's name;
  - all costs incurred as a result of extraordinary steps taken by the fund management company, the asset manager or the custodian bank to safeguard the interests of the investor;
  - standard banking costs in connection with the custody of investments by third parties (costs in connection with the performance of sub-custodian functions such as custody costs of third-party deposits, account management fees, etc.);
  - all taxes and duties levied on the fund's assets, its income and on the expenses charged to the fund's assets.
6. The costs pursuant to prov. 5 a) are directly added to the acquisition price or deducted from the saleable value.
7. For the distribution of liquidation proceeds in the event of the dissolution of the investment fund, the custodian bank will charge investors a commission of up to 0.50% of the net asset value of their units. The rate actually applied is stated in the liquidation report.
8. In accordance with the provisions of the prospectus, the fund management company and its agents may pay trailer fees as compensation for sales and distribution activities in relation to the fund units as well as rebates in order to reduce the fees or costs charged to the fund and incurred by the investors.

## VI. Financial Statements and Audits

### § 20 Financial Statements

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

### § 21 Audits

The auditor shall examine whether the fund management company and the custodian bank have acted in compliance with the statutory and contractual obligations as well as with the code of conduct of the Asset Management Association Switzerland, insofar as the latter is applicable to them. The annual report shall contain a short report by the auditors on the published annual financial statements.

## VII. Appropriation of Net Income

### § 22

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

**VIII. Publication of Official Notices by the Fund****§ 23**

1. The medium of publication of the fund is the print medium or electronic medium specified in the prospectus. Notification of any change in a medium of publication shall be published in the medium of publication.
2. The following information in particular shall be published in the medium of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge; any change of fund management company and/or custodian bank; the creation, dissolution or merger of unit classes as well as the liquidation of the fund. Amendments that are required by law and that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.
3. Each time units are issued or redeemed, the fund management company shall publish both the issue and the redemption prices or the net asset value together with a footnote "excluding commissions" for all unit classes in the print medium and electronic medium specified in the prospectus. The prices shall be published at least twice a month. The weeks and days of the week in/on which publication takes place are set down in the prospectus.
4. The prospectus with integrated fund contract, the key investor information document (KIID) or Key Information Document and the respective annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

**IX. Restructuring and Dissolution****§ 24 Mergers**

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

acquiring fund and the fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds, as well as a statement from the statutory auditors.

5. The fund management company must publish the intended changes to the fund contract pursuant to § 23 prov. 2 and the proposed merger and its timing together with the merger schedule at least two months before the planned date of merger in the medium of publication of the investment funds in question. It must inform the investors that they may lodge objections against the proposed changes to the fund contract with the supervisory authority within 30 days of the publication or notice, or request the redemption of their units in cash.
6. The auditors must check directly that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.
7. The fund management company shall inform the supervisory authority of the conclusion of the merger and shall publish notification of the completion of the merger, the confirmation from the auditors regarding the proper execution of the merger and the exchange ratio without delay in the publication medium of the funds involved.
8. The fund management company must make reference to the merger in the next annual report of the acquiring fund and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the fund being acquired.

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

1. The fund has been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve the investment fund by terminating the fund contract without observing a notice period.
3. The fund may be dissolved by order of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch) or a longer extended period approved by the supervisory authority at the request of the custodian bank and the fund management company, the fund does not have net assets of at least 5 million Swiss francs (or the equivalent).
4. The fund management company shall inform the supervisory authority of the dissolution immediately and shall publish notification in the medium of publication.
5. Once the fund contract has been terminated, the fund management company may liquidate the fund forthwith. If the supervisory authority has ordered the dissolution of the fund, it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. Prior to the final payment, the fund management company must obtain authorization from the supervisory authority.

**X. Changes to the Fund Contract****§ 26**

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

**XI. Applicable Law and Place of Jurisdiction****§ 27**

1. The fund is subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the

FINMA Ordinance on Collective Investment Schemes of 27 August 2014.

The court of jurisdiction is the court at the fund management company's registered office.

2. For the interpretation of the fund contract, the German-language version shall be binding.
3. The present fund contract enters into force on 25 July 2022.
4. The present fund contract supersedes the fund contract dated 3 January 2022.
5. When approving the fund contract, FINMA exclusively examines the provisions pursuant to Art. 35a para. 1 a) to g) CISO and establishes whether they comply with the law.

This fund contract was approved by the Swiss Financial Market Supervisory Authority (FINMA) on 21 July 2022.

**Fund management company**

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**Custodian bank**

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